

Dear Congregant,

As we approach our important Congregational Meeting in May, the Board of Trustees has heard several questions and concerns regarding the Financial Asset Management Plan (FAMP) and the proposal to withdraw funds from the Memorial Savings Fund to fund a volunteer/membership coordinator. We appreciate that your time is valuable, so we will try to clarify the proposal and address these questions fully yet succinctly. Our responses to specific concerns about process & procedures are attached in Appendix A.

This is what we are recommending;

Those present and voting at our Congregational Meeting in January voted overwhelmingly to approve the use of a portion (\$70,000 over three years) of our Memorial Savings Fund (currently at \$280,000) for the creation of a Volunteer/Membership Coordinator position. It is with our Values, Mission and Ends in mind that we recommend a second vote of approval at our Spring Congregational Meeting.

This is why we believe it is in the best interest of the church long term;

Our biggest asset at the church is our people. Without engaged people contributing their time and talents, we cannot live out our Mission. This is a standard position in churches of our size and larger, and is vital for a church with stated ends that include radically hospitable community. We would like to start building that vibrant, thriving future, in partnership with our new settled minister, where all who wish to find community and a place to pursue personal and/or spiritual exploration feel welcomed and invited to become engaged at First UU Austin.

This is why we should do this now, rather than later:

The question has risen, "What's the hurry? Why not hire this person later?" To this we reply: now is the time to act, for a host of reasons. Our new settled minister will begin preaching at FUUCA in late August. Soon we will be launched in a new exciting era of our congregation. In her first year of her ministry there will be a substantial number of visitors, potential new members, people returning to the church and new people joining the church. There is a need to have a volunteer coordinator in place before this influx of new and returning members. To not have such a person in place will lead to missing a substantial opportunity. To have hired a volunteer coordinator, and have that person in place and working as our new settled minister begins her ministry, will fill a role that cannot be filled by any other currently existing staff or by the senior minister.

Conclusion

We, the members of the Board, firmly believe that the use of funds proposed in the motion to hire a volunteer coordinator is in the best long-term interests of the church. We are recommending to the congregation that we pass the motion a second time at our meeting in May. The position of the Board is that this is the best course of action for the congregation. We realize that there is risk involved in taking action to live out our mission and to walk in the spirit of a bold vision of our congregation's future; but we also believe that there is greater risk in becoming so risk-averse that we never reach toward our full potential as a congregation.

We are aware that people of good will can disagree, and that even well informed and conscientious people can come to very different conclusions. We also understand that the final authority for this choice rests with the congregation, and we stand ready to embrace wholehearted whatever decision is made by the congregation.

Our view is grounded in the belief that protecting and our church is more than the conservation of fiscal assets. It is also the prudent expenditure of those fiscal assets in living our mission and growing a thriving community that then can invest even more in our future. It means honoring and respecting those that gave to the church to make real differences in real people's lives.

Let us take this step to build the vision we have articulated together in our covenant and in our values, mission and ends statements.

With respect and love,

First UU Austin, Board of Trustees

Appendix A – Answers to Specific Concerns

Was the Finance Committee consulted regarding these proposals?

Yes, the Finance Committee was consulted for the FAMP changes. We have, to the best of our ability, worked to create a system where all parts of the church collaborate to make our mission and ends a reality. It is important to understand that the board, when working with committees - or a nominated representative - will meet with one (or more) representatives of the committee (usually the committee chair). The full board does not typically meet with full committees. The chair of the Finance Committee has met with nominated representatives of the Board to discuss the FAMP changes on several occasions. Recently proposed amendments that are being contemplated have been discussed with the Chair of the Finance Committee, acting in that role, at length on several occasions. Discussions about the FAMP and changes to the FAMP have been held on an informal basis continually since October. Over the last three months these meetings and consultations have intensified. There has been no wall between all appropriate partners in communicating this or any other motion being placed before the congregation. All four members of the Finance Committee, S Windsor, J Keohane, K McLaughlin, and S Hale were aware of the proposals.

Regarding the proposal to fund a volunteer coordinator from the MSF, there is no requirement or suggestion to consult the Finance Committee in any extant church policies. Please see Appendix B “Use of the Memorial Savings Fund” which describes the manner in which the funds may be used. The board followed the documented requirement - present a motion to the congregation. The chair of the finance committee was present and participating at the board meeting where the motion was first discussed. Subsequent to that board meeting at which the motion was first discussed there has been literally dozens of conversations over a period of months regarding this motion with the finance chair and members of the board and members of the Executive Team. The board is aware that the Chair of Finance Committee is against the proposal, but is well within its authority and according to due process to present this proposal to the congregation.

If we are not allowed to withdraw funds from the Memorial Savings Fund that would cause it to go below \$250,000, then would this proposal to fund a Volunteer Coordinator break this rule?

Using a 10.5% projected rate of return (supplied by the Chair of the Finance Committee), the proposal will not cause the Memorial Savings Fund balance to go below \$250,000. \$280,000 at 10% grows by \$28,000/year. By withdrawing funds towards the end of each year the Fund is projected to remain above \$250,000. Please note that our rate of return for the past 18 months is 20% (supplied by the Chair of the Finance Committee). See Appendix C for a detailed month-by-month projection.

