

3/24/24 Remarks from Rachael Beam, Board President, REVISED

"You may have heard over the past months the staff and board mentioning the possibility of a capital campaign. Here is additional information about the history and need for such a campaign ahead of the congregational vote to move forward with the campaign which will be held on April 14.

The timing of a capital campaign is very different from our annual canvass or pledge drive. The timeline would be for members to make their pledges over the coming months and then the actual payments would be made anytime between the time of your pledge and preferably March of 2027, although payments can be extended to the end of 2027 if needed.

I also want to clarify the vote. What we will be voting for on April 14 will be simply yes or no to move forward with the capital campaign to raise funds. We will not be voting in April on a specific plan for upgrades or renovations to the church. While many concepts have been formulated and discussed, the idea is that we would not select a plan until we know how much money we can raise, and the congregation of course will have input into this process.

Sunnyhill is a thriving and notably a growing congregation. Over the past few years we've carefully reviewed our membership data so that our current membership numbers accurately represent active and engaged members. We are blessed with an engaged, skilled, dedicated and highly functional staff. Further our church is comprised of members who are passionate about putting our principles into action by dedicating many hours of volunteer time towards our important initiatives. Each year the congregation has stepped up its giving towards our annual stewardship drive, aka canvass, and last year was no exception. We all have plenty of reasons to be grateful and proud members of Sunnyhill.

At the same time there are certain realities regarding our operating budget that I must touch upon. In addition to facilities needs the other motivation for the capital campaign is to pay off our mortgage. Each year our operating expenses include approximately \$63,000 towards our mortgage payment. It's been a challenge meeting our other budget obligations while having this debt burden. We've made it work through creativity but also sacrifices.

For example although we met the goal of paying our staff at the newly increased recommended UUA salary levels, our Membership Director had to remain as a part-time position for the first half of the year. There is no money in our budget this year for important items such as landscaping to maintain our beautiful native garden. In the past our garden committee has paid out-of-pocket for mulch and other required materials and will likely either be forced to do the same this year or otherwise fundraise. We decreased or completely eliminated the desired level of funding for the safety committee, new member meetings, coffee and conversation, outside musicians, and staff training and development. This year the budget does not include the full recommended amount of our dues payment to the UUA. Our budget includes anticipated income from fundraising events, notably the annual service auction. Balancing a budget using fundraising income is not ideal or recommended and puts additional pressure on the staff and many volunteers who work so hard to make these fun events possible.

These are some examples but do not cover all of the choices we made to balance the 2024 budget. In short paying off our mortgage is essential for us to continue to function as a healthy and growing congregation. If you're wondering, everything seems fine, I think it's because we have a lot of ducks- a

lot of staff and volunteers calm on the surface but paddling like crazy underneath. It means extra phone calls, extra creativity, extra donations, extra work, and extra physical and emotional stress and risk to our staff, ourselves, and our children. It also means we don't have extra operating funds for additional staff that is warranted by a congregation of our size such as a part-time second minister and a part-time financial and operations manager. The situation is not ideal and I dare say not sustainable.

What we have is precious. We need to execute a vision that includes both the physical infrastructure and the organizational and programmatic resources to allow our congregation to grow and thrive for decades to come.

Our mortgage loan is currently structured such that the entire balance will become due in March 2027. At that time we either need to pay off the remaining balance or worst case refinance again some or all of the remaining balance. With this campaign it is our goal to completely pay off the mortgage by March 2027 when the balloon payment becomes due. I also want to point out that the board's position is that paying off debt needs to be the highest priority, provided that no emergencies are encountered with our facilities. Therefore the first \$800,000 we raise would be put towards paying off the mortgage unless funds are specifically earmarked otherwise by the donor. However, as the campaign progresses, we will continuously assess the facility needs while also receiving feedback from the congregation. If needed, we may set aside some funds in preparation for future short term fixes. Whatever we can raise above and beyond \$800,000 would be used towards facilities upgrades. We have identified a total fundraising goal range of at least \$2.6 million for the bare minimum of upgrades, up to \$4.4 million to implement the ideal plan which would address our needs for decades to come.

On March 23 you received an email from Bethany Thornton regarding the capital campaign. Attached to that email was a one page summary along with some additional information. Please read it if you have not yet had a chance to do so.

I want to share with you the anticipated overall timing of events including some work that has already been performed to date. Previously an ad hoc committee was formed to review options for upgrades to our facilities and prepare a case statement for why the upgrades were needed. The committee consists of John Armstrong, Peg Hart, Carilee Hemmington, and Ed Tomlinson. This committee has spent much time meeting, discussing, and preparing various options. Last fall the committee presented the case statement to the board along with a half dozen high level, feasibility level options. Based on our knowledge of Sunnyhill's needs related to both facilities and operating budget, the board decided it was appropriate to formally consider a capital campaign. We identified two people who have generously agreed to serve as co-chairs of a capital campaign. They are Roxy Mt. Joy and Ed Johnston. Roxy and Ed have already met with the staff and myself and the case statement committee and making some initial preparations so that if the congregation votes to move forward we will be ready to hit the ground running. They have started considering the structure of a fundraising effort and have already identified a team of individuals who have generously volunteered to serve on a fundraising committee. We will also have two financial advisors who will be available as a resource.

Some of you who recall the previous capital campaign may be wondering if we plan to hire a fundraising consultant and the answer to that is no. One of the primary reasons we don't feel this is needed is because our own Roxy Mt. Joy, who as I mentioned will be co-chair of the capital campaign committee and also serves on our board, is herself a fundraising consultant. Her expertise has already been invaluable during these early discussions.

The general timeframe we are proposing involves a congregational vote on April 14 to move forward with the capital campaign. Following a yes vote, fundraising would begin. By the end of 2024 we would aim to have all campaign pledge commitments secured. The expectation is that your actual donations would be sent to Sunnyhill anytime between the date you pledge and March of 2027, which coincides with the date of our mortgage balloon payment, or if needed by the end of 2027. By the end of this year, we would know the total amount pledged from the congregation. Assuming we can raise at least enough to pay off the mortgage as well as additional funds to consider facilities upgrades, we would hire a design consultant and begin moving forward on choosing an option appropriate to the level of funding, with congregational input. We could then move forward design and permitting. We are estimating two years for design and permitting and 1-1.5 years for upgrades but the timing could vary depending on which option we are able to pursue."