

Unitarian Universalist Church of Arlington
Board of Trustees DRAFT Meeting Minutes
March 27, 2017

Attendees: Board of Trustees (Warren Wright, Chair; Chad Ohlandt (by phone), Paula Bendl Smith, Andrea Ryon, Al Himes, Emily Goodin, Hieu Nguyen); Tamara Srader (Acting Executive Director), Rev. Beth Miller (Senior Minister), Peter Vitaliano (Treasurer), Bruce Rieder (guest), Bill Turner (guest).

Open, Call to Order, Chalice Lighting, and Check-in

Board Chair Warren Wright called the meeting to order at 7:32PM. Board Members and guests checked in. Rev Beth read a selection from *Lifting our Voices*.

Annual Pledge Drive Update (Bruce Rieder)

Bruce Rieder provided an update on the annual pledge drive (ATTACHMENT 1).

Doing great through 3rd Sunday of February, and things slowed at that point. 605 pledges to date. We're about 100 pledge units lower than last year at the same point in time. Large portion of pledges stayed at the same level individually. Email contacts will wrap up this week. There was discussion that there may be a follow-up reach-out in the summer once the congregation has some time to process the ministerial change. There was discussion that this would impact the budget process.

Treasurer's Report

Peter Vitaliano provided the treasurer's report (ATTACHMENT 2). The next budget meeting with the congregation will be April 8 with Share-the-Plate as a main topic.

Consent Agenda

Minutes of February 20th meeting

Hieu Nguyen moved to accept the consent agenda. Emily Goodin seconded. PASSED

Vice Chair election / 2018-19 Board Chair

Warren reported out of the nomination process, and that Al Himes was nominated as Vice Chair.

Paula Bendl Smith moved to elect Al Himes as current Vice Chair and 2018-2019 Board Chair. Emily Goodin seconded. Warren noted the next year will involve a lot of policy governance discussion and policy update, and that Al is a perfect fit for this time.

Strategic Operations

– Establishment of Board sub-group to select Interim Senior Minister

It was decided that the three Board representatives will be Al Himes, Andrea Ryon and Hieu Nguyen. The nominating committee will be nominating two representatives from the congregation to bring the group to five members.

– Discussion of hiring options for interim Senior Minister (Al and Andrea)

The different options for minister hiring were discussed – interim, contract, and developmental, and the decision was reaffirmed that the group is seeking an interim senior minister for a one-year term, with option to extend for second year, if needed.

– Policy Task Force-- Governance Discussion with Rev. David Pyle (Paula, Art, Al)

Paula Bendl Smith and other board members who had met with Rev David Pyle reported out on their meeting (ATTACHMENT 3). Rev. Pyle has conducted a review of bylaws and board policies and provided comments and suggestions as well as examples of other congregations who may have policies the Board may want to review.

Nominating Committee Update

Bill Turner provided an update on the Nominating Committee progress. They have been interviewing for General Assembly and Board, Officer, and Nominating Committee candidates. For the search committees, they are interviewing first for 2 members for Interim minister committee and are seeking to get those names to the Board by April 9, and preferably earlier. The Board requested the Nominating Committee to hold on naming the contract minister committee until the draft budget is ready.

Ministerial Update

Rev Beth provided a ministerial update (ATTACHMENT 4) on her many activities in February and March and her focuses for April. She also offered to provide an opportunity for the Board to process their feelings about the events over the last few months.

Executive Update

Tamara Srader noted the church staff has continued to step up and provide extra service and keep everything going around the church.

Warren thanked the Share-the-Plate/Partnership committee for their work and also noted that the Board does not have a role of deciding whether or not to approve or accept the Share-the-Plate committee report as it was an advisory to the Executive.

There was a discussion of the path forward. Members of the STP committee shared some of the history of social justice decision-making in the church. Tamara is going to work on a proposed group structure ...

Communication Task Force Update

9:15 Other business as necessary

Regular Meeting adjourned at 9:26 PM.

Executive Session began at 9:34 PM.

REPORT TO THE BOARD ON THE GATHERING AT THE WELL ANNUAL GIVING CAMPAIGN

As of Tuesday March 13, we have achieved 563 pledges totaling \$1,083,702. I think it fair to say, this year's campaign was atypical due to the sudden absence and subsequent resignation of the senior minister. When we first learned in early January that the senior minister would become absent we decided to proceed with the campaign as planned. We commenced the campaign on February 4 with our day long Celebration Sunday event. This effort achieved the goal of kick starting the campaign with high participation from the beginning. The circumstances of this year should not dissuade us from doing a similar kickoff or other church wide pledge event in future. In fact, participation continued at numbers higher than in the previous two years from Celebration Sunday through the third Sunday of the campaign (413 pledges verses 334 and 303 in the two prior years at that point).