Why not do more due diligence like was done with establishing an Executive Director? Why now/why rush?

Appropriate due diligence and research has been done. The biggest difference is who has done the work. The due diligence work for the Executive Director position was done by a volunteer committee, subsequently, this process took a long time in calendar terms. In the case of the Membership Coordinator position the responsibility resides with full-time employees, Ed and Sean, who make up our executive team. They have been investigating UU best practices regarding this position and discussing it with the congregation since September 2010. Several long-time members of the church have indicated that the idea of a volunteer coordinator has been discussed within the church for at least a decade.

We do not, therefore, perceive this as being either rushed or hurried. Timing, however, is important. There is a historically documented period following the calling of new settled minister where churches experience increases in visitors and new membership. We believe that having a professional Membership Coordinator on staff during this period will help us make the most of this trend. We further believe that improved retention during this period will minimize both the amount of MSF funding actually needed to seed the position and the amount of time before the revenue generated by the position can be returned to savings.

Is the FAMP is a covenant?

The FAMP is a covenant, and we are honoring the required double-vote at back-to-back congregational meetings. We are not dishonoring the FAMP or the MSF, we are following the methods proscribed in those covenants and we believe that the investment we are proposing is true to the mission of our church and the spirit in which the funds in question were donated to the church.

What about the question of spending money from the Memorial Saving Fund to cover salaries and whether the FAMP is a covenant? Would that be something we would not be allowed to do?

There is nothing in the FAMP or Memorial Savings Fund (MSF) language that prohibits using funds from savings to pay for a salary. In fact, each year when we transfer a portion of the Memorial Savings Fund to the operating budget, the majority of it goes toward salaries.

It is quite common for thriving churches, non-profits and businesses to invest in a pilot project when they believe that it is likely to be an excellent financial investment and especially when doing so also achieves a vital part of their mission.

Does a withdrawal from the Memorial Savings Fund to fund a Volunteer Coordinate fit its stated purpose?

The relevant text from the FAMP is:

“Memorial Savings Fund: a Restricted Fund established by Resolution of the Church membership for the purpose of providing a growing foundation of financial stability for the long term financial health and continuity of the Church, **the principal and income from which may be used to supplement the annual operating budget** or for other purposes as set forth in the Resolution creating the Memorial Savings Fund and in this Policy. “ - *FAMP*

“Since the purpose of the Memorial Savings Fund is to assure the long range financial future of the church and to help the church manage and survive financial emergencies, the Church shall have policies and procedures in place to limit annual distributions to a set percentage of total reserves. Church policies and procedures shall also make clear that other distributions or loans from the Memorial Savings Fund would occur only in rare and extreme circumstances and that any such distribution or loan would require a two thirds affirmative majority vote of members present and voting at two consecutive regular scheduled meetings of the Congregation.” - *FAMP*

The board believes that the Memorial Savings Fund can be used to "supplement the annual operating budget"; that the transition period from a 32 month period of interim ministry to a new settled minister is a "rare and extreme circumstance"; and that it is reasonable, within our authority, and appropriate as fiduciary trustees to recommend this course of action. Most importantly, it is with our *Mission* and *Values* in mind that we make this proposal and ask the congregation to decide with a two-thirds vote at two regularly scheduled meetings.

Have alternate sources of funding, such as other restricted funds, been considered?

Yes, the board has kept the full financial picture of the church in mind when making this proposal. The other restricted funds of the church are restricted to specific ministries of the church (RE, Paradox Players, Social Action, etc), and the board's position is that using those funds is inappropriate for this proposal, whereas use of the Memorial Savings Fund, with full knowledge and approval by the congregation, is entirely appropriate for this proposal.

Doesn't the FAMP say "The primary intent in managing the MSF is to have it grow over time"?

Yes it does, in the section regarding how we should *manage the funds*. The full quote is "Consistent with its purpose, the primary intent in managing the Memorial Savings Fund is to have it grow over time through contributions, wise investment, and limited withdrawals". That section discusses how to manage the funds (investing guidelines, reporting requirements, etc). That section does not address the purpose or use of the funds. What that quote means, in practical terms, is that we should not park the funds in the church checking account, that the funds should be invested and that withdrawals should be limited. The board agrees that this is how the funds should be managed. But this section of the document, including the highly-selective quote above, does not speak to how the funds should be used.

The purpose of the Memorial Savings Fund is "to provide a growing foundation of financial stability for the long-term financial health and continuity of the Church". The board views this proposal as an investment in the community that *will* provide a growing foundation of financial stability. Even those most vocal against using the Memorial Savings Fund at this point in time acknowledge that there is broad agreement that a Volunteer Coordinator would be good for our church. We have a lot of visitors to our church each month. We are on the cusp of calling an exceptional minister. The front door is wide open and people are coming in. But we are failing to reach out to many of them and get them integrated into the life of the church. And so they are walking out the back door, taking their time, treasure and talents with them. Investing in a Volunteer Coordinator is the best investment we can make right now for the growth, health and continuity of our church – financially and otherwise.

