

Chair's Report

Subject: Chair's Report to the Board of Trustees
From: Mark de Solla Price, Board of Trustees Chair
To: Board of Trustees
Date: November 19, 2008

As most of you know, I gave my Board Chair's Report to the Congregation on November 9th. There are copies of my report in with your package.

Although we're tight on time tonight, I want to spend my chair's report to the board today talking about my perspective on leadership, shared leadership and our financial issues.

A true democracy is like alcoholics anonymous, where there aren't really any leaders just trusted servants acting on the group consensus. But America and our congregation are more like republics, where citizens select leaders who work for the good of those citizens, but those leaders make their own choices based on their personal intelligence, information and ethics and not necessarily the consensus view of their constituents. The most important, bold work can never be achieved just through popular consensus or "by committee."

Let me repeat this. I feel that our job as elected leaders are NOT to act based on the group consensus but to act for the best interest of our congregation and mission, which is a lot more work.

If my fellow trustees, both elected and ex-officio staff, have any doubt that my intent, efforts and motivations are anything less than to support the best interests of our congregation and mission, then I should resign as your chair. I really mean this.

Our Board of Trustees is the shared leadership of this congregation, If my fellow congregation members, have any doubt that the Trustees intent, efforts and motivations are anything less than to support the best interests of our congregation and mission, then we should ALL resign as your Trustees – yes, really!

You should then elect people you do trust to lead you, and then you need to really support those people to be our shared leadership – to follow their leadership into the future.

I'm sorry if I sound like a drama queen. If you **do have** confidence in and support of me as board chair and of our leadership as trustees, then you need to support our leadership, **if not, we need to change it.** We simply can't waste hours wordsmithing our minutes, rehashing the we need to work on the important matters of revitalizing our congregation.

You notice that I said that our Board of Trustees is the shared leadership of this congregation, and I wanted to be clear that I wasn't showing any disrespect for the valuable and vital roles that other lay leaders, committee members and chairs serve. We're lucky to have their insight and input. Finance Committee, Personnel Committee, Buildings and Grounds, even our business administrator all have important jobs to do to advise, recommend and consult with the board.

But as I said in my Board Chair's Report to the Congregation on March 30, **board members have a fiduciary and legal responsibility and accountability that others just don't have, and we can't shirk that responsibility by delegating it.**

In our bylaw section 7.3 **"the Board shall have general supervision of the affairs of the Church. The Board shall have custody and control of all property and funds of the Church, shall conduct the business affairs, shall supervise the management and administration of the Church, it being understood that the conduct of worship services and pastoral duties are reserved to the Ministers."**

In our bylaw section 9.5. "Board-appointed committees shall be responsible to, and subject to the direction of, the Board."

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Although Rev. Bruce Southworth, Janice Marie Johnson and Bruce Prince are non-voting ex-officio board members, they are most certainly a vital part of our board, and their voices are always listened to and considered.

At our last board meeting, we discussed if getting further clarification from our Congregational Council, Attorney Paul Godlin, Would be helpful and in the best interest of the congregation. After weighing the pros and cons, the board decided that it wouldn't be the best use of our time, or in the best interest of the congregation to get further clarification from our Congregational Attorney.

As most of you know, between our last board meeting and the congregational meeting, the Senior Minister wrote his own letter to Paul Godlin with his own spin on the issues and facts. Later in our agenda, we'll talk about the specifics of this matter, but I want to talk about the larger, collaborative issue now.

I need to assume good intentions on behalf of the Senior Minister, and that he must have believed that the board made the wrong call and that it was vitally important to the congregation to take action here. Again, I need to assume his best motives, but I have a real problem with the process. The Senior Minister has been requesting that we talk about "transparency and accountability" and I hope we will talk about not only our transparency and accountability to the congregation but also on our transparency and accountability of how we work collaboratively as a team together. If we're not committed to collaborate, then we'll just bicker among ourselves.

If after a board meeting *I* were to strongly disagree with the collective wisdom of the board, I hope I would feel compelled to send an e-mail or memorandum to the board, and either discuss it at the next board meeting, or if it were more urgent, call an Executive Committee or Special Board meeting to address it. I cannot imagine a process where it would be healthy to reject the collaborative process and take dissenting, renegade action on my own. Collaboration is essential to all our work. If the board can't work together, both elected and ex-officio staff, how will we ever hope to change our congregation and our world?

Most of you know my politics and I myself am surprised that I'm holding up John McCain as a role model. He fought hard for what he thought would be best for the country. He lost and was gracious and reconciliatory in defeat and he has worked hard since to heal and collaborate and move forward in a very different direction than what he had fought for. I hope we can all learn by his good example.

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Another item on our agenda today is looking at the possibility of a mid-year adjustment of this year's budget.

For the overwhelming majority of congregations, the annual budget and the pledge income have to balance. As I said in my March 30 report to the Congregation, if that were the case of us, we'd have no professional staff, no ministerial staff, no building of our own and we'd be a totally different sort of congregation.

Luckily we have income from investments and other business income, but both of those have been impacted by the recent financial crisis.

First, let's talk about the theory, as I understand it, of our endowment: The conventional wisdom of endowment management is that one only spends the income and never touches the principle. The actual dollar value of the principle has to increase by a small amount each year to offset inflation.

If one has a good year, then one gets to spend lots of income; if one has a bad year, then one doesn't get to spend anything; if one has a very bad year, then one might not get any income to spend for a number of years until the losses are recouped.

This isn't very practical for institutions, where there needs to be multi-year stability and predictability. What is often called "The Harvard Model" where the "long-term investment objective for the endowment is to attain an average annual real total return of at least 5%, as measured over rolling five-year periods and current income adjusted for inflation. Annual spending is not to exceed [4% to] 4.5% of a trailing 13-quarter average [just over three year] of the endowment's market values."

This means that even if our endowment were to lose half its value overnight (god forbid, says the atheist) our "draw" would adjust slowly over three years.

The theory, behind the other business income is a bit more complex. We talk about our Guest House and Facilities Rental as if they are a separate operating company and that profits are used to fund our programs. In reality, we have one operating budget including each month's other business income and related other business expense. This makes us susceptible to business hiccups – just like a family budget doesn't have a lot of wiggle room if the utility bill doubles or the paycheck is cut in half.

I think it was Mark Twain that wrote it's okay to "put all Your Eggs in one Basket [as long as you] Then Watch That Basket very carefully" This is why our Business Administrator position is so mission critical. These aren't long-range, year-end problems, these have to be addressed VERY proactively as they come up.

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