

MINUTES OF THE MEETING OF THE VESTRY OF
SAINT MICHAEL AND ALL ANGELS EPISCOPAL CHURCH

February 20, 2019

Summary of Actions Taken

- Approved Consent Agenda
- Approved 2019 Budget

Prior to the regular meeting of the Vestry of Saint Michael and All Angels Episcopal Church on February 20, 2019, Eucharist was celebrated in the Bishop Moore Chapel.

Vestry members in attendance at the meeting were: Warren Houser, Senior Warden; Bonner Allen, Junior Warden; Jay Lipscomb, Warden-at-Large; George Baldwin, John Ellerman, Jane Greene, Hallie Lawrence, Stacy Malcolmson, Steve McKenney, Kyle Moore, Blair Oden, Anna Paccone, and Christine Paddock.

Ex-officio members in attendance included The Rev. Dr. Chris Girata, Kathy Kelley, Treasurer, Jim Skochdopole, Chancellor, and Ginger Brown, Clerk. Others in attendance included The Reverend Bob Johnston, Rob Baber, and Susan Kalen.

Warren Houser, Senior Warden, called the meeting to order at the appointed time. The Reverend Bob Johnston opened the meeting with prayer.

The meeting then proceeded with Bonner Allen, Junior Warden, reminding the vestry how the Consent Agenda works saying that the agenda is prepared by the Senior Warden and circulated to Vestry members prior to each meeting. The agenda includes the minutes to be approved from the previous Vestry meeting as well as any reports submitted where no discussion is anticipated. She reminded vestry members to review the Consent Agenda prior to the meeting and notify the Senior Warden if they would like discussion of any report, which will result in the report being removed from the Consent Agenda for discussion in the meeting. She also requested that any mistakes noted in the minutes be reported so that the minutes can be corrected and resubmitted prior to the meeting.

Approval of Consent Agenda

Prior to the meeting, the Vestry received for its review the materials included in the Consent Agenda, which consisted of the January 2019 Vestry minutes, the Youth Report, and the Building and Grounds Report.

A motion was made by John Ellerman to approve the Consent Agenda for the February meeting. Hallie Lawrence seconded the motion. The Consent Agenda was unanimously approved.

General Discussion

The Reverend Bob Johnston presented a report on attendance at SMAA based on data gathered at each of the Sunday services from 2017 to February 2019. By measure of both attendance and money, the data, based on looking at an average Sunday and excluding big events, shows that the church is growing. He described the methods used at each service to measure attendance. He also noted that attendance on average for the Episcopal Church has dropped while attendance at SMAA is trending up, however, not dramatically. Discussion followed among Vestry members about growth in parishioner engagement, which is reflected in the increase in attendance and revenues, and about the impact that special events such as panels, concerts and other events might have on engaging people and on church attendance.

Stacey Malcolmson reported to the Vestry that the Mission and Outreach Committee is recommending that the Easter Offering be distributed to assist families living in poverty. The three organizations that will benefit from the Easter Offering are Heifer International, the St. Philip's Community Food Pantry and the North Dallas Shared Ministries. She also noted that the SMAA middle school mission trip this year will be to Heifer International in Arkansas.

Discussion followed about a resource booklet for homeless services in Dallas, published by Our Calling, a homeless ministry in Dallas, which has received support from the Women of Saint Michael. The pocket -sized booklet is available at the Reception Desk at SMAA and is a comprehensive directory of organizations in the Dallas area providing a wide range of services to homeless individuals in search of assistance.

Stewardship Report

Stacy Malcolmson presented the stewardship report with a summary of the final 2019 pledges received as of February 1, 2019. For 2019 there were 1,078 total pledges versus 1,084 in 2018. She noted that nationwide giving has declined; therefore this relatively flat number is viewed positively. The total dollar amount pledged for 2019 was \$5,762,040, the highest historical amount pledged and a 12% increase over 2018 (\$5,163,757). In addition, the average 2019 pledge of \$5,345 represents an increase of 12% over 2018 (\$4,763). Stacy thanked the members of the Vestry for their assistance in the very successful stewardship campaign.

Financial Report

Kathy Kelley presented the final financial report for the year ended December 31, 2018. As reported to the Vestry in January, revenue in 2018 was strong and over budget with final results showing revenues exceeding budget by \$231.7M and expenses under budget by \$37.6M. It was again noted that the increase in revenue over budget in 2018 was from pledges that exceeded budget, higher plate receipts and strong unpledged contributions. As approved in the January Vestry meeting, the surplus will be applied to two reserve funds: a) \$186M to the School Transition Fund established to help with the impact of the Episcopal School of Dallas moving to its new facility in 2020, and the accompanying loss of \$600M in expense offsets over the next two years; and b) \$70M to the Maintenance Fund to assist with unplanned capex. After the allocation of reserves, the final surplus reported for fiscal year 2018 is \$13.7M.

