

Minutes of the Vestry
St. Mark's Church Capitol Hill
January 20, 2008
Adams Room
Approved February 17, 2008

Present:

<i>Clergy:</i>	Paul R. Abernathy, Rector
<i>Wardens:</i>	Jim Michael
<i>Vestry:</i>	Kenn Allen, Eileen Blumenthal, Doris Burton, Lisa Sotir-Ozkan, Kristen Hartke, Don Mosher, Bruce Sherman, Margaret Wood
<i>Officers:</i>	Kathryn Powers, Treasurer Pete Carlson, Acting Treasurer
<i>Manciple:</i>	Charley Donnelly
<i>Acting</i>	
<i>Register:</i>	Susan Thigpen

Absent:

<i>Warden:</i>	Louise Walsh
<i>Vestry:</i>	Kathy Gerhard
<i>Counsel:</i>	Rosemary Harold
<i>Register:</i>	Susan Sedgewick

The Rector called the meeting to order at 1:15. The Opening Prayer was offered by Margaret Wood. Kenn Allen explained that the goal for the Player's discussion later in the meeting would be identification of and reflection on the several issues intrinsic to the relationship.

Canvass Report

Bill Jordan presented a report on the status of the 2008 canvass on behalf of the Canvass Chair, Josie Jordan (see Attachment A). To date, 379 units have pledged \$864,000; the Canvass Chair endorsed the assumptions and recommendations of the Finance Committee that, although conservative, we could anticipate an additional \$16,000 in pledge income, forming a strong basis for a 2008 budget of \$880,000. There is good probability to believe an additional \$10,000 in pledge income will come in over the year, bringing the total to \$890,000, or 96% of the \$925,000 goal. The report included several observations about the 2008 canvass in particular and the past three years generally, as well as ideas for future activity.

Diocesan Report

Raiford Gaffney and Bill Dickenson presented a report on the upcoming Diocesan Convention, January 25-26, 2008. There will be only one resolution

presented, encouraging the Diocese *and* parishes *and* individuals to increase their giving by .07% in support of the Millennium Goals, as passed at the National Convention. Rick Rutherford is running to be a delegate to the General Convention and Bill Dickinson, to be a member of the Provincial Synod.

St. Monica's and St. James' are expected to present a petition for change in parish boundaries and name, following their recent merger. The decline in the Diocesan budget for both ideological as well as financial reasons was noted, as was the 6% COLA for Diocesan staff.

Assistant Rector Search

The Vestry went into Executive Session to discuss the two candidates who visited St. Mark's earlier in the month.

2008 Budget

Pete Carlson reported that the 2007 books closed with a surplus of around \$40,000: the year began with a \$20,000 surplus from 2006; there was no end-of-year surplus from under-spending in parish programs as in past years; and there was a net savings of \$22,000 from Shearon's salary. An additional \$5,700 in un-reported investment income is expected to be sufficient to compensate for any 2007 expenses still outstanding. A record \$141,000 of 2008 pledge income was received in 2007 and will be credited towards 2008.

Based on historical trends, the Finance Committee anticipates that the 2008 Services budget proposed in December. By making some minor cuts, notably to the Vestry account, identifying funds available in the endowment accounts, and recommending the addition of \$20,000 (1/2 the 2007 \$40,000 end-of-year surplus), the Finance Committee was able to propose a budget for 2008 that accommodated all of the top Vestry priorities. The Committee recommended holding the remaining \$20,000 of surplus funds from 2007 in reserve in the event they are required for negotiations for a new assistant rector. The proposed budget was presented and discussion followed. (See Attachment B)

RE: The proposed reduction in the Building Replacement Reserve of \$6,000 and the creation of a new line item called, Equipment Maintenance and Service, to cover minor repairs and maintenance agreements. This new account will fund actions to mitigate the costs of repairs. About the recommendation by Property Diagnostics that \$60,000 be budgeted annually, Pete noted that it is not possible to address major repairs in the budget. A different source of funding will be required to address the larger structural issues.

RE: The Baxter House Restructuring Study, the Committee determined that this was not a necessary expense at this time.

RE: Re-Consecration of the Chapel / Columbarium, Pete explained that any funds for refurbishing would come from the Jr. Warden's account.

RE: Racial Reconciliation program, currently included in the Outreach budget without the addition of new funding, it was noted that there are funds available in both the reserve account and general endowment fund for new programs approved by the Vestry. Historically, this program has come under the purview of the Outreach Pillar.

RE: December 2008 Lichfield link visit, anticipated to cost \$7-10,000, funding has not been provided because it was not identified as a Vestry priority.

RE: Development of a Wish List to fund special projects, the Finance Committee intends to make recommendations on three areas this spring: funding of necessary building improvements, fundraising in general, and space use and additional income.

RE: Rising Operating Costs, the Parish Reserve account is declining and expenses are rising faster than income, with fixed cost increases rising the most rapidly – salaries alone rose 17% in 2007. If this continues, the 2009 canvass will need to raise \$950,000 to provide the current level of services. While these increases can be absorbed in 2008, it is *very* likely that fixed costs will need to be adjusted through specific cuts in 2009 if the Canvass falls short. The Finance Committee is very concerned about the rate at which we are adding fixed costs.

