

MINUTES OF THE MEETING OF THE VESTRY

FEBRUARY 17, 2021

The Vestry meeting met on Ash Wednesday at 4:00 to celebrate Ash Wednesday services led by our Rector, the Rev. Dr. Chris Girata. He asked us during this Lenten season to seriously think about the way we keep our sacred promises to God, our church, our neighbors and to those we do not know.

SUMMARY OF ACTIONS TAKEN

Approved the Consent Agenda

- Approval - Minutes of the January 20 Meeting
- Building and Grounds Committee Report
- Human Resources Committee Report
- Jubilee Park Report
- Mission and Outreach Committee Report
- Saint Michael Woman's Exchange Report
- Warden's Committee 2021 Budget Narrative

The regular meeting of the Vestry of Saint Michael and All Angels Episcopal Church convened on February 27, 2021, at 4:30 pm via ZOOM.

Vestry members in attendance were Blair Oden, Senior Warden; Stacey Malcolmson, Junior Warden; Richard D'Antoni, Warden-at-Large; George Baldwin, Hallie Lawrence, John MacFarland, Jr.; Holly Pena Darrel Rice, Carol Roehrig, Jack Rubarth, Ginger Sager, Erica Sartain and Arnold Spencer.

Ex-officio members in attendance included The Rev. Dr. Chris Girata, Rector; Kathy Kelley, Treasurer; Janice Bywaters, Treasurer-Elect; Scott Wilson, Chancellor; and Nancy Wilbur, Clerk. Others in attendance were Rob Baber, The Rev. Ken Brannon, Colleen O'Hara, Meredith Rose and Caroline Marak.

Blair Oden, Senior Warden, called the meeting to order. The Rev. Ken Brannon opened with a prayer. Blair welcomed everyone to the meeting and thanked Chris for the Vestry Ash Wednesday service. He asked if everyone had looked over the Consent Agenda, and he pointed out that there were two sets of minutes, one of which is from the first meeting of the new Vestry in December. Blair asked if there were any changes, and John McFarland said that in the MO report, there is a sentence that should read home insecurity and not homeland security. Blair asked Nancy to make the change. He also confirmed that there is no school report this month that is why it is not on the Consent Agenda. He then made a motion to approve the minutes and the motion was seconded by John McFarland. The minutes were then approved.

RECTOR'S REPORT

Chris mentioned that Lent has begun, and the church has sent Lenten Altar kits to about 2000 members of record, including special kits to those homes who have children 4th grade and under. He said that the home altar-building instructions for children are based on the Catechesis model, and this was a

collaboration of three different departments. They have received many compliments on the kits. Chris said that the Lenten podcasts have begun as have the Lenten Sermon series at the 9:00 and 11:00 services. Chris said that they are trying to address parishioner's needs by bringing church more tangibly into their homes.

Chris addressed the February budget. He said this budget is very different and forward thinking. In the past, some decisions were based on uncertainty about future opportunities, for example, the north land lease. He asked that the vestry read the Budget Narrative included in the Vestry packet carefully as a lot of thought and care have gone into the process of how we could move forward courageously, faithfully and responsibly. Chris said that the Finance Committee has approved it unanimously and that this is a real inflection moment.

Blair asked Chris about the Austin Street Center video thanking Saint Michael. Chris said that the video is an example of working with partners to make a bigger impact. Chris said the video has been shared on the church's social media platforms but not emailed directly to parishioners. He said that Chanta Bhan wanted to really invest through organizations that stay in touch with those who need it. The goal is to get 130 people off of the streets and into a warm space. The church supported through the church's Emergency Relief Fund a one night's stay at a hotel for those needing it at \$45 per night amounting to over \$8000.

SENIOR WARDEN'S REPORT

Blair said that his report concerns the North land development. They are still addressing two primary issues. One is how we can operate the Farmers Market on the Plaza and secondly, is the garage issue. Blair is confident that these two things will be worked out with Lincoln. April is still the start date. He also said that because of the truck traffic during the project, the dumpster has to be moved from its present location. The cost will be \$99,411 to permanently move the dumpster to the Lomo Alto/Colgate corner. He said that we must abide by the PD which requires that the dumpster be inside a structure that looks nice to the neighbors but is also accessible to the trash trucks. Blair has asked Barry Hancock and Rick Curry to attend the next Vestry meeting on March 10 to present the 2021 Construction Campus Committee budget. This presentation will be mostly design related.

