

**Christ Church Episcopal  
Vestry Meeting - Minutes  
November 19, 2008**

*Approved Minutes*

**Vestry Members in Attendance:** Karen Akens, Sr. Warden, Pam Board, Elaine Champion, Mary Ann Cooley, Rick Elliott, Joe Gallagher, Amy Goodman, Marc Halbritter, Jr. Warden, John Napier, Shelley Putney, Registrar, Mike Richards, Dave Soule, Ted Susac, Dave Wasik, Treasurer

**Staff in Attendance:** Paul Johnson, Hillary West, Sarah Fogler

**Guests in Attendance:**

Bill Beattie, Kirt Sederstrom, Ken Royston, Building Steering Committee  
Tom Crockett – Pres of Region XII  
Harry Kelso and son, Harry Kelso – Boy Scouts

**Financial Presentation – Dave Wasik:**

1. Review of October Financials
  - Revenue: October revenue was on budget, \$99.3K vs. budget of \$99.7K
  - YTD Revenue is \$44K below budget, \$911K vs. budget of \$955K
  - Contribution income is \$50K below budget, \$904K vs. \$954K.
  - October expenses were \$7K favorable, \$98K vs. budget of \$105K
  - YTD Expenses running \$69K favorable to budget, \$1051K vs. budget of \$1,120K.
  - Variance driven primarily by favorable timing of outreach spending and salary/ benefits (deferral of 3<sup>rd</sup> clergy), offset by youth overspending.
  - YTD Contribution (revenues minus expenses) running \$25K ahead of budget, a \$140K deficit vs. a budgeted \$165K deficit. Budget reflected hiring a 3<sup>rd</sup> clergy member which we deferred early in the year.
  - Our 2008 full year outlook is a deficit of \$50K to \$75K.
  - Cash position is slightly improved from last month, with unrestricted cash balances of \$71K. Still below where we would like to be. Nov/Dec are typically the two most profitable months for the church.
  - We have opened two new money market deposit accounts to spread our exposure and increase our FDIC insured balances.
  - We have proposed responses to internal controls audit in partnership with the staff.
  - We have an updated budget outlook for 2009 that incorporates the expense submission from the ministry teams. Current outlook shows a significant deficit which we will address over the coming weeks.
  - We are proposing adjustments to the Outreach budget to reflect lower pledge income while maintaining our goal of the Missions and Outreach

budgets being 10% of our pledge income. The Diocesan pledge of \$50K is separate and is not being reduced.

- Roy Goodman has joined the Finance Committee.

**A motion was made to approve October Financials. The motion was seconded and carried.**

2. Presentation of Budget Submissions to Date:

- Budget: All ministry teams have submitted budget for the 2009 year.
- Commitment Sunday is this coming Sunday, so deep budget conversations prior to that may not be useful.
- Kathy has put together prelim numbers. Dave asked us to read, think and pray about this prior to Dec 2.
- At the December 2 meeting, vestry will listen to ministry team chairpersons and staff member discuss specific ministries. This will be an opportunity for conversation between vestry and Ministry Teams. The December 2 meeting will be primarily informational.
- Pledges will trickle in after that meeting.
- The vestry meeting on Dec 15 will be our first real discussion on specific budget items. The Annual Meeting in February, 2009 will be the deadline for completing the budget.
- There are two questions central to budget process: 1) What is vestry's stance on having a balanced budget going into 2009? 2) What is the most constructive way for vestry to discuss staff expenses?
- Karen recommends that all vestry members go back to their respective ministry teams and ask them to review the 2008 budget carefully in order to determine what remains in their 2008 budget that they will not need to spend between now and year end 2008. There may be some unused funds that can be used to fill \$50K 'hole' in the 2008 budget. Dave Soule recommended that we send a letter to all ministry teams to strongly encourage tightly controlled spending between now and year end. Ted offered to draft the letter and have it reviewed by Karen & Marc, Dave & Sarah.

3. Requesting approval of new 'Discretionary Fund Procedures'

- The vestry has received feedback from auditors about how we manage our clergy discretionary accounts, which are designed to provide funds for our clergy to assist parishioners who are in need. This proposal is not intended to change amounts of discretionary funds or how the funds are spent. Note: If clergy gives money to employees, it is considered income and tax implications may result. Clergy may offer a financial gift to someone in need in the congregation, but not to staff.

Proposed Discretionary Fund Policy:

a. Each clergy member will be provided with a discretionary account opened in the name of the church and the clergy member at CCE's main bank.

b. All money coming to the clergy for discretionary purposes will be deposited into the CCE's operating account. The funds will then be transferred into the discretionary account. No money will ever be deposited directly to the discretionary account. If a clergy member receives a donation made out to them personally, they will sign the check over to CCE and it will be deposited into the operating account. The clergy should make every effort to have contributors make discretionary donations payable to Christ Church.

c. All money given to the discretionary accounts will be treated as restricted contributions and these contributions will be reported on the pledge statements as long as the checks were made out to Christ Church.

d. No checks will be made out the clergy member owning the account or other members of the staff of CCE. No checks will be made out to cash.

**A motion was made to approve the above Discretionary Fund Policy. The motion was seconded and carried.**

4. Requesting approval of changes to Outreach/ Mission Budget:

- To reflect lