

Board of Trustees Meeting Minutes

All Souls Church, Unitarian

May 25, 2016

7:00 pm

Trustees, Officers, and Staff in Attendance:

Peg Barratt, President
Chuck Dulaney, First Vice President
Anne Bradley, Second Vice President
Ken Ambrose, Trustee
Erin Boeke Burke, Board Secretary
Kysseleine Jean-Mary Cherestal, Trustee
Cledwyn Jones, Moderator
Laurie Lester, Membership Secretary
Vickie Lindsey, Trustee
Katie Loughary, Executive Director
Kate Saylor, Trustee

Also in attendance: Craig Dylan-Wyatt, Brian Marshall, Gary Penn, Andrew Scott

Not in attendance: Whitney Cooper, Trustee; Robert Hardies, Senior Minister; Leo Jones, Chief Program Officer; Susan Newman Moore, Senior Minister; John Strongman, Treasurer; Tracy Zorpette, Trustee

At the beginning of the meeting, there was no quorum.

Chalice lighting and reading: Peg Barratt

Minutes: Erin Boeke Burke

In the absence of a quorum, no vote was taken, but there were no further comments or questions on the minutes.

Connecting Souls (Membership Committee) Report: Laurie Lester and and Craig Dylan-Wyatt, co-chair

Highlights of the membership report:

- There have been 32 new members so far this year. There was a correction to the circulated version of the membership data. The corrected version shows the 12 member deaths in 2015.
- The Committee has identified individuals responsible for interactions with Sunday worship visitors, including the Caring Committee and a few people invited by Heather as

a result of their comments on the new member survey. Laurie and Craig will try to generate more popular interest in September.

- The Membership committee has drafted new terms of reference and a new mission statement, as well as choosing new “Connecting Souls” name to make clear that they are concerned with the entire span of a person’s membership at church.
- For outreach, Craig and Heather co-lead two classes. They bring in guest speakers from throughout the church and get Micah Watson to make the donation pitch. There are a lot of ongoing conversation about the class structure and what it should cover. The next class will be in September.

Craig noted that ASC applied for and was chosen by the UUA for a beta testing program. The UUA is providing toolkits and \$250 in matching grant funds which we will use for advertising, etc. They are thinking of leveraging the happy hour and music program on the terrace on Friday, September 16 to engage the neighborhood and community and get people to come. They are thinking about how to inform guests and neighbors about what Unitarian Universalism is and what it means to be a UU, yielding a more “substantive” visit. They are preparing handouts for the visitors with the goal of cultivating a deeper level of understanding of what All Souls and UUism is for people who are in the building for various events and meetings, and also increase our outreach to communities of color. Most of the Connecting Souls goals are being met, but the diversity goal is not. Craig is thinking a lot about it, trying to be more intentional about how to achieve that goal and thinking of new ways to reach out to communities of color.

Laurie emphasized that the committee is also thinking about how to recognize and care for current members. They started with a volunteer appreciation event a couple of weeks ago; she hopes to turn it into an annual event. In future years, Laurie would like to have a call for nominations, but continue to involve the committee in selecting who to recognize, so it doesn’t become a “popularity contest..”

She is also thinking about reviving the long-term members luncheon, to be held every five years for people who have been members for 25 years or longer. The committee hopes to have the long-term members luncheon before the weather gets bad again, or possibly next year. However, she is mindful of guidance not to start new projects without a way to pay for them, so Laurie will talk to Katie about what the Budget can accommodate.

Gary and Rose are working hard on the updated directory, including acquiring member photos. They would like everyone to review their photos online and send in a new one if they want it. They are also scrubbing the list to remove individuals who no longer identify as All Souls members before printing the directory. They are doing this by contacting individuals who haven’t been here in five years to invite them to return. There are at least three contacts, including email and physical letters. The directory will include a listing of all members, photos where we have them, a staff listing, and a list of service opportunities (committees, affinity groups). Going forward, the committee hopes to re-print the directory every three years, and update the online

version on an ongoing basis. The last physical directory was printed in 2012, with pictures from 2009. The physical directories will sell for \$5 to offset the cost.

Concerning understanding the flat pledge amounts, Laurie does not think she has more information that the Board. She would like to have more conversation around the concern, and thinks we need to have a broader conversation in All Souls about a culture of supporting the church. She also noted that we have yet to see what will happen to annual pledges as Third Century Challenge (TCC) pledges wind down. The fundraising consultant for the TCC said we would, but we have not seen such an increase in people who have completed their TCC pledge.

Gary Penn noted that we have also seen a trend where giving rates in the first year of membership are significantly higher than later years. The percent of new members who pledge varies significantly by-year, but there is a drop off such that the percentage who give falls to about 50 percent in year two and 40 percent in year three, even when they start higher. Katie Loughary suggested at looking at total engagement to see if this is a trend in all types of membership engagement, or just financial support. There is a common theme at churches of declining engagement as members find themselves busier than they expected.

Vickie Lindsay then asked Laurie and Craig what they considered responsible for the low rates of new members. Laurie pointed out that ASC didn't have a staff person consistently working on membership until last fall. Various staff members have taken different approaches to membership over the last five years, which speaks to Laurie's concern about building a church-wide culture. She thinks we need to focus on crafting the messaging about what membership means, as well as the structure of the membership class. While noting that it was beyond her job description as membership secretary to say so, Laurie expressed that ASC is "a little casual" about what it means to be a member. She also suggested considering how we can keep members engaged and build the ties to the church, such as a family sponsorship program. Heather is working on a roadmap of what engaged membership entails: taking Roots and Wings, teaching a RE class, joining a covenant group, etc. Ken Ambrose noted that personal engagement is not automatic in a church the size of ours, and based on conversations with other large churches, those congregations had to have specific groups to reach out consistently to each new member and help get them involved. Vickie said a group had pulled her in, and she had had a one on one meeting with Rob – while we understandable can't do that for everyone, how can the staff help efforts to "sponsor" groups or individuals?

Chuck said that one statistic that particularly concerned him in the report was the low percentage of members eligible to vote. If ASC has 1400 members, yet under 1000 are eligible to vote, we as a Board should review the bylaws and figure out how we define membership. We report a membership level to the UUA based the number of voting members, yet under 700 made a pledge for the coming year to the church. Anyone is welcome to attend on Sunday and potentially make a donation in the offering plate, but if you want to be a member, should there be a more substantial commitment to the future of the church?

Katie added that we should try to collect data about why people leave. People often leave for healthy reasons, such as geographic moves or changing congregations. It may be difficult but she suggested doing a data call. For example, is ASC too big?

Craig then took the opportunity to note how individual each of the ASC members are. It can be easy to look at a chart and make assumptions about a “normal member,” but each of the people are beautifully unique and so are their situations. Some people join knowing that they will leave Washington DC shortly, but it is significant to them to be part of a UU community here in DC. Others join and we never see them again. Yet others dive in and rapidly become really valuable resources to all of us. But we can’t take a cookie cutter approach to (new) members — we must approach them with an open heart and an open mind and be mindful of whatever their situation may be. We also need to consider that the number of affluent new members varies significantly from year to year, and just because an individual contributed to the TCC doesn’t mean that they were giving from “available” funds, and will be able to roll that level of giving into annual pledges.

Cledwyn noted that the giving and pledging process is a significant source of stress and confusion for members – we need to figure out how to address it, and should consider taking a personalized approach. People need a better understanding of what level of giving is appropriate for them, and help understanding why it is important.

Peg suggested inviting the Generosity Committee to next meeting. Ken said he was talking to Betsy from the Generosity Committee earlier that day, and he thinks she would welcome the opportunity to discuss with us. Laurie agreed that all of the related groups should be talking to each other more. Membership and giving are particularly interrelated. Molly reminded the Board that at one time there was a dollar amount threshold for membership, but this hampered fundraising because people thought once they reached the threshold they had done enough. She recommended taking an individual approach similar to TCC. Kate agreed that there are great opportunities in Generosity and Membership working together. She also recalled a conversation at a previously Board meeting where someone mentioned that one-on-one conversations for members are often just in the context of giving -- to what extent can we have those conversations about all the goals of the Connecting Souls so people feel like more than a bank account? Laurie noted further that all these related committees work together better when there is a strong stewardship chair, and she encouraged each of the committees to get reinvigorated as we approach the ASC 200-year anniversary.

