

All Souls Church, Unitarian

Board of Trustees Meeting – May 22, 2013

Agenda

7:00 p.m.	Call to Order	Sterling Lloyd
7:05	Chalice Lighting and Reading	Abbey Tennis
7:10	Welcoming Remarks and Introductions	Sterling Lloyd
7:15	Use of Social Media at All Souls	Gary Penn
7:30	National Trust for Historic Preservation Grant	Katie Loughary and Gary Penn
7:35	Third Century Challenge Update	Katie Loughary and Brian Marshall
7:55	Investigation of Trustee, Officer or Executive Team Misconduct	Fred Tipson and Brian Marshall
8:10	Budget Update and Discussion	Cheryl Gray
8:30	Executive Limitations Report: Communication	Rev. Robert Hardies
8:40	Consent Agenda --Minutes of April 24, 2013 BOT Meeting --Consolidated Staff Report	Trustees
8:45	Announcements --Rev. Hardies Extended Summer Leave, June 1-August 15 --Nominating Committee Leadership Happy Hour, June 6 --UUA General Assembly, June 19-23, Louisville, KY --Board meetings will be held on Thursdays in June and July	Sterling Lloyd
8:50	Agenda Items for Next Board Meeting on June 26, 2013	Sterling Lloyd
8:55	Meeting Feedback	All
9:00	Adjournment	

**Board of Trustees
Meeting Minutes**

**All Souls Church, Unitarian
May 22, 2013 7 p.m.**

Trustees, Officers, Executive Team Members, and Staff in Attendance:

Sterling Lloyd Jr., President
Victor Branham, First Vice President
Brian Marshall, Second Vice President
Julia Sayles, Trustee
Emily Koechlin, Trustee
Bruce DePuyt, Trustee
Fred Tipson, Trustee
Cheryl Gray, Treasurer
Mark Matthews, Secretary
Robert Hardies, Senior Minister
Susan Newman, Associate Minister
Cathy Rion Starr, Social Justice Minister
Katie Loughary, Executive Director
Abbey Tennis, Intern minister
Gary Penn, Communications Manager

Not in attendance:

Trustees Jenice View and Kathy Mulvey; Moderator Erika Landberg.

Opening – Call to Order – Sterling Lloyd

Reading – Abbey Tennis: To Forgive (an unsigned work from an online collection, *Mestup Poems.*)

Gary Penn – All Souls’ use of social media has expanded as a result of the Partners in Preservation campaign, which brought a \$50,000 grant from the National Trust for Historic Preservation to repair the clock tower. Facebook fans are up from 200 to 600; Twitter followers have increased, as has use of Instagram. With Foursquare, which lets users interact with nearby surroundings, members can “check in” when they get to All Souls; whoever checks in the most in a month gets to be “mayor.” Social media will be an important means of keeping congregants connected if the church has to be vacated during renovation next year. Rob Hardies notes that already, social media messages during the week increase attendance at Sunday services. Gary is exploring All Souls’ adoption of an ACS Technologies platform similar to Facebook called The City. ACS currently restricts it to clients that sign a commitment of faith glorifying Christ, but Gary will look for ways to get that restriction lifted. Coming up: ministers’ blogs, and Tweets when sermons go online.

Katie Loughary – All Souls placed sixth out of 24 projects in the National Trust competition. The \$50,000 grant must be matched by \$100,000 from All Souls, but this requirement apparently may be met by sums in the project budget. The grant covers both the tower and the 16th Street corridor envelope. Work must be completed by June 2014.

Third Century Challenge: Katie Loughary and Brian Marshall – The Bank of the West, in a preliminary response, indicates a willingness to lend the church \$4 million, combining the short-term bridge loan and long-term mortgage. That figure could increase, depending on fulfillment of pledges to TCC in 2013. Three or four other banks will be approached. Katie and the Comprehensive Assets Planning Team may recommend hiring architect Patrick Cooper, who has construction expertise, to advise Katie in her capacity as owner’s representative. He would start on a parttime basis this summer. Sterling Lloyd is inclined to back CAPT and Katie.

Discussion: Forrester Construction Co., with which All Souls signed a preconstruction contract for renovations, has reached a \$1 million settlement with the District of Columbia in a separate matter. The settlement followed an investigation by the district attorney general’s office into Forrester’s participation in a program intended to aid small and disadvantaged DC businesses. In a May 9, 2013 press release, the attorney general’s office reported finding that “Forrester engaged in a pattern of fraudulently bidding on and winning District government construction contracts by misrepresenting the terms of its joint venture agreements with a D.C.-based company, EEC of DC, Inc.,” practices that gained Forrester “significant preference points.” As part of the settlement, the company accepted a 30-month ban on seeking preferences under the District’s Certified Business Enterprise program.

