

Memorandum

To: UUA Board of Trustees
From: Andrew McGeorge, Treasurer/CFO
Re: Distribution of trust corpus to Murray Grove Association
Date: December 9, 2019

The UUA serves as trustee for the Murray Grove Association (MGA), a relationship dating back long before the creation of the UUA. Murray Grove, a UU retreat and conference center in Lanoka Harbor, NJ, sold a large plot of land in 1994 and the proceeds from the sale were used to create The Murray Grove Fund / Lot 8, which is held as part of the UU Common Endowment Fund. As of 10-31-2019, the value of this fund was \$1,676,658.29.

Murray Grove has recently asked for a major distribution from the corpus of the trust to fund capital improvements at the center. They have detailed a plan (see following pages) to invest approximately \$294k in physical upgrades to the facility. They also have proposed receiving another \$148k to boost their marketing spending, pay off short-term debt, and accelerate scheduled trust distributions to help them build working capital.

This plan seems reasonable, and per the trust documents, the UUA has very broad discretion to approve distributions from the trust. I have thoroughly reviewed this request with Tim Brennan, and with Phil Murray, who maintains our files on trusts and their various restrictions, and they both agree that we are well within our powers to approve this distribution. I also briefly discussed this request with Michael Fay, attorney at Verrill Dana, who had no concern with the distribution.

I recommend the board authorize the release of \$442,141 from the corpus of the Murray Grove Fund/Lot 8 to fund these improvements and associated investments.

PROPOSED MOTION: The board approves a distribution of \$442,141 from the corpus of the Murray Grove Fund / Lot 8 to the Murray Grove Association (MGA) so MGA can complete improvements to the retreat and conference center, invest in marketing, pay off short-term debt and build working capital to fund ongoing operations.

Data Supporting Corpus Request

In the 1990s and 2000s Murray Grove was under a great deal of financial stress that resulted in much deferred maintenance. With the benefit of aggressive fund-raising and a large gift, Murray Grove has managed to improve its facilities. This included renovating Cone House, its major conference building, removing oil tanks and bringing in natural gas, new efficient gas boilers in its three main buildings, complete renovation and new handicap accessible bathrooms in the Friedrich Guesthouse, new electric service upgrades, and rebuilding Parker House. The inhouse maintenance staff is very busy maintaining and improving the facilities where they can. Murray Grove operates on a very lean budget and utilizes as much free labor and volunteers as possible. In fact, Murray Grove looks better then it has ever. However the buildings were constructed in 1957 and there haven't been funds to address all the needs of upgrading the buildings. This has impaired Murray Grove's ability to attract retreat and other business.

There is a need for a one-time infusion of funds to deal with many of these outstanding issues to allow Murray Grove to remain competitive and provide programming in line with our UU values. It is estimated that it will take two years for the items identified herein to make a marked improvement in Murray Groves bookings and resulting income. The increased income should allow for covering the cost of the part time marketing person and the lost of interest income resulting from the reduction in the corpus.



ITEM	BACKGROUND	ESTIMATED COSTS	SUBTOTAL
New windows in guesthouses	<p>The windows are single pane wood windows that were part of the original 1957 construction. They will be replaced with high performance, low e, double pane windows.</p> <p style="text-align: right;">Material 24 @ \$400 Labor 24 @ \$450</p>	<p style="text-align: right;">\$9,600 \$10,800</p>	<p style="text-align: right;">\$20,400</p>  