Kathy then presented the 2019 budget that had been approved by the Finance Committee on February 19, 2019, to the Vestry for their review, discussion and approval. She reviewed the budget process, which runs from September to January, and is finalized with total pledges received by February 1, 2019. She walked through a review of the formula for calculation of revenues based on final stewardship numbers.

Highlights of the 2019 budget were discussed including the strong stewardship results, which increased the budgeted revenue from \$6,026M in 2018 to \$6,424M for 2019. The increase is primarily due to a significant increase in the average pledge offset by the number of pledging units remaining fairly stable. In order to ensure pledges are collected, quarterly statements with a status report will continue to be mailed out to everyone who pledges. Additionally, letters will be sent to members who do not pledge outlining ways that they can be engaged at SMAA. It was noted that 40% of active members make a pledge.

The overall increase in budgeted expenses for 2019 reflects a focus on family engagement and enhancement of the worship experience. To support these goals the budget includes new personnel additions (five-full time and two part-time) staged over the year. Addition of staff is a financial decision that can be adjusted, and new hiring plans will be evaluated during the upcoming months based on revenue realization. Also included in the budget is the recommendation of the Human Resources Committee, chaired by John Ellerman, to include merit increases for the church staff.

During discussion, it was noted that the pre-school, Saint Michael Episcopal School (SMES), is moving toward better financial management and has eliminated the SMAA member discount and reduced expenses. The budget reflects a reduced expense for SMES in 2019.

Kathy noted that there are no additional reserve allocations in the 2019 budget at this time for the School Transition Fund or Maintenance Fund. The reserve situation will be re-evaluated over the year, and reserve contributions will be made if available and deemed necessary. The church has been planning for the ESD move and expects to be able to close the gap with increased stewardship, tightened expenses, and improvements and growth in the Saint Michael Episcopal School, which is very close to break even.

A motion was made by George Baldwin to approve the 2019 budget. Anna Paccone seconded the motion. The 2019 budget was unanimously approved.

Blair Oden then reviewed the situation with the church chillers. At this point, only one of the two chillers is working. Blair has asked Keith Quarterman to study the situation and be prepared to provide emergency HVAC should the second chiller no longer work. He also indicated that they will be looking for a new chiller, either a primary or backup, that could be moved in the future if needed. He estimated that the engineered and installed cost for a new chiller could be up to \$150M and noted that there are funds in the maintenance reserve fund that would be used.

Senior Warden Report

Warren Houser distributed a summary of Vestry committees with chairs and members and said that the Google Drive would be made available this week to Vestry members and would include committee summaries, charters, and minutes of the Vestry. Calendars of 2019 and 2020 Vestry meetings were also distributed. He also encouraged Vestry members to review the Consent Agenda and to participate, discuss, ask questions and attend any committee meetings. He noted that Safe Church training is required of all vestry members and that all required training and updates are available online. He further noted that Touchpoint will hopefully be ready to roll out for use in April and invited Vestry members to look at the trial database prior to the formal roll out.

Junior Warden Report

Bonner Allen encouraged input and involvement from all Vestry members. She also encouraged members to attend the Eucharist in the Bishop Moore Chapel prior to each Vestry meeting.

Rector's Report

The Rev. Dr. Chris Girata said that the search for a new Vice Rector is underway with video interviews in process. He expects that candidates will be brought in at the end of March and hopes to have a Vice Rector by Easter. He noted that during 2018 SMAA gave \$1.4MM to the community through various groups and offerings including the Women of Saint Michael and Mission and Outreach.

The Rector spoke about SMAA offering immersive experiences for members and said that the clergy is actively working on this. The Archangel will feature these trips, experiences and retreats. The Rector plans to take groups to the Holy Land every spring break beginning this year with families and alternating each year with adults only. He noted that Lenten services will be limited this year due to the spring break calendar.

It was noted that the Finance Committee has approved a soft ask for contributions through the Compass Rose Society to assist Bishops from poorer countries wishing to attend the next Lambeth Conference in 2020. The Rector reviewed previous discussion about the Compass Rose Society, which meets annually in London and supports the global Anglican community.

Christine Paddock invited Vestry members to the 60th birthday party for the St. Michael's Woman's Exchange, which will be held on Tuesday, February 26, 2019. She also invited everyone to the March 25 Cooking Challenge sponsored by the Women of St. Michael and said a couple of more teams were needed if anyone was interested.

The regular Vestry meeting was adjourned at 6:25 p. m. A brief Executive Session followed.

Respectfully submitted,

Ginger Brown
Clerk of the Vestry