A church subcommittee is now working with Forrester to set goals and a timeline on socially responsible hiring practices.

Design Changes: In what could add significant costs to the project, sprinklers will need to be installed throughout the lower level and the existing steam boiler will have to be replaced by a hot-water boiler. It’s not yet clear what, if any, parts of the project will have to be cut.

ACTION: The Board will receive an update on the designs in July. As early as June, the Board will see and possibly approve a revised charge for CAPT. The new charge would empower CAPT to shift from planning to oversight of the renovation.

Brian Marshall and Fred Tipson: Policy on Trustee, Officer, or Executive Team

Misconduct – Language would be added to the Policy Governance document addressing gaps found during the 2010 governance review. Brian’s and Fred’s draft spells out procedures to be followed if a concern arises that a trustee, officer, or member of the executive team has engaged in conduct that is illegal, breaches a fiduciary duty, or is a serious violation of professional ethics or of the Trustees’ and Officers’ Code of Conduct.

Discussion: Julia Sayles argued that the language is unnecessary since such concerns are broadly covered by the bylaws; specific procedures can be developed on a case-by-case basis. However, if new procedures are adopted, allegations of impropriety should be addressed by the full board,

she said. Brian's and Fred's draft calls for them to be handled initially by the president and vice presidents, who could then discuss the matter in confidence with other trustees and decide how it should be investigated. Proponents of this procedure said it would better protect confidentiality and provide an initial screening mechanism. The board might otherwise feel compelled to investigate even complaints that didn't warrant a probe.

No action was taken. Further work will be done on the draft, and the Board will come to the June meeting prepared to vote.

Cheryl Gray: Budget Shortfall – A projection based on revenue from January through April shows an end-of-year deficit of \$158,394 – the first net loss in five years. Donations to annual giving have fallen, at least in part because of the TCC campaign; there has been a huge jump in maintenance costs; program expenses are also up. The church has sufficient reserves to support a deficit this year, but as a trend, the shortfall is unsustainable. Next year could bring a lag in attendance and a decline in rent payments.

Discussion: Interest payments on impending debt will add to expenses. Direct hiring of maintenance staff instead of paying contractors may cut costs without sacrificing the church's living-wage commitment. An opportunity for a big Easter collection was missed. The annual giving campaign was deliberately subdued so as to boost the TCC.

ACTION: The executive team will plan a Mind the Gap campaign in June. A more aggressive annual giving push will launch in the fall. Cheryl and Katie will work over the summer on a best-guess five-year budget. Sterling urged that discussions include all groups that deal with money.

Executive Limitations–Communication: Rob Hardies, Cathy Rion Starr: Objections were raised to a pre-2012 election flyer, distributed and announced from the pulpit during a service, asking congregants to pledge support for the Dream Act and Marriage Equality Act in Maryland and for the Washington Interfaith Network agenda in the District. Under Executive Limitations, public statements should not be made representing church positions on controversial issues beyond what the board has explicitly adopted.

Discussion: If these positions were controversial outside All Souls, they arguably reflected widely held opinion within the church; WIN's agenda was a "no brainer." The congregation's adoption of four social justice priorities (peace, immigration, environmental justice, and housing) implicitly sanctions public statements on those issues. To some, the call for a "pledge" was seen as pressuring the congregation, putting forward a "litmus test" for membership and undercutting UU's stress on individual conscience. Cathy: If the church is to be active in social justice, it will have to take controversial stands. Rob: There's a way to articulate it without making it a litmus test.

MOTION by Fred Tipson, seconded by Julia Sayles, to accept the Executive Limitations report. Approved unanimously.

MOTION by Fred Tipson, seconded by Julia Sayles, to approve the Consent Agenda (April minutes; consolidated staff report). Approved unanimously.

Announcements: Pastoral care has in recent weeks served 39 members; Rob Hardies will take extended leave June 1-Aug. 15, using a portion of his scheduled sabbatical; the Nominating

Committee will host a leadership happy hour June 6; the UUA General Assembly will be June 19-23 in Louisville, Ky; board meetings will be held on Thursday in June and July.

Next Board Meeting: June 27.

The meeting adjourned at 9:17 p.m.

Respectfully submitted,

Mark Matthews, Secretary

All Souls Church, Unitarian

May 2013 Board of Trustee Meeting

Consolidated Staff Report

Executive Director (Katie Loughary)

Third Century Campaign/CAPT (4/21/13)

Pledges	\$8,338,864	from 833 individuals/617 units
Total Revenue received	\$2,290,342	
Total Expenses	\$ 400,200 est	capital campaign and early architect and contractor fees thru schematic design phase

TCC Highlights:

Design

- Kerns has revised design drawings to reflect the approved project scope. These have been shared for the last two Sundays in focus group meetings and tours.
- A Subcontractor committee with membership from CAPT, 7P, and Forrester has is working on the hiring goals and timeline to ensure we address our goals for socially responsible hiring practices and goals
- CAPT will ask the board to consider revising their charge to continue thru the rest of the project
- Tom Fox and I interviewed Patrick Cooper last week – we may recommend engaging him to provide Owner Representative advice and council thru the rest of the project.