<p>Upgrade plumbing and bathrooms in Weakley Guesthouse</p>	<p>The guesthouses have dormitory style central bathrooms for women and men. The bathrooms in Freidrich were upgraded including a new handicap facilities; the Weakley bathrooms are original construction. (See photos) The copper piping is extremely thin due to the corrosive well water (a new water softener is needed, see below). The intent is to do a modest upgrade using durable materials. New finishes including new ceilings, durable wall finishes, and stall partitions are needed. Electrical wiring needs to be upgraded and new fixtures installed. Guest complaints about the bathroom facilities are frequent. All the piping and fixtures (laboratories, water closets, showers) need to be replaced. Handicap accessible fixtures needed to be installed. (It should be noted that it will be impossible to create fully handicap bathrooms due to space limitations.)</p>	<table border="0"> <tr> <td>Demolition</td> <td>\$3,000</td> </tr> <tr> <td>Fixtures</td> <td>\$6,000</td> </tr> <tr> <td>Finishes</td> <td>\$8,000</td> </tr> <tr> <td>Partitions</td> <td>\$3,000</td> </tr> <tr> <td>Plumbing</td> <td>\$14,000</td> </tr> <tr> <td>Electrical</td> <td>\$12,000</td> </tr> <tr> <td>Design & Permits</td> <td>\$8,000</td> </tr> <tr> <td>Contingency</td> <td>\$10,000</td> </tr> </table>	Demolition	\$3,000	Fixtures	\$6,000	Finishes	\$8,000	Partitions	\$3,000	Plumbing	\$14,000	Electrical	\$12,000	Design & Permits	\$8,000	Contingency	\$10,000	<p>\$64,000</p>	
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<p>Air conditioning for both guesthouses</p>	<p>A major complaint that has led to lost bookings is the lack of air conditioning in the guestrooms. Air conditioning hasn't been installed in the guestrooms since an electrical upgrade is needed to accommodate the increased power demand. Split type AC units will be installed along with upgrades to the main electrical panel and new branch circuits including additional circuits and receptacles.</p>	<table border="0"> <tr> <td>AC Equipment 20 @ \$1500</td> <td>\$30,000</td> </tr> <tr> <td>Piping & Installation</td> <td>\$15,000</td> </tr> <tr> <td>Main Electric Panel</td> <td>\$5,000</td> </tr> <tr> <td>Branch Circuits 10 @ \$350</td> <td>\$3,500</td> </tr> <tr> <td>Receptacles 40 @ \$200</td> <td>\$8,000</td> </tr> <tr> <td>General Construction</td> <td>\$4,000</td> </tr> </table>	AC Equipment 20 @ \$1500	\$30,000	Piping & Installation	\$15,000	Main Electric Panel	\$5,000	Branch Circuits 10 @ \$350	\$3,500	Receptacles 40 @ \$200	\$8,000	General Construction	\$4,000	<p>\$65,500</p>					
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<p>New air conditioning in Lodge</p>	<p>The Lodge relies on window units that are very noisy and inadequate to meet the load. New split AC units will be installed. New branch circuit wiring is needed.</p>	<table border="0"> <tr> <td>AC Equipment 4 @ \$2500</td> <td>\$10,000</td> </tr> <tr> <td>Piping & Installation</td> <td>\$4,000</td> </tr> <tr> <td>Branch Circuits 4 @ \$350</td> <td>\$1,400</td> </tr> </table>	AC Equipment 4 @ \$2500	\$10,000	Piping & Installation	\$4,000	Branch Circuits 4 @ \$350	\$1,400												
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	General Construction	\$2,000	\$17,400	
Part-time marketing person for two years	<p>The Executive Director is the only full-time staff person. Part-time staff and resident caretakers handle bookings, guest care, housekeeping, maintenance, and promotion. No one has time to develop new business. The traditional retreat business has been in decline among all the UU retreat centers and new sources of income are needed to be sustainable. Murray Grove has tried to develop new business including offering special wedding packages. This business has the potential for augmenting the retreat income, however, unless there is staff to actively market this new income source will never materialize. Currently it is impossible to fund a marketing person. The intent is to fund this person for two years so they can develop enough new business that there will be sufficient income to fund a part-time person out of operating income.</p>	<p>Salary for two years @ \$25,000/yr Benefits</p>	<p>\$50,000 \$16,500</p>	
Retire outstanding line of credit and credit card debt	<p>Murray Grove operates at an extremely tight margin with no reserves and relies on a line of credit and credit card to deal with cashflow. Over the years this has become an outstanding loan. 50% of the loan was called several years ago putting Murray Grove in a tough financial situation. The current balance is \$25,534. It would be desirable to pay off the loan and establish a modest cash reserve to deal with cash flow.</p>	<p>Loan Payoff Cash Reserve</p>	<p>\$25,534 \$20,000</p>	
Kitchen electrical upgrade	<p>The kitchen needs additional circuits for safe operation. In addition a new water softener is needed.</p>	<p>Sub-panel Branch circuits GFI receptacles Water softener</p>	<p>\$4,000 \$2,000 \$1,500 \$2,500</p>	<p>\$10,000</p>
			\$66,500	
			\$45,534	
			\$17,400	