Appendix B – Use of the Memorial Savings Fund

Use of the Memorial Savings Fund

1. With the approval of the Church membership at its Fall annual meeting, the Board of Trustees may budget the transfer of money from the Memorial Savings Fund into the Operations Fund of the Church for the succeeding fiscal year. However, the amount that may be transferred under this provision is limited to a maximum of 5-1/2 percent (5.5%) of the Memorial Savings Fund market value on the last business day of September preceding the fiscal year in which the transfer is to take place. An approved budget transfer of Memorial Savings Fund money into the Church Operations Fund shall be made in the Church's financial records during January of the budgeted year.
2. To expend for any purpose any amount from the Memorial Savings Fund greater than provided by Section 1 above, the approval of a majority of the Church membership attending two consecutive regularly scheduled membership meetings is required.
3. In no case may the value of the Memorial Savings Fund be reduced through withdrawals permitted by Section 2 above, to less than two hundred fifty thousand (\$250,000.00).

Appendix C – Memorial Savings Fund Balance Projections

The following charts show the projected balance of the Memorial Savings Fund, over time, assuming an annual growth rate of 10.5%. This rate was provided by the Chair of the Finance Committee in his projections.

The first chart assumes that the funds will be removed at the end of the year. The second assumes that the funds will be removed in even monthly increments. Both charts assume the Volunteer Coordinator will begin in Sept, and incorporate an additional transfer of 5.5% in Jan of the Sept prior balance.

In the second chart, the third-year 5.5% transfer is reduced slightly to 4.7% to keep the Memorial Savings Fund balance above \$250,000.

In both cases the Memorial Savings Fund is thus projected to remain above \$250,000.

Chart 1 – Withdrawals at the end of each year of Volunteer Coordinator Employment

Monthly Growth Rate = 1.008333333

		Feb-11	278,439
		Mar-11	280,759
		Apr-11	283,099
		May-11	285,458
		Jun-11	287,837
		Jul-11	290,236
		Aug-11	292,654
1st Year		Sep-11	295,093
		Oct-11	297,552
		Nov-11	300,032
		Dec-11	302,532
	- 5.5 %	Jan-12	288,823
		Feb-12	291,230
		Mar-12	293,657
		Apr-12	296,104
		May-12	298,571
		Jun-12	301,060
		Jul-12	303,568
2nd Year		Aug-12	266,098
		Sep-12	268,316
		Oct-12	270,552
		Nov-12	272,806
		Dec-12	275,080
	- 5.5 %	Jan-13	262,614
		Feb-13	264,803
		Mar-13	267,010
		Apr-13	269,235
		May-13	271,478
		Jun-13	273,741
		Jul-13	276,022
3rd Year		Aug-13	258,322
		Sep-13	260,475
		Oct-13	262,645
		Nov-13	264,834
		Dec-13	267,041
	- 5.5 %	Jan-14	254,940
		Feb-14	257,065
		Mar-14	259,207
		Apr-14	261,367
		May-14	263,545
		Jun-14	265,741
		Jul-14	267,956
10 K taken		Aug-14	260,189
		Sep-14	262,357

Chart 2 – Even monthly withdrawals

Monthly Growth Rate = 1.008333333

		Feb-11	278,439
		Mar-11	280,759
		Apr-11	283,099
		May-11	285,458
		Jun-11	287,837
		Jul-11	290,236
		Aug-11	292,654
		Sep-11	291,760
		Oct-11	290,858
		Nov-11	289,949
		Dec-11	289,032
- \$ 3,333		Jan-12	272,061
- \$ 3,333		Feb-12	270,995
- \$ 3,333	5.5% taken	Mar-12	269,921
- \$ 3,333		Apr-12	268,837
- \$ 3,333		May-12	267,744
- \$ 3,333		Jun-12	266,643
- \$ 3,333		Jul-12	265,532
- \$ 3,333		Aug-12	264,411
- \$ 1,666		Sep-12	264,949
- \$ 1,666		Oct-12	265,491
- \$ 1,666		Nov-12	266,037
- \$ 1,666		Dec-12	266,588
- \$ 1,666	5.5% taken	Jan-13	252,571
- \$ 1,666		Feb-13	253,010
- \$ 1,666		Mar-13	253,453
- \$ 1,666		Apr-13	253,899
- \$ 1,666		May-13	254,349
- \$ 1,666		Jun-13	254,802
- \$ 1,666		Jul-13	255,259
- \$ 1,666		Aug-13	255,721
- \$830		Sep-13	257,022
- \$830		Oct-13	258,333
- \$830		Nov-13	259,656
- \$830		Dec-13	260,990
- \$830	4.7% taken	Jan-14	250,255
- \$830		Feb-14	251,510
- \$830		Mar-14	252,776
- \$830		Apr-14	254,053
- \$830		May-14	255,340
- \$830		Jun-14	256,638
- \$830		Jul-14	257,946
- \$830		Aug-14	259,266