Financing

- Partners in Preservation awarded us \$50,000 to work on the Bell Tower and 16th street envelope repairs. We will need to match this with \$100,000 of our own funds. These may be funds that are already within the scope of the project budget.
- The Margaret Woodward bequest was anticipated to be \$250,000. We now know that it will total \$390,000 to \$400,000 and we received the initial check for \$300,000 last week.
- A mailing went out to current annual pledgers who have not yet made a pledge to the Third Century Campaign. We had a 15% response rate to these invoices which allowed us to update some records. We will continue to follow up particularly with large donors who have not made initial donations. Efforts to involve new members have been only moderately successful and we will continue to look for ways to engage them.
- TCC is beginning to go out for grants--Institute for Museum Services (Archives) and STEPP clearinghouse and Anacostia Watershed Society (for sustainable building aspects).
- We submitted a preliminary loan package to Bank of the West last month and have heard back from them. They tell us “They take a historical view versus prospective so they look at the last two years of cash receipts and give borrowing at 3x income. Their preliminary calculation is \$4 million based on the 2011 and 2012 statements but he said it could go higher if the 2013 statements show a lot of cash from campaign pledge fulfillment. They don't separate bridge loan and permanent although they appreciate that is how most of the churches use the funds.” We will approach 3 to 4 additional banks to ask them to take a look at our package and give us some feedback.

Schedule highlight:

<u>Phase</u>	<u>Start</u>	<u>Complete</u>
Design Development	May 2013	Mid June 2013
Design Documents	Mid June	Mid-September
Construction Documents	Mid-September	Early December
Construction	January 2014	December 2014

2013 Annual Pledge (5/21/13)

Pledge Goal	\$1,260,000	100%
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Pledged to date	\$1,120,484	89.%
Number of Pledger	854 individuals/ 624 units	

- The generosity team of Anne Bradley, Chuck Dulaney and Donna Olsen has started work on designing the goals, schedule and marketing material for the 2014 campaign.

2013 Budget

The April financial report is attached. An annualized budget would have 33.33% of our budget used by the end of April. We are continuing to experience a budget shortfall.

Budget Highlights:

- Combined Core Donations and Contributions are running behind last year's figures and we are \$41,000 short of budget.
- We are unlikely to hold another fundraiser this year so our fundraiser shortage will be about \$29,000
- Custodial and building repair costs are running high- we are \$29,000 over our budget projection.
- We are reviewing our new health care premium quote which will start in July. We are looking at a 10% increase. We had projected this to come in at 6.5%.

We have the ability to support a budget shortfall this year but I recommend that we also look at measures to contain expenses for the rest of the year.

Cheryl and I will draft a 5 year budget projection over the summer.

All Souls Church, Unitarian
2013 Operations Budget - April

	Jan - Apr 13	YTD Budget	Annual Budget	% of Annual	Jan - Apr 12
Ordinary Income/Expense					
Income					
4000 · Core Donations	403,955	463,333	1,390,000	29%	490,658
4100 · Contributions	18,300	7,167	21,500	85%	11,497
4300 · Investment Income	19,738	18,000	54,000	37%	11,867
4400 · Rental Revenue	19,939	23,333	70,000	28%	22,888
4500 · Core Program Revenues	3,556	3,433	10,300	35%	3,479
4600 · Other Program/Committee Revenue	28,288	18,133	54,400	52%	18,587
4700 · Fundraisers	34,398	18,817	56,450	61%	10,870
4800 · Grant Revenue	10,000	10,000	30,000	33%	10,000
4900 · Intra-Fund Transfers	0	27,909	83,728		0
Total Income	538,174	590,126	1,770,378	30%	579,845
Expense					
5000 · Personnel	308,060	338,141	1,014,421	30%	309,382
6000 · Building Expenses	102,709	73,700	221,100	46%	101,666
6500 · Operating Expenses	69,597	79,017	237,050	29%	71,858
6800 · Denominational Support	42,113	28,667	86,000	49%	11,625
7000 · Core Program Expenses	44,407	36,834	110,500	40%	36,492
8100 · Other Programs/Activities Exps	13,634	26,393	79,180	17%	16,127
8600 · Fundraising Expenses	10,451	5,467	16,400	64%	3,244
Total Expense	590,972	588,217	1,764,651	33%	550,393
Net Ordinary Income	-52,798	1,909	5,727		29,452
Net Income	-52,798	1,909	5,727		29,452

Date: May 20, 2013

To: All Souls Board of Trustees

From: Rob Hardies, Senior Minister

Susan Newman, Associate Minister

Katie Loughary, Executive Director

Re: Internal Monitoring Report – Executive Limitation: Communications

Overview

This is the second in a series of annual reports provided to the board by the Executive Team on Executive Limitations. Monitoring Executive Team performance is directly linked to monitoring organizational performance according to Board policies on the Church goals and on Executive Team Limitations. Monitoring will be as automatic as possible, using a minimum of Board time so that meetings can be used to create the future rather than review the past. The purpose of monitoring is simply to determine the degree to which Board policies are being fulfilled.