Peg Barratt officially opened the meeting at this time because a quorum was now present.

Motion: Chuck Dulaney moved that we approve the minutes from April. Vickie Lindsay second. The motion passed.

Update from Church Council: Cledwyn Jones

The Church Council meeting was the previous Saturday. The meeting focused on how to break down silos between committees, avoid functioning in isolation. Broke up into goals-driven caucuses, for example all the social justice groups gathered together. The groups then discussed how lay leaders can help move the ASC agenda forward, and developed ideas to continue the caucuses in some structure such as quarterly meetings to share ideas. They are still processing comments and feedback, and hoping to continue the energy of cross-fertilization and more intergenerational events.

Ken asked if anyone raised the difficulty of planning joint meetings? It is often hard to get 15 people in a room. Cledwyn responded that that sounds like a great discussion for a roundtable.

Peg said she had attended the Council meeting, and she appreciated the tone and the collaboration.

Cledwyn said there was also more discussion about 8th principle committee's work and ramping up anti-racism Jubilee training. Vickie said the next iteration of Jubilee is in August, and urged the Board to register. The last weekend training was cancelled due to low enrollment.

Laurie added that there has been considerable committee cross-pollination around settling a refugee family, including Heiwa and Young Souls.

Governance Process: Finance: Peg Barratt and Katie Loughary

Katie referred the Board to page 53 of the packet, which shows the most current view of our finances. She highlighted a few items:

- At this point in the year, we would expect to see about 1/3 of receipts received. Overall, we're doing alright. We can see that rental revenue is far ahead of what we budgeted for, because of continued rent receipts from Church of the Advent.
- Chuck asked about why giving is running higher than expected. Katie responded that the difference is relatively minor, but she thinks it may be a product of the number of people who make donations in place of pledging.
- The UUCEF is going to decrease distribution rate on investment they manage from 5% to 4.75% for their fiscal year 2017 and to 4.5% for their fiscal year 2018. They also informed us that the Pfeiffer Trust principle was underwater and that if the balance did not improve by December 2016 they would need to suspend distributions from this fund until the fund has accumulated sufficient earnings to "protect" the permanent endowment from being invaded. UUCEF will distribute \$80,000 from the Pfeiffer fund for their 2017 fiscal year.
- The timing of intrafund transfers is always really lumpy and erratic. Katie tries to request the funds close to when we will need them.

Investment Committee Report: Andrew Scott, Committee Chair

The Investment Committee (IC) has two recommendations for the Board this evening.

Page 17 of the handout shows the documents currently in use by the IC. The IC has met five times this year to discuss these documents, including developing an investment philosophy for their mission statement. They then reviewed the policy documents and guidelines to see if there was anything to update. Page 18 of the handbook shows three changes to the documents recommended by the IC:

- Terms of reference: updates to the language about the committee structure
- Investment policy: simplify sentence
- Investment guidelines: update current endowment accounts.

Motion: Chuck Dulaney moved that the Board approve the recommended changes as submitted by the committee. The motion did not receive a second, and was shelved until after Andrew was finished.

The Endowment has approximately \$5m in two actively-managed funds. Approximately 60% is in TIFF and 40% in the UUCEF. Performance has been close to but slightly below the S&P 500 for last five years. Returns around 10% in 2012 and 2013, and lost about 2% in 2014 and 2015, including distributions. The IC has discussed the relatively high management fees charged by TIFF and UUCEF. In total, All Souls pays about \$60,000 a year in management fees. Any fund is going to charge some fee, but the returns aren't outstanding, so the IC is recommends a more diversified investment approach with lower fees.

