

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

May 13, 2020

SUMMARY OF ACTIONS TAKEN

- Approved the Consent Agenda
- Approved the hiring of Pritchard Associates, Inc. to work with the Campus Construction Committee as Owner's Representative for SMAA
- Affirmed the decision of the SMAA 75th Anniversary celebration committee to postpone the celebration for one year to August 2021
- Approved moving funds designated for capital use to a Vestry controlled account at the Saint Michael and All Angels Foundation

The regular meeting of the Vestry of Saint Michael and All Angels Episcopal Church convened on May 13, 2020 via ZOOM.

Vestry members in attendance were Jay Lipscomb, Senior Warden; John Ellerman, Junior Warden; Blair Oden, Warden-at-Large; George Baldwin, Richard D'Antoni, Jane Greene, Louise Griffeth, Hallie Lawrence, Stacey Malcolmson, John McFarland, Jr. Steve McKenney, Kyle Moore, Anna Paccone, Darrel Rice and Erica Sartain.

Ex-officio members in attendance included The Rev. Dr. Chris Girata, Rector; Kathy Kelley, Treasurer; Scott Wilson, Chancellor; and Ginger Brown, Clerk. Others in attendance were The Rev. Ken Brannon, Vice Rector; Caroline Marak, Rob Baber, Steve Haal, Stewart Thomas, Rick Currey and Barry Hancock.

Jay Lipscomb, Senior Warden, called the meeting order. Anna Paccone opened the meeting with prayer.

The Senior Warden noted the Vestry's perfect attendance in April and thanked Vestry members for their continued participation and adaptability. He then introduced and welcomed as guests, Stewart Thomas, President of the Saint Michael Foundation, and Rick Currey and Barry Hancock, Co-chairs of the Campus Construction Committee.

Prior to the meeting the Vestry received for its review the materials included in the Consent Agenda, which consisted of the April 15, 2020 Vestry minutes, the St. Michael Women's Exchange Report, the Saint Michael Episcopal School (SMES) Report, the Mission and Outreach Committee Report, the Parish Council Meeting letter, and the Jubilee Park Report. Darrel Rice moved to approve the Consent Agenda, Jane Greene seconded the motion; and the Consent Agenda was approved.

The meeting agenda was modified to allow the Campus Construction Committee (CCC) to brief the Vestry ahead of the other reports. An update of activities and a review of the process the Committee used to choose an Owner's Representative followed. It was noted that the Owner's Representative, which will serve as project manager for campus construction and liaison with Lincoln Properties, needed to be approved and in place in order to assist with the completion of the construction budget. Rick Currey and Barry Hancock presented the Pritchard Associates, Inc. firm for consideration to the Finance Committee on May 12, and the hiring was approved by the Finance Committee. Rick explained to the Vestry that the Owner's Rep was needed to help develop the church plan and to monitor the ground lease with Lincoln Properties. Included in the work to be reviewed are complicated subterranean plumbing and electrical work as well as approval rights on the plaza and other building details. Rick explained that the CCC used an RFP process once the zoning was approved and completed a series of interviews with four bidders. The Pritchard firm has church experience, and key to the choice was an understanding of how the City of Dallas works. He reviewed the fee structure in the proposed agreement with Pritchard and noted that it relates closely to the amount that will be actually spent, allows flexibility in the event there is a capital markets disruption and contains a right to cancel or put the project on hold. The agreement can be terminated with a 15 day notice if the project does not proceed forward.

The proposed agreement with the Owner's Rep was reviewed by Scott Wilson, Chancellor, and provided to the Vestry for review prior to the meeting. Limited discussion followed. It was noted that funds to cover the Owner's Rep fee are not coming from the SMAA church budget but from the upfront fee paid by Lincoln Properties.

Jay Lipscomb, Senior Warden, asked for a motion to approve the hiring of Pritchard Associates with an effective date of May 2020. Richard D'Antoni moved for approval, Jane Greene seconded the motion, and the Vestry voted unanimously for approval.

Blair Oden, Warden-at-Large, added his thanks to Rick Currey and Barry Hancock and others involved for their work in leading the campus construction effort and noted that SMAA is fortunate to have astute developers heading up the project.

Rector's Report

Chris Girata, Rector, first noted the change in the order of the meeting agenda. In conversation with the wardens it was decided to begin vestry meetings with a high level, strategic perspective to set the tone and then move on to various reports. On behalf of the SMAA staff, the Rector expressed appreciation to the Vestry for the job security offered to the staff when the quarantine went into place. He noted that it was a huge gift to the staffers and to the hourly workers who were also able to receive stipends and that the staff was very grateful for the stability offered during a very anxious period. He reported that the staff had moved into a digital phase, and he was grateful that SMAA had the forethought to create and invest in a technology infrastructure as well as a high quality AV production capability. He said there was a consensus that SMAA and the National Cathedral were above all in consistency and quality

offered in their online services. He noted that engagement with SMAA had been stable since Easter and that in addition to Sunday services there would continue to be more online offerings including prayer services, lessons for young people and adults and children's videos. Online opportunities to engage more people have also attracted people viewing from home who do not regularly go to church.

The Rector followed with more thoughts about the outlook for a summer where people are not expected to travel and normal worship at SMAA will be limited for a longer period of time due to its size. He expects that, as a result of the quarantine, technology will become easier and the increased technology literacy of the congregation will allow for program offerings that will engage more people. He spoke about encouraging small groups within the big church and opportunities for these groups to watch online services together and to join together for prayer and study. It is expected that over time small groups can provide a lot of energy for the parish.