<p>New doors and locksets</p>	<p>Murray Grove used to book each guesthouse for retreats with only one organization occupying the building. It has determined that some retreats can't fill the entire building and chose to cancel the retreat. As a way to accommodate them, Murray Grove allows them to book only the number of rooms they need so that another retreat can book the rest of the rooms for their own retreat. The doors are part of the original construction and lack locksets. Now that different organizations are occupying the same building and this has become a safety concern.</p>	<p>Doors 20 @ \$350 Labor 20 @ \$150 Lockset 20 @ \$70</p>	<p>\$7,000 \$3,000 \$1,400</p>	
<p>New digital sign on Route 9</p>	<p>Seven years ago Murray Grove demolished a derelict building it owned along Rt 9. The power for the original sign came from the service for this house. When the building was demolished the electric power was cut off. Currentiy our wooden sign is unlit and deteriorating. To attract new business especially for its programs and special events a new digital sign is needed. This will entail installing new electric service. This is expensive as the utility company has said they must extend a line across Rt 9.</p>	<p>Electric service \$ Digital sign \$ Sign installation \$ General construction \$</p>	<p>6,000 8,000 4,000 2,000</p>	
<p>Rebuilding the Screen House</p>	<p>The Screen House is a building next to the pool that is used during the summer for many functions. It is in poor condition requiring remedial carpentry. If the building was upgraded and heated so it could be used for at least three seasons it would increase the meeting space available for rental. Having more meeting space would enhance Murray Grove's ability to attract bookings. Extensive carpentry work is needed including new insulated wall panels, roof, and heating and air conditioning is also required to accommodate three season operation.</p>	<p>Carpentry repairs Insulated wall panels New lighting and electrical outlets Heat pump air conditioning & heating</p>	<p>\$15,000 \$20,000 \$6,000 \$14,000</p>	
			<p>\$11,400</p>	
			<p>\$ 20,000</p>	
			<p>\$55,000</p>	

Mattresses and bedding in guesthouses	<p>It has been some time since the guesthouses were refreshed with new mattresses. We have received many complaints about the mattresses. New mattresses are needed throughout.</p> <p style="text-align: right;">Mattresses 40 @ \$500</p>	\$20,000	\$20,000	
Parker House improvements	<p>The on site Caretakers use Parker House as their residence. The building provides minimal accommodations at best. Residents are forced to walk outdoors on the porch to get to the bathrooms. Sinks are needed in each room. In addition, soundproofing is needed between the rooms.</p> <p style="text-align: right;">3 sinks @ \$300 Plumbing work Sounding proofing</p>	\$900 \$6,000 \$3,000	\$9,900	
Subtotal			\$405,634	
Reduction in interest as a result of a reduced corpus.	<p>In recent years Murray Grove has had its income impacted due to the lost of income from the Freidrich Trust and the reduction of interest rates on the UUA managed endowment. In the long run, the reduction of interest income from the corpus should be offset by increased revenue, the reduction in the short run will upset Murray Grove's lean budget. Therefore two years of lost income related to the reduction in the corpus is needed to see Murray Grove through the transition period.</p> <p style="text-align: right;">Interest of reduction of corpus for 2 years 4.5% x \$405,634 x 2 years</p>	\$36,507	\$36,507	

TOTAL	\$442,141
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