Traditionally, the two-week time from the 3rd Sunday to about a week after the 4th Sunday of the campaign represents the largest influx of pledges. That was not the case this year. The senior minister's resignation was publicly announced during the week between the 3rd and 4th Sunday of the campaign. We noted a very immediate loss of momentum in pledges to about one half of what we would have anticipated for the two-week period beginning the week of the resignation announcement. We made the decision to suspend further pledge outreach for a period of ten days and resumed on March 12 with very un-messaged opportunities to pledge-no message, no push, simply a link to pledge. This was delivered by email on 3/12 and in Connections on 3/15. Our originally planned phone calls beginning March 7 were cancelled in respect for congregants to process this news. As of today, we remain significantly below our expected participation as indicated by the numbers below.

We will be in Connections again this week with the same un-messaged pledging opportunity. We have scheduled a single night of phone calls for March 21 to an abbreviated list of people who we believe may simply need reminding, as has been the case every previous year with procrastinating congregants. We will be sending thank you emails over the next two weeks to those who have pledged with an invitation to our "thank you" happy hour on April 3. We plan a special message in the thank you notes to those who have decreased this year, acknowledging that this is a difficult time and reminding them that a pledge can be made at any time that the congregant is comfortable making it.

While this has been a very difficult pledge campaign, I wish to direct your attention to the underlying commitment and energy within the congregation as reflected in the pledges. People are still increasing their pledges significantly and while the dollar value of the total amount of decrease exceeds the dollar value of increase this year, there are still significantly more people increasing or staying the same than decreasing-a margin of 4 to 1. In the face of very daunting challenges, we continue to receive significant new pledges.

However, it seems apparent that we will not achieve pledges approaching last year's total during this year's pledge campaign. I believe there is an opportunity for further outreach once people have had the opportunity to reconcile themselves to where UUCA is going. The time to do this does not conform to the timeframe that the church needs to come to an income number for the budget. If there were to be such an outreach, it would not be appropriate to do before the summer, in my opinion. That circumstance raises policy considerations for the Board with regard to a budget that either reflects significantly lower pledge income or that anticipates significant income not pledged at the time of the adoption of the budget.

ATTACHMENT 1
 UUCA Board Minutes March 27, 2018

- The average pledge amount among 559 pledges is \$1931, a very slight increase from \$1910 last year, however from a significantly lower pledge participation number (559 vs. 657).
- Thirty-four first time pledges averaged \$476.
- Seventy Five percent of the pledges (421) are the same or increased from last year
- Increased pledges averaged an increase of 23% or \$425 to an average pledge of \$2301.
- Doubled pledges (43) represented 23.5% of increased pledges from an average of \$513 to \$1265.
- Eight people increased their pledges sufficiently to place them into our sustainers group (pledges of \$4800 or more). We currently have 61 sustainers pledging 44% (\$478,939) of our pledged income compared to 68 sustainers last year pledging 43% (\$543,181) of pledged income.
- Decreased pledges (104) represented nearly 19% of total pledges to date, compared to last year (65) when they represented 10%.
- Decreased pledges averaged a decrease of 40% or \$1043 to an average pledge of \$1593.
- As of March 14, we record 197 pledge units in the current year that have not been renewed for the 2018-19 fiscal year. The value of those current pledges is \$184,818.

Membership and Affiliations:

3/6/2016	826 members	134 inquiring	428 friends
3/5/2017	805 members	187 inquiring	446 friends
3/4/2018	791 members	155 inquiring	440 friends

Comparative to date performance year to year (before final night of phone calls):

3/7/2016	643 pledge	\$1,218,040
3/20/2017	657 pledge	\$1,255,169
3/13/2017	563 pledge	\$1,083,702

Pledge Summary (at 559 pledges pending data entry and final reconciliation):