JUNIOR WARDEN'S REPORT – No report

DISCUSSION ITEMS

HR REPORT

Ken reported on the Employees Handbook that was presented at the last Vestry meeting. The committee incorporated some of the suggestions that were made after that meeting, and the changes are highlighted in the report. The HR Committee approved the handbook on February 9, 2021, and they are now asking for the Vestry's approval. Blair made a motion to approve the handbook and it was seconded by George Baldwin.

STEWARDSHIP REPORT

Caroline Marak began her report by saying “what a year!” We had \$6,462,855 million in pledges with a \$290,000 positive variance from 2020, and we were \$14,000 over our goal. The average pledge went up \$393 which was a huge improvement. Caroline said that they will be doing deep analytics in the next two weeks to define the trends - things such as who didn’t pledge and why. Jack Rubarth asked if there were any concerns over the fact that we have had fewer units pledging over the last several years. Caroline and Chris both said that they were trying to clean up the empty pledges that were made but were never paid because the same people continue to do this year after year. It is necessary to build a pipeline that focuses on participation by younger families. Caroline said that Ross Taylor is the next Stewardship Chairman, and he will help in leading small groups focusing on engagement to secure their involvement for the future. Chris said that they have been focusing on raising the amount of the average pledge and not necessarily on the number of units pledged. He said that a lot of work has been done around the theology of giving and creating a pattern of increasing pledges every year. This has had a positive impact and now, we need to spread the net and engage more people. It is more about participation and the amount of engagement being crucial. For example, we only mailed the Lenten Kits to givers of record, but the kits are available to everyone who attends church even if they have not pledged, and the kits can be picked up at the church. A question was raised regarding parishioners receiving a discount if their children attend SMES. Chris said this is not being done anymore, but that parishioners of record get preference when registering their children for SMES.

FINANCIAL REPORT

The first part of Kathy’s report was the review of the December 31, 2020 hard close and the allocation of the 2020 surplus. Kathy reported that we had a strong year financially with a \$269,343 net surplus before allocation to reserves. This positive variance is largely due to our parishioners remaining generously committed throughout the pandemic which gave us a positive revenue variance of \$61,000. Our total expenses came in \$146, 526 under budget mainly due to the switch from in-person programming to virtual. Within expenses we incurred some high maintenance costs during 2020 with a boiler replacement, etc. but covered it with cash flow and did not need to draw on reserves as originally budgeted. The end result was a positive \$269,343 net surplus for the year.

The Finance Committee, following suggestions by the Wardens group, recommended to the Vestry that we allocate \$250,000 of our 2020 surplus to reserves in the following way:

- \$100,000 to Women of Saint Michael Gifts Committee for their grant allocation
- \$100,000 to Mission and Outreach for Engagement and Volunteerism
- \$ 50,000 to IT support to reach our members more efficiently

Blair made a motion to allocate our surplus in the manner described. Richard seconded the motion.

DISCUSSION:

Chris asked us to keep financial information highly confidential until publicly revealed to the parish at the Spring Parish Meeting. He noted that by allocating part of our 2020 surplus to the WOSM Grants

Committee, it will put extra money into the community right now. We are grateful for what the WOSM does on behalf of our church. Chris is confident that this vision for outreach could have a big impact.

The second \$100,000 allocation focuses on relationships and opportunities for volunteerism. Chris sees a smaller portion of our congregation doing volunteer work than he'd like to see. The \$100,000 will be split between Mission & Outreach and Engagement.

Ken and others did a study of what we need, and they recommended changes in the IT structure of the church and in training. The Touch Point App needs to be used more. They thanked Colleen for all of her help saying that 2021 is a pivotal year.

The surplus passed as allocated.