Margaret Wood inquired whether or not the Endowment Board would consider funding special projects proposed by the Pillars and tagged the Diocesan contribution as an additional “fixed” expense.

Bruce Sherman inquired whether or not a funding mechanism has been identified for replenishing designated fund accounts – currently dependent on income generated from activities – and asked that this be tagged as a long-term concern.

Adoption of the 2008 Proposed Budget as proposed by the Finance Committee was moved and seconded. Several additional questions were clarified prior to the Call to Question and vote to close the conversation:

- Search and relocation costs for a new associate rector will be covered from salary savings.
- The higher than budget cost of Shearon Williams’ Social Security reflects an initial mis-calculation rather than an added cost.
- Funding for an interim, working each Sunday plus 2-3 days each week would come from salary savings of \$6,600 per month.
- Adjunct clergy are compensated only on those Sundays when they preach.

Adoption of the 2008 Proposed Budget as proposed by the Finance Committee was approved unanimously.

Resolution on the Rector's Housing

The annual Resolution on the Rector's Housing allowance was unanimously approved by the Vestry. The resolution is Attachment D.

St. Mark's Players – A Way Forward

Kenn Allen led the discussion on the future of the St. Mark's Players, soliciting views from each member. The stated goal was to identify a message from the Vestry to guide a team yet to be identified in negotiating an agreement with the Players going forward. He asked the Vestry to reflect on the following areas:

- Nature of the relationship
- How plans should be made and problems solved
- Number of productions
- Storage
- Care of the building
- Relationship to stated Parish goals
- Space usage and purposes
- Scheduling.

Vestry members identified issues, without discussion, until all issues were surfaced. Issues were then classified by topic for a summary discussion (See Attachment C). While there was general agreement on most items, there remains a tension between adhering strictly to the existing MOU and thinking creatively about ways to strengthen the relationship while not expanding the footprint. This, along with the nature of relationships between St. Mark's and any group – whether or not it is integral to operations and what sort of expectations have been created – will require further reflection and discussion.

Vestry Reports

The minutes from the meeting of the Vestry on December 16, 2007 were unanimously approved as amended.

Margaret Wood reported on the planning and assignments for the Annual Meeting on March 30, 2008. Doris Burton moved that the single service be moved to 10:00 am and the motion was seconded. By a vote of 5 in favor, 3 opposed, and 1 abstention, the motion carried.

Don Mosher, liaison to the Endowment Board, announced that the Arts Pillar and its Vestry liaison had been informed that \$4,366 was available for their use. The General Endowment Fund has \$20,389 in available funds.

What's New, What's Working, What Needs Attention or Acknowledgment?

Jim Michael noted that the pulley system for the cross in the nave is scheduled for replacement.

Bruce Sherman noted the conflict posed by scheduling the St. Mark's ski trip and Vestry meeting on the same 3-day weekend, and asked that Vestry meetings *not be scheduled* on 3-day weekends.

Lisa Sotir-Ozkan acknowledged the leadership of Martin Luther King being celebrated over this 3-day weekend.

Doris Burton announced that the Vestry "briefcase" with Newcomer materials has been replaced by a rolling cart and that St. Mark's business cards with contact information and service schedules have been made available through the Hospitality Committee.

Closing Prayer

Kristen Hartke offered the closing prayer.

There being no additional business, the meeting adjourned.

Respectfully submitted,

Susan Thigpen. Acting Register

Attachment A

January 20, 2008
Vestry Meeting
Report on 2008 Canvass

I regret that I cannot be with you today to answer questions that come up as you prepare to discuss the budget. I participated in the finance committee meeting that developed today's proposed budget, and I believe it is a good one.

Below is a brief report of where we stand, what it means and ideas for the future.

The facts:

Current pledges in hand from 379 pledge units – \$864,000

Additional pledges promised from the current list - \$ 16,000

Specific pledges from people who have said they will pledge but could not at that time they were called.

@ \$880,000, there is a very strong basis for the Finance Committee's proposed income projection

Additional pledges throughout the year, estimate - \$ 10,000

New people who join us in the next 6 months and a handful of members who are waiting on the sale of a house, or a scholarship award for a child, or retirement.

@ \$890,000, we have missed the goal by \$35,000, but made 96% of it.

Positive Observations:

- The first \$800,000 and 300 pledgers responded generously and promptly
- Those who have pledged to date have increased their pledge by 5.3%
- We have 19 new pledgers totaling \$27,000
- The Fall LCF class pledged 100%

Areas to Note:

- Every canvass has pledges that don't come in. St. Mark's actually does very well in this area. However, the data show that we are carrying 12-20 pledge units who consistently don't pay their pledges. This skews our expectations, and Greg Niblett and I are talking about this.
- The last \$100,000 took multiple contacts and direct calling. My impression is that these folks are very busy and / or seldom at St. Mark's, and the canvass never gained a sense of urgency for them. (Several Vestry members can give you more insight into this process – should you want it.)