Monitoring of Executive Limitations

Upon the choice of the Board, any policy may be monitored by any method at any time. In fact, both the Executive Limitations and the Goals are continuously monitored throughout the year through reports and discussions of the Board at its monthly meetings. For example, financial reports are provided monthly. Also the Board at its discretion can monitor any church policy in one of three ways: internal reports (see table below), external reports (e.g. third party inspection), or direct inspection by the Board. Executive Team Limitations will be formally monitored according to the schedule in the Table below.

Table 1 – Monitoring of Method of Monitoring Frequency

Executive Limitations

Executive Limitation

Protection of Assets	Internal Report	February
Communication	Internal Report	May
Staff/Volunteer	Internal Report	September
Treatment		
Financial Management	Internal Report	November

Executive Limitations

Staff and Volunteer Treatment

Policy (All Souls Policy Governance Framework, Revised December 2010)

D. Communications to the Board of Trustees and Congregation

The Executive Team shall ensure that the Board, and in some cases the congregation, is fully informed concerning relevant implementation issues, and that the Board is supported in its work.

Accordingly, the Executive Team shall not:

- Fail to submit monitoring information required by the Board in a timely, accurate, and understandable fashion, directly addressing provisions of Board policies being monitored.
- Fail to report in a timely manner an actual or anticipated non-compliance with any policy of the Church, or to recommend changes in such policies whenever the need for changes comes to the Executive Team’s attention.
- Fail to advise the Board if, in the Executive Team’s opinion, the Board is not in compliance with the Church’s bylaws or its own policies.

- Make public statements about the official position of the Congregation or Board on controversial social, political, and/or congregational issues beyond what the Congregation or Board has formally and explicitly adopted as positions of record. (Nothing in this policy shall be construed to infringe upon the fundamental principle of freedom of the pulpit.)
- Fail to present an Annual Plan in collaboration with the Goal Implementation Teams to the Board by September 1.
- Fail to develop and maintain a calendar for the Church year.
- Fail to supply for the consent agenda all items delegated to the Executive Team that are to be Board-approved, along with the minimum amount of supporting data necessary to keep the Board informed.
- Fail to inform the Board of all significant changes in, deletions of, or additions to administrative policies and regulations.
- Fail to advise the Board of significant transfers of money within budget categories or endowment funds, or other changes substantially affecting the Church's financial condition.
- Fail to ensure that a complete and current set of all Church policies, including all those formulated by the Board, Executive Team or Congregation, are readily accessible to all Church members at all times.
- Fail to assure that the congregation receives semiannual reports about the status of major revenue and expense elements in the Church budget. Such reports will include sufficient information to describe where the Church stands.
- Fail to communicate with the full congregation about other implementation issues of likely interest to the congregation as a whole, e.g. the Beckner Fund, major building repairs or improvements.

Discussion

We are in compliance with the Communications Executive Limitations with the following exception:
 Several policy documents have been reviewed and revised. In several cases there are committees actively working on these updates:

Policy/ Documents	Last revision	Status
Finance Policies and Procedures	11/2007	Audit committee has largely completed a review of our documentation and needs to meet this summer to finalize
Congregation Handbook	5/2013	Erika Landberg and Gary Penn have updated Handbook of Useful information about church procedures and processes.

The ET did not present a formal Annual plan for the 2013-2014 church year by September 1, 2012. A great deal of work has been done

on shared ministry and clarifying church goals throughout the staff and congregation.

☐ We will hold a discussion at the board meeting about the process for vetting public statements on potentially controversial issues with the board.

Conclusion:

We report compliance

We hereby present our monitoring report on Executive Limitation – Communications in accordance with the monitoring schedule as set forth in the Policy Governance Framework document (revised December 2010). This monitoring report covers a period of September 22, 2012 thru May 23, 2013. We certify the information in this report is true.

Signed: _____

_ Date: May 23, 2013
Senior Minister – All Souls
Church, Unitarian

Signed: _____

__ Date: May 23, 2013
Associate Minister – All Souls
Church, Unitarian

Signed: _____

_ Date: May 23, 2013
Executive Director – All Souls
Church, Unitarian

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