2021 BUDGET

Kathy reported that the proposed 2021 budget represents exciting opportunities for Saint Michael. We benefit from a strong 5.6% increase in pledge revenue due to a successful stewardship campaign. Plus we have built up very strong financial reserves over the past several years. The goal for 2021 is to draw on these past financial successes to invest in areas that promote parishioner engagement, membership growth and addition of compelling M&O participation. She also addressed the PPP loan saying that it was spent to fully employ our staff during the pandemic. Any surplus generated therefrom will be used to support growth of personnel hires in the future. Ken Brannon discussed the plan for 5 new hires on 2021:

- A new Director of Engagement (has been hired) and will be in the Pastoral Care Department. This person has had experience in mobilizing people to participate.
- A Curate – a new seminarian to train to help in church engagement and visitation. This position will also be based in the Pastoral Care Department.
- A Young Adult Coordinator as there is a big gap in this area. This position could probably be a lay person, and it will be based in the Formation Department.
- Administrative support for Colleen who has been doing IT, HR and Operations all by herself.
- SMES – a contract labor sexton that will be the same person assigned specifically to the school for the entire school year.

Additionally, Ken mentioned the possibility of some other interns or administration assistants as needs warrant.

The 2021 budget calls for expense growth from \$5.8 million in 2020 to \$6.8 million in 2021. We are fortunate to have experienced strong stewardship growth as well as having built up meaningful reserves to propel us forward at a momentous time. After much discussion with the Rector, Vice Rector and Wardens, the decision was made to draw on several sources to fund the growth for 2021. These items are summarized as:

- . Revenue growth derived from Increase in 2021 pledges.
- . North land lease payments of \$270,000 representing our 15% share going to church program expenses
- . Lomo Alto Building – the \$144,000 dividend from them will be bounced up to \$188,000

- . \$150,000 draw from ESD transition fund of \$432,000 (divided over 3 years)
- . \$223,5000 draw PPP loan (divided over 3 years)
- . Draw of \$150,000 reserves from 2020 surplus divided \$100,000 for engagement and \$50,000 for IT infrastructure and support

MORE BUDGET INFORMATION:

Rob Baber walked the group through the details of the 2021 budget. He commented that church leadership has been very thoughtful and involved in budget analysis this year.

Rob began by reviewing the calculation for the revenue forecast using a four year formulaic trend. He anticipates that the revenue budget for 2021 will be \$7,857,000. Two thirds of that revenue will go toward salaries and benefit expense as usual. Capital expenses are minimal at this time as we are on the cusp of a capital campaign. Rob stressed the importance of providing year-end employee rewards as has been done in recent years. Thus a 3% salary pool is budgeted for distribution as decided by the Rectors. The final result is a zero based budget for 2021. Ken thanked Rob for this report.

Comments and questions followed. Arnold Spencer asked if we felt comfortable that the growth pattern and revenue stream will support the new salaries going forward? Blair said yes, we anticipate growing enough to support them. Richard D'Antoni said that he thinks we have the capability to support this as there is a lot of positive "buzz" going forward based on everything that is going on. Ken said that this is an investment in faith. Kathy noted that over the last 4-5 years, our revenue has increased about \$300,000 each year which is a good pattern to build upon. George made a motion to approve the budget, and Carol seconded it. Blair thanked Kathy for her many years of service and thanked Rob for all of his hard work. He welcomed Janice Bywaters as the new incoming Treasurer.

FINAL THOUGHTS:

George asked when can we go back to church? Ken said that the Bishop is data driven, we can go to Step C now (50-60 people) at a service. How people can return safely is the focus. Ken said that we are coming back together even if it is in a tent! He said that the 75h Anniversary of the church will be celebrated in the fall. Chris said that the message is that beginning in the Spring, we can do things outside, possibly Palm Sunday and Easter which will require a tent. We shall continue to have live church online on Sunday mornings. He said that VBS will definitely be outside this summer in a tent.

Chris reminded the Vestry that the Spring Parish Meeting will be February 28 at 10:10. It will be primarily a financial meeting. Chris thanked Kathy Kelley for her work as Treasurer for the past three years.

The meeting was adjourned

Respectfully submitted,

Nancy Wilbur
Clerk of the Vestry