The Rector also spoke about communication with parishioners and said there had been a great response to the early calls made by Vestry and staff as well as to a second round of calls led by the Good Shepherds during the Easter season. Calls were expanded to everyone on the church rolls, which has allowed connection with people who have been disconnected and has also been beneficial to the scrubbing of SMAA records. It was noted that not everyone has access to technology and that there is also a need to help seniors, who will be reticent about returning to the building, with the technology.

The Rector next said there has been discussion of a postponement of the SMAA 75th Anniversary celebration until August of 2021. This is being considered in light of the Bishop's conservative approach to prevent spread of the coronavirus and the need to slowly reopen along with the social distancing that will be required at any gathering. It is estimated that social distancing will reduce SMAA capacity to 200 people. The 75th Anniversary Committee made the recommendation this week to officially postpone the celebration for one year. While he did not believe it was necessary for the Vestry to approve the decision to postpone the celebration, the Rector proposed that the Vestry vote to officially affirm the decision. Jay Lipscomb agreed with the Rector and moved to officially postpone the 75th Anniversary celebration for one year. Anna Paccone seconded the motion, and the motion was unanimously approved.

Ken Brannon, Vice Rector, then spoke about SMAA moving forward during this time, the potential for the connection that can result from small groups as the church slowly reopens, and how to equip small groups using technology. Noting that the 2020 budget provided for new hires, he said there are plans to make new hires in the area of mission and outreach, member coordination, and music including the children's music ministry. Further the plan is to look strategically at staff to ensure alignment with the church's vision and to grow in essential areas. He also spoke about his goal to nurture and cultivate a relationship with the Bishop of Dallas, as well as maintain an SMAA presence in the diocese.

Senior Warden Report

Jay Lipscomb announced that the City of Dallas zoning application for the North Land property was complete and had been signed and delivered. He also reported that the expected \$1.8MM donation from Lincoln Properties had been received per the agreement between SMAA and Lincoln Properties for the development of the North Land. He further reported that these funds will be held in a restricted account that is not subject to the Diocesan assessment. Since the funds are non-operating funds, it was requested that the funds be separate, moved to a Vestry controlled account held at the Saint Michael and All Angels Foundation and designated for capital use. Darrel Rice made a motion to move the funds to a designated account at the Foundation, and the motion was seconded. After discussion on the investment, liquidity and SMAA access to the funds, the motion passed unanimously.

The Senior Warden spoke about possible delays that could occur on the North Land project due to a changing economic climate and the potential for trouble in the capital markets that might result in delays in obtaining debt and equity financing for the project. He noted that the agreement with Lincoln would allow for an extension of the lease and that SMAA would not be financially impacted by any extension or amendment to the lease. He further noted that he is very confident that Lincoln is the right partner for SMAA.

The Senior Warden then thanked all of the clergy for the unbelievable job they have done to maintain a meaningful worship experience for the parish since the pandemic shut down.

John Ellerman, Junior Warden, added his compliments to the clergy for the terrific job they have done keeping the parish engaged saying how much that is appreciated and acknowledged.

Stewardship Report

Caroline Marak reported that the Stewardship Committee is remaining active and recently met via ZOOM to brainstorm for the fall. The committee will be looking for engagement opportunities to ensure success for their fall stewardship campaign and has planned a retreat that will be led by a consultant in the field of non-profit fund raising from the Diocese of Long island.

Finance Report

Kathy Kelley updated the Vestry on the Payment Protection Program (PPP) funds that SMAA received in April. These funds are being used for eight weeks of payroll for SMAA and SMES and for selected expenses that meet the program's requirements for forgiveness. She noted that due to the current economic downturn, a drop in pledge collections is expected for the remainder of the year. The PPP funds are helping bridge and meet payroll for full staffing as

intended by the program. She also noted that SMES has cancelled some of their scheduled summer camp and that there is some concern about fall enrollment. She reported that the Finance Committee had approved fund raising for Saint Michael Presents, which is planning two concerts for December and April 2021. The committee also approved fundraising from among the missionaries of the Tela, Honduras mission group to send funds to Honduras to purchase food for people in Tela who have lost jobs.

Kathy reported that revenues for the first four months of the year were holding up well; however, this trend is expected to slow down. Current year pledges which are running ahead of plan by \$293M are contributing to a positive variance in the budget. She noted that some large donors have paid early in the year and that the current variance is not expected to continue. She noted that although payroll expenses remain the same, the building is quiet and other operating expenses such as utilities and maintenance are expected to have a positive variance. She also noted that that PPP funds are represented on the balance sheet as a loan; however, when the loan is forgiven, the amount forgiven will come into income.

George Baldwin reported that the 2019 financial audit is expected to be completed before the next Vestry meeting. Due to the shelter in place there was no on site audit, and all of the communication and audit work has been remote. This has slowed the process and required an extension from Bank of Texas of its financial audit required reporting deadline.

Final thoughts from the Rector noted that SMAA is moving in the right direction and leaning forward and that this unusual time is allowing the church to reimagine and seize new opportunities. He reported that giving is strong and that people have been generous. To engage people in the fall a theme of Discipleship is planned and expected to have impact on the parish.

George Baldwin then moved to adjourn, Jane Greene seconded the motion and the meeting was adjourned.

Respectfully submitted,

Ginger Brown
Clerk of the Vestry