Area of Concern:

- Pledges have been in the mid-to-upper \$800,000 range for the past three years. We have set goals \$35,000-\$45,000 higher than we have met in the past two years. To me, this does not indicate that that we are falling short in our work as a church. It is simply a fact to take into account as you plan for 2009.

Ideas for the Future:

- At this point, I have not had time to reflect on suggestions I would offer the leadership to improve the canvass for 2009. Once I end the effort to secure the remaining pledges from those who have pledged in the past, I will caucus with Greg and others to review what worked and what didn't work. I will send any ideas on to the Vestry.
- I do see, however, two concrete steps that I believe would make a difference. After talking with Paul and the Finance Committee, I want to stay involved with raising money for the parish in the following ways:
 - o I will keep track of the people who take LCF, the Baptism course, and other adult Christian Education classes, and if they have not pledged, invite them to do so.
 - o I will host a buffet dinner for people who made their first pledge to St. Mark's in the prior three years. The dinner will afford the clergy and other leaders in the church the chance to get to know (or know better) these new St. Mark's members, to thank them, and to give them a chance to become more engaged with the life of the parish.

Final Thoughts:

- Thanks to everyone who made and who continues to make calls (Paul, Louise, Doris, Jim, Kenn, Margaret, Bruce). Penny Hansen, Janice Gregory, Greg Niblett, and Dave Willson also made calls. These calls raised nearly \$50,000 in three weeks.
- I wholeheartedly endorse the Finance Committee's proposed 2008 Budget.

NOTE: Attachment B, the FY 2008 Proposed Budget, is a separate Excel File.

**SUMMARY OF ISSUES RAISED
DURING VESTRY DISCUSSION ON PLAYERS' MOU
January 20, 2008**

There was general concurrence among the Vestry on nearly all issues raised. Broken down, they fall into the following categories:

Relationship

The overarching message to the Players should be that we value the relationship and want to work together to strengthen that relationship. We should be seeking a stronger overall integration of *all* arts groups into the life of the parish, encouraging and expecting them to work with the Pillars to support their work, for example, with Outreach or Worship. Specifically, we should seek their expertise for chancel drama, jointly explore some kind of summer program, and find a way to ensure that productions reflect, in some way, our overall parish mission and priorities. Both the agreement and actual use should be evaluated on a regular basis.

The MOU

The current MOU should be the starting point for all future discussions and a model for similar agreements with all other affiliated groups. The negotiating team should be drawn from those who have already been engaged in the process – not new people. Each group using the church should have an identified point of contact, as should St. Mark's, in order to enhance communications, negotiate adjustments, and resolve issues of damages as needed. All users must abide by the noise and alcohol policies.

Accountability

St. Mark's needs to become a better manager of property use by *all* groups, including weddings and other events. A formal walk-through process should be developed to ensure that the building is "returned" in substantially the same condition in which it was delivered and that issues of damages are addressed in a timely fashion. Those using any of the electrical equipment should be competent as regards operation. As a guiding principle in the use and care of an historic building, we, and other users should strive to "do no harm" and, "if there is harm, it should be reversible."

Space Use

We need to proactively manage the "footprint" and impact on other activities of all users. St. Mark's needs to collect data relative to lost opportunities and conduct an overall site / schedule review to ensure a more collaborative scheduling process. We should also think more creatively about *actual* space needs of any group – where, for example, a smaller classroom might be more efficient than using the nave or parish hall. There was a general consensus that the current

arrangement with the Players regarding space and number of performances is working well, but there might be some creative approaches to change. It was agreed that the Kitchen Committee should be consulted regarding use of that facility by the Players and any other groups.

Creativity

It was suggested that everyone should begin to think more creatively – to consider a smaller production in the summer when there are fewer conflicts in addition to the two scheduled during the year; to consider a single large production with a large cast, using more parishioners, particularly youth, and a smaller second performance with fewer props. The objective is to think about the relationship in new ways that might strengthen the relationship with the church and its members and minimize wear and tear.

Revenue

There is an overall goal of generating more revenue from the rental use of our space by all groups. We should explore with the Players how their contribution should be calculated, whether fixed amounts, a percentage, or a base + formula.

Housing Allowance Resolution 2008

Whereas, Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income (in computing federal income taxes) a church-designated allowance paid to him as part of his compensation to the extent used by him for actual expenses in owning or renting a home; and

Whereas, the Reverend Paul Roberts Abernathy is compensated by St. Mark's Episcopal Church, Capitol Hill, exclusively for the services as a minister of the gospel; and

Whereas, St. Mark's Episcopal Church, Capitol Hill, does not provide the Reverend Abernathy with a rectory, therefore, it is hereby

Resolved, that \$45,088.00 (forty-five thousand eighty-eight dollars) of the total compensation paid to the Rev. Abernathy for calendar year 2008 is hereby designated to be a housing allowance, and be it further

Resolved, that, after the date of this resolution, should the Vestry approve a cost of living adjustment to the Rev. Abernathy's total compensation, the same percentage of distribution between the Rector's Compensation and the Rector's Housing budget line items in the 2007 General Fund Expenditures shall be maintained in 2008.