Andrew then walked through the projected distributions for this year, noting that distribution for the Holmwood fund is only about half of what it was last year, although total distributions are similar overall. Kate Saylor asked about the change in the Hollywood distribution, and Andrew explained that the distribution was lower because the net income of the fund has been lower. Brian Marshall noted that the Holmwood fund also has terms for the distributions which are different from other endowments, and it can only distribute income that is interest or dividends, not capital gains. This is one of the reasons the IC is recommending changes to how the Holmwood are invested, to reinvest in funds that maximize these types of gains.

Andrew then identified the advantages to keeping money in the current funds: UUCEF does screening for UU values, and TIFF has performed relatively well. That said, there is still room to expend. Therefore, the IC is proposing removing some of the money from each fund and investing in diversified Vanguard funds, as the fees with these accounts are incredibly low. The IC recommends Holmwood monies be split into two Vanguard funds, to maximize returns but keep the overall balance of stocks to bonds. He noted that this is more in-line with producing funds we can use. Andrew offered to provide additional info about fund performance.

Peg Barratt asked if the IC has meeting minutes from when the different options were discussed. Andrew said yes, and the IC can provide them, if they are not already available. Katie Loughary noted that the staff are working on finding a way to provide Board access to IC meeting minutes.

Kate Saylor asked why the IC was not recommending moving all the money into Vanguard funds — was it because of concern about our investments reflecting our UU values? Andrew said that was part of it; also, the ASC investment policy says we need to have two managers for our funds. The Vanguard funds are unmanaged, which is one of the reasons the fees are so low. Kate asked if paying for managed funds wasn't inconsistent with the recommendations of investment research. Andrew responded that this approach is consistent with ASC's current investment policy, and pointed out that we can always revisit the two-managers policy later depending on how it goes. He wants to avoid a scenario where we move funds back and forth a lot, and we could potentially continue to move towards index in the future. Brian said that he also has a strong personal preference for index funds instead of active management. That said, this approach allows us to diversify more broadly, and move resources across asset classes. There is also the responsible investing with UUCEF. We are part of a community that is undecided about whether asset management is the best approach. Brian also noted generational difference of opinion about an index versus active-management approach. He is comfortable with this recommendation because it is a step in the right direction. Katie Loughary note that TIFF and UUCEF were selected because they were institutional managed funds for the specific purpose of yielding at least 5 percent above inflation.

Kate then asked about the fees associated with moving money. Andrew said there is an exit fee of about one-half percent for one-time departure from TIFF; he was unsure about the UUCEF fees. He did note that it takes a while to move money from UUCEF. While there are fees associated with moving the funds, the difference in management fees is so significant that the IC recommendation will save us about \$10,000 in fees this year.

Noted that the updated language in the third recommendation for the change in document includes these changes in the investment strategy.

Peg asked what action the IC needed from the Board. Brian referred to the single motion of page 22 of the packet.

Motion: Ken move to be it resolved that: 1) the Terms of Reference of the Investment Committee is amended as reflected in the attached document, including but not limited to authorizing investment of endowment assets in Vanguard Balanced Index Fund, Vanguard High Dividend Yield Index Fund, and Vanguard Bond Market Index Fund; and 2) the Investment Policy is amended to strike paragraph 8 and insert "8. Distribution and use of Endowment funds are made in accordance with the Distribution and Use Policy." Kate seconded. There was no further discussion. The motion carried.

Chuck remarked that a reason the Board was able to adopt this motion now as opposed to needing more time to consider was that the committee has done an excellent job of acting as a Board committee, working with Board representation, doing the legwork and making clear how they reached their conclusions.

Andrew added that in the next month the IC will be looking at bringing in a financial manager to help the committee make decisions. As the portfolio rebalances, the IC will need to monitor to ensure the investment ethics policies are fulfilled.

Finance Committee report: Ken Ambrose

The Finance Committee (FC) has been very active for the last few months and has profoundly benefitted from community members with different experience sharing their perspectives with the committee. The financial review was completed shortly after the last meeting, and a favorable finding of ASC accounting practices. Ken did have a question about difference between ASC standards and GAAP, which Gene Hubbard explained clearly. In short, our practice is internally consistent and rational, and is consistent with what other churches do.

