

**Finance Committee of the Vestry  
Saint Michael and All Angels Church**

**Minutes, May 12, 2020**

**Present:** Janice Bywaters, Mike Ernst, Kathy Kelley (Treasurer), Jeff Kilpatrick, Stacey Malcolmson, Bill McGannon, Becky Odlozil, Grady Schleier, Jim Smith, Chris Wiley

**Ex-officio present:** Rob Baber (Director of Finance), Ken Brannon (Vice Rector), Rev. Chris Girata (Rector), Jay Lipscomb (Senior Warden); Caroline Marak (Stewardship Manager)

**Absent:** Andy McRoberts

**Guests:** George Baldwin (Tela Honduras Mission Trip Leader), Rick Currey (Campus Construction Committee Co-Chair), Barry Hancock (Campus Construction Committee Co-Chair), Susannah Lipscomb (Saint Michael Presents Co-Chair), Jonathan Ryan (Director of Music & Organist)

**Meeting held via Zoom Video Conference**

**1. Approval of agenda and minutes**

The agenda for the meeting and the minutes from the April 14, 2020 meeting were approved.

Ms. Kelley introduced the guests attending the meeting today. Susannah Lipscomb is Co-Chair of Saint Michael Presents, Jonathan Ryan is Director of Music & Organist, Barry Hancock and Rick Currey join as Co-Chairs of the Capital Construction Committee, and George Baldwin is a mission trip leader to Tela, Honduras.

**2. Review of fundraising solicitation – Saint Michael Presents**

Jonathan Ryan and Suzannah Lipscomb presented the annual fundraiser that supports the concert series. A letter will be mailed in late May or June for the upcoming concerts during the next church year. The letter goes to attendees and supporters of the concert series. Flexible language will be used in the letter in case the concert dates have to be changed or canceled due to possible attendance restrictions. The committee approved the fund solicitation.

**3. Review of fundraising solicitation – Tela, Honduras**

Mr. Baldwin presented the fundraising request that would provide funds to feed 50 families for a period of approximately 16 weeks during this COVID-19 pandemic. Mr. Baldwin had a Zoom meeting with the Rector of the Episcopal church that our church has had a long-standing relationship with and learned that most workers in the area are hourly and out of work now. The church can provide weekly groceries for 50 families on approximately \$250 per week. The mission group would like to raise funds from a group of about 25-30 parishioners that have gone on this trip in the past to supplement the funds in the restricted fund for the Tela, Honduras support. They anticipate raising \$4,000 to support this effort for 4 months. The committee approved the fund solicitation.

#### **4. Update of Payroll Protection Program loan**

Mr. Baber updated the committee regarding the Payroll Protection Program loan. Saint Michael's application was approved and we received funding on Thursday, April 16<sup>th</sup>. The church's application included the Saint Michael Episcopal School and the Saint Michael's Women's Exchange. The program is for eight weeks and requires keeping your full staffing during the time. Up to 25% of the loan can be used for additional expenses including utilities, rent, mortgage interest, etc. The church will then apply for loan forgiveness with our lender, Bank of Texas. Leadership is keeping abreast of the guidelines issued by the Small Business Association for any changes and updates.

#### **5. Update of Capital Construction Committee**

Ms. Kelley spoke to the committee regarding the Vestry's formation of the Capital Construction Committee ("CCC"). This CCC consists of several lay volunteers with strong real estate development experience along with applicable Saint Michael staff involved with campus planning. The CCC is meant to act independently of the Finance Committee due to their professional expertise and focus on construction. This allows Finance to focus on the operations of the church budget, standard fundraising requests, and Foundation grants while all new construction is handled by CCC. CCC will oversee first the construction tie to the Lincoln development and later the expansion and renovation of the Saint Michael Campus. The CCC is charged with developing a budget to be approved annually and monitored by Vestry. As for current status, the final zoning of the north land was approved on April 22nd and Lincoln Property Company has made a contribution to the church as stipulated in the ground lease. The Vestry has accepted and committed these funds for capital use in overseeing the construction and tying the office/residential building project together with our facilities.

Mr. Rick Curry explained that the CCC has selected a construction project management company to oversee the project and coordinate the ground lease on behalf of the church. He explained the review process they went through before selecting Pritchard and Associates. The firm will be paid a fixed monthly fee for this oversight during construction with an estimated fee of \$35,000 due for the remainder of 2020. Normally this expenditure would fall under the authority of the CCC but since their budget has not yet been developed (pending input from our Pritchard consultant) then the Finance Committee is asked this one time to consider the Pritchard contract. Several members of the finance committee asked construction and insurance related questions before approving the Pritchard contract and recommending it to Vestry.

#### **6. Review of April 2020 financials**

Mr. Baber reviewed the results of operations for the period ending April 30, 2020. Total net year to date operating revenue was \$2,801,929 versus a budget of \$2,366,502. This included a positive variance of \$60,024 because the Diocese of Dallas elected to not collect the monthly assessment due in April. This was budgeted at \$60,024 for the month, therefore, the total positive net revenue variance was \$435,426. Total year to date operating expenses were \$1,691,852 versus a budget of \$1,792,804 resulting in expense savings of \$100,952. This results in a net positive variance of \$536,378. Mr. Baber noted pledge revenue remains very strong. Upon analysis, several large pledges have been received earlier than normal accounting for some of the positive variance shown at this time. Mr. Baber reminded the committee that we do not accrue for expenses that are placed on church credit cards during the month that usually total \$30,000-\$35,000.

Mr. Baber expects a slowdown in pledge collections during the year due to the slowing economy brought on by government orders to shelter-in-place. At this point it is difficult to predict the exact revenue shortfall to be experienced by SMAA but we will watch trends and plan accordingly.

## **7. Additional Item**

Rev. Girata updated the committee regarding the continuing orders from the Governor of Texas and the additional orders put in place by the Bishop. At this time gatherings and services are suspended by order of the Bishop. Services will continue to be streamed along with more offerings in the formation area. Saint Michael has offered the use of our facility and recording equipment to area Episcopal churches to prerecord their services for streaming. Our offers have not been accepted at this time.

No other discussions of new or old business was needed and the meeting was adjourned.