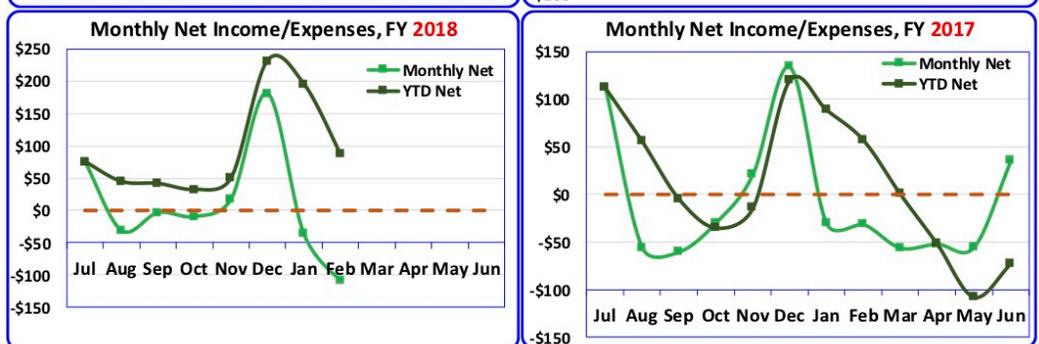
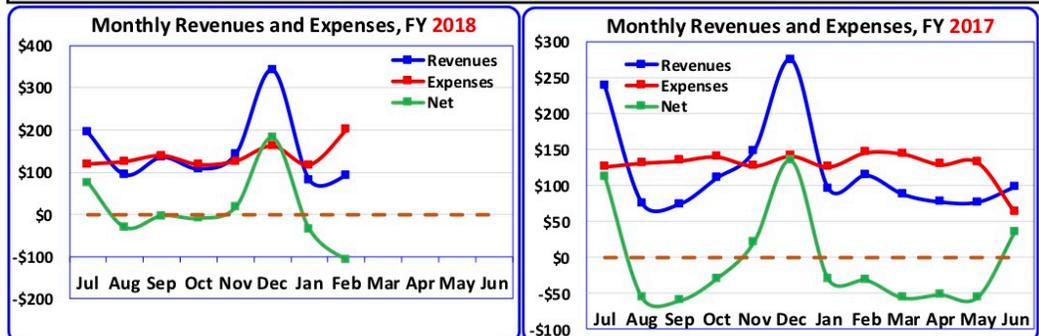
	#	%	2018	2017	difference
Totals	559	100	1,079,697	1,251,394	-171,697
No Change	242	43.3	485,915	431,552	54,363
Increase	179	32.	411,924	688,592	-276,668
Decrease	104	18.6	165,681	87,365	78,316
Balance entry				3920	
New Pledges	34	6.1	16177	39,965	-23,788

Report of the Treasurer
UUCA Board of Trustees
March 20, 2018

Fiscal Year 2018 to-Date Operating Results – Highlights for first 8 months, July-February

- YTD revenues were \$1,195 K: \$78 K above budget and \$67 K above last year.
- YTD expenditures were \$1,108 K: \$10 K below budget and \$36 K above last year. Includes final financial settlement with Rev. Aaron.
- YTD net revenues over expenses were \$88 K: \$88 K above budget and \$31 K above last year.

UUCA Operating Revenues, Expenses and Net Revenues Fiscal Year 2018, with Comparisons Thousand Dollars									
	Fiscal Year 2018, Actual			Fiscal Year 2018, Budget			Fiscal Year 2017, Actual		
	Revenues	Expenses	Net	Revenues	Expenses	Net	Revenues	Expenses	Net
Q1	\$425	\$383	\$42	\$419	\$419	\$0	\$387	\$392	-\$5
Q2	\$595	\$406	\$190	\$419	\$419	\$0	\$533	\$408	\$125
Jan	\$82	\$117	-\$36	\$140	\$140	\$0	\$95	\$126	-\$31
Feb	\$93	\$201	-\$108	\$140	\$140	\$0	\$114	\$146	-\$32
YTD	\$1,195	\$1,108	\$88	\$1,118	\$1,118	-\$0.5	\$1,129	\$1,072	\$57



Operating Reserves

The **operating reserves** of the Church consist of:

- Funds to cover the current assets of all designated accounts, except for Memorial Gifts and Bequests,
- A general operations reserve, and
- A replacement reserve, which is restricted.

These funds are all invested in six Fidelity mutual funds, which are managed by the Executive in consultation with the Investment Committee. At the end of February, balances of these funds were as follows:

UUCA Operating Reserves - February 28						
Thousand Dollars						
Designated Accounts	General Operations	Restricted Replacement Reserves	Total Operating Reserves	FY 2018 Expenditure Budget		Months of Reserves
				Annual	Bimonthly	
\$237	-\$80	\$60	\$218	\$1,677	\$280	1.6

Executive Limitation 4.6.2 under Board policy requires the Executive to operate with at least two months (1/6 of the annual budget) of liquid operating reserves, unless otherwise approved by the Board. Executive Limitation 4.6.3.a) further specifies that, if the operating reserve at the end of the current fiscal year is projected to be less than 2 months of operating expenses, the following year’s budget must be balanced. At the end of February, the operating reserves totaled 1.6 months of the annual budget. The budget for the current fiscal year, approved by the Congregation on June 4, 2017, is balanced.