The FC has also been working on the proposed loan modifications, and decided to lock in benefits by refinancing now. Katie was able to work quickly to move the money, and the modifications are completed. Katie explained the terms of the loan documents are for a larger amount of money than we have outstanding with our current loan, so we have able to borrow more money in the future if we decide that is in the church's best interest. Additionally, under the new terms, there are no more stepdown requirements. Ken said that he personally a lot of confidence in the current agreement, and the terms of the loan documents are pretty straightforward.

The FC also looked at the usage agreement with DC International charter school, to confirm they comported with the description previously provided by Katie.

Ken then turned to the FY 2017 Budget for ASC. The FC has been making a point of talking to different parts of the congregation in advance about budget-related issues. Since pledge levels have been relatively flat, and there will be a significant increase in expenditures associated with starting to pay the mortgage for the renovations, the FC's general sense is that now is not the time for a big increase in any other parts of the budget. He also noted that the biggest costs in the ASC budget are not in programs, but in the staff, the people. So while the FC is telling people to be cautious in their budget requests and not ask for big increases, they are also not asking for them to propose dramatic cuts to programs, because that is not where the bulk of the money goes anyway. The FC is trying to be very thoughtful about how to communicate to the congregation the long term position of our finances — there is no question we will encounter challenges meeting our obligations in the next few years, but we have also worked to avoid creating crisis situations, and maybe that is the best we can achieve. Craig asked how the church was communicating that to the congregation. Katie explained that each May she sends a note to the committee chairs asking them to think about their upcoming budget request, and she follows up in September to be more specific about their requests. This year, that reminder includes a cover letter explaining the state of finances.

As far as communication to the broader congregation, the order of service was discussed but dismissed as too much. Potentially an email to the congregation — the text of a proposed letter

was included in the Board materials. Peg said in response to the draft text that the letter cannot encourage or suggest that different groups within the church raise their own funds — it must be a unified budget. Katie and Ken agreed on that point, but urged the Board to focus on the overall tone and message, as opposed to specific language of the letter.

Someone noted that such letters generally went out from the Treasurer, not the staff. Chuck agreed that it makes sense for this letter to come from the Treasurer or FC as opposed to Katie, as the Budget is the responsibility of the Board and officers, not the staff.

Motion: Ken moved that Katie be given the authority to sign the loan documents. Chuck provided a second. There was no further discussion. The motion carried.

Motion: Ken moved to allow Katie to finalize the usage agreement with DCI. Chuck provided a second. There was no further discussion. The motion carried.

Ken as a final comment pointed out that there was no FC a year ago, but the committee members have really allowed the group to dig deeply into the issues, helping the Board as a whole focus on other things and get better outcomes. Katie specifically recognized FC member Bernard Moustaffa who did a lot of work on the loan negotiations, so the Board could acknowledge his efforts.

Executive Limitations: (Katie Loughary)

Katie: This is one of the four standard executive limitations, and it is the role of the ASC Executive Team to regularly inform the Board on how their practices align with the executive limitations. She noted that the Executive Team has greatly benefited from assistance from Tracy Zorpette, due to her knowledge as a labor lawyer. She reviewed the document and the personnel memo and said they appeared consistent.

All Souls does have a policy and procedures for annual staff reviews which have not been consistently followed, and it is an area where there is always room for improvement. Not all reviews have been completed and filed in the last year. There have also been significant challenges in making the reviews as productive as possible. Katie will make further progress on staff reviews before next year's Board update.

The conversation then turned to the Committee on Right Relations: specifically, What does the congregation at-large know about the committee and what it does? Katie noted that they were working with Rev. Moore before she left on vacation to develop a communications plan, including developing a dramatization to act out in service, and updates the website to provide more information as well as current contact information. She noted that the ministers actively work with and refer issues to the committee, but by the nature of the committee's work much of that is not public. Katie also noted that the committee designed an entire month of RE classes. Craig noted the importance of setting the expectation and reminding the All Souls community to

consider that our community is very diverse and other congregants may have different expectations — we will not always be like-minded.