Endowment Fund

The assets of the **Endowment Fund** at the end of February totaled \$931 K in liquid assets invested in eleven different Vanguard mutual funds, which are managed by the Executive in consultation with the Investment Committee. The assets of the Endowment Fund at the end of February represented 56 percent of the Fiscal Year 2017-18 expense budget of \$1,677 thousand. Executive Limitation 4.8.4 under Board policy specifies that the Executive shall not “allow the endowment balance to be less than 100% of the annual operating budget. As an exception, the Executive may plan a balance of not less than 50% to refinance the mortgage in the year 2017.” Accordingly, the Fund was in compliance with Executive Limitation 4.8.4, under the exception clause, as of the end of February.

Long-term Liabilities

The balance of the refinanced, single **mortgage** was \$3.162 million at the end of February. At the end of February, the Church’s ratio of total liabilities to total assets was 0.40. This substantially overstates the Church’s effective debt ratio because the asset values on the Church balance sheets are stated on a cost basis, which is considerably lower than the current market value of the Church’s land and buildings.

Peter Vitaliano, Treasurer, UUCA

March 8, 2018

Paula Bendl Smith
Policy Sub-Committee of the Board of Trustees
Unitarian Universalist Church of Arlington
4444 Arlington Blvd
Arlington, VA, 22204-1340

Memorandum of Understanding regarding the Timeline, Scope, and Method of Bylaws and Policy Review



1. This memorandum is in reference to the request by the Unitarian Universalist Church of Annapolis (UUCA) that the UUA Central East Region Congregational Life Staff conduct a Bylaws and Policy Review for UUCA between March 2018 and April 2018. The memorandum lays out the agreed upon timeline for the Review, the scope of the Review, and final products of the Review.
2. The Policy and Bylaw Review will be conducted by the Central East Region Governance Program Manager, Rev. David Pyle. Rev. Pyle will work with other consultants and resources as necessary to complete the Review.
3. The proposed timeline for the Assessment is as follows:
 - a. March 8th, 2018 – Initial conversations between Rev. Pyle and UUCA Leadership about the nature and scope of the Review, resulting in the approval of this Memorandum of Understanding.
 - b. March 12th, 2018 – UUCA provides all Governance Documents, including Incorporation Documents/Constitutions, Bylaws, Governing Policies (Structure), Operational Policies (Operations), and written procedures, as well as any Board Minutes where significant Policy Changes were discussed during the last two years).
 - c. March 2018 (TBD) – CER Governance Program Manager conducts any necessary clarification interviews by Teleconference with a select team of lay-leaders named by the board. Any additional documentation from congregation will be requested at this time.
 - d. March 21st, 2018 – UUCA Receives Bylaws/Constitution Review report and Governing/Operational Policies Review report from CER Governance Program Manager.
 - e. March 24th, 2018 @3pm – CER Governance Program Manager visits with congregational leadership to review the reports, and clarify any questions or concerns.
4. The following aspects of the congregation are considered to be part of this Bylaws and Policy Review (in-scope):

Central East Region 

- a. Current governance, leadership, committee, team, and volunteer structures.
 - b. Congregational finance patterns and structures.
 - c. Patterns and practices of congregational members in how they relate to congregational leadership and each other.
 - d. All congregational bylaws, policies, and procedures.
5. The UUCA is conducting this assessment, with assistance and support of the CER Governance Program Manager. The Central East Region is providing a process, consultancy, and coaching for the congregation to assess their own governance and structural needs. As such, congregational leaders must be directly involved in all phases of this assessment. The “product” is the process, and the congregation’s engagement with it.
6. Though not all-inclusive, the following areas of congregational life are designated as specifically not a part of this Bylaws and Policy Review (out-of-scope):
- a. Evaluations of individual staff members.
 - b. Interpersonal relationships between individual staff members.
 - c. Evaluation of individual lay-leadership performance.
 - d. Church Staff and program satisfaction/dis-satisfaction.
 - e. Relations between Church Staff and members of the congregation.
 - f. Relations between members of the congregation.
 - g. Assessment of overall appropriateness of the congregation’s expressed mission, vision, and strategic planning.
 - h. Capacity for the congregation to increase volunteer involvement.
7. This Assessment process is funded by the generous donations by congregations to the Annual Program Fund of the UUA. There is no additional cost to UUCA for this Assessment.
8. Agreement to this process can be expressed by email to dpyle@uua.org.



ATTACHMENT 4
UUCA Board Minutes March 27, 2018

Rev. Beth Update