Chuck asked whether the Committee on Right Relations is the right place for a congregant to go if they have a concern with a member of the staff. Katie said her understanding of current practice is that if a congregant had an issue with a staff member, they would first take it to the staff member, then that person's boss, then the Committee on Ministry if the staff person is the minister. But she noted this order of operations isn't written anywhere. Chuck concurred that it seemed like the committee is a place where people can resolve their issues with other congregants, but it was less clear when it is a member of the staff. Katie said it makes sense that it would make sense for personnel issues to be integrated with the church personnel practice. Chuck suggested using Tracy's expertise to explore the issue further, and potentially be more explicit about the recommended practice. Peg said that we will continue the conversation after the staff and Tracy can work more on right relations issues.

Katie then announced that ASC now has a social media coordinator, as Max Hillman has assumed the role. Ken said it could be a good to have a YouTube channel, and suggested we may have great footage of family events. Peg pointed out that there could be privacy concerns as some people won't want images of their children publicly-available. Further discussion of social media issues was deferred for future meetings.

Motion: Chuck moved that the Board accept the staff update on the executive limitations. Ken seconded. Further discussion: Peg said the Board will check in around January for the progress on staff reviews. Chuck said the Board could even check-in earlier, around mid-year. Vote: the motion carried.

Vickie raised the conversation from a previous Board meeting developing a repository of Board notes, minutes, and other documentation. Ken agreed that he and Chuck clearly had strong concerns about formatting and building out the google drive to provide cross-board continuity. There were also issues recently with Board access to the google drive, particularly older files. Katie and Ken have been discussing the issue further and how to structure the drive going forward. Vickie asked who was responsible for reviewing previous Board decisions to ensure the same issues weren't recurring. Katie suggested that the Board Secretary reviews the minutes annually and develops a single list of all the motions voted on that year. Kate requested an index, to help locate relevant discussions and documentation. The search function and google drive, as well as past agendas, were cited as the best current alternatives.

Monthly report: Katie Loughary

Katie will leave on sabbatical June 8; Gary Penn will cover for her while she is gone. Rev. Moore returns June 1. Rev. Parker is leaving at the end of June following completion of her sabbatical ministry and returning in October when Rev. Moore goes on sabbatical.

Peg complimented the monthly dashboard included in the staff report: it concisely summarizes “Do people come, do they give, do they want to be a member?” Katie said see the data visualization as a start of a conversation, and emphasized the importance of focusing on the trends, not the individual numbers. The data is an important reminder that we have a generous congregation: we tend to focus on annual pledges and Third Century Challenge contribution, and those amounts are holding steady. She also noted that voting members are the best estimate we can get about ASC active membership, and that number is also relatively stable, along with average Sunday service attendance.

Consent agenda:

- Appointment of a Cluster Representative (Denominational Connections) — Peg Barratt removed this item from the consent agenda as it is not yet ready to be adopted.
- Replacement for Kate Saylor (Leadership Development & Nominating Committee) — Peg removed this item from the consent agenda as it is not yet ready to be adopted.
- Further Slate of General Assembly Delegates (Denominational Connections) — Sent three names for denominational connections for General Assembly. Fourth name added after the list was sent: Brendan Orsinger. We are still approximately six delegated below our limit; the Board is looking into whether anyone else would like to be a delegate and whether remote participation is a possibility.
- Appointments to the Audit Committee (John Strongman and Chuck Dulaney) — Appointments with bios were circulated to the Board in advance of the meeting.

Motion: Chuck Dulaney moved that the consent agenda be adopted, as amended. Ken Ambrose seconded. The motion was approved.

Reflections:

- Peg Barratt said that the Board still needs to develop a policy on remote participation. Ken Ambrose noted the importance of identifying technology and service that will work reliably, and the test it in advance of using those products.
- Peg also mentioned the possibility of developing a more formal way to carry over items from one year to the next, such as in the future meetings section of the agenda. Also track public concerns and the channel to address those different concerns. She proposed engaging with the Committee on Right Relations on that topic.

Motion to adjourn – Adjourned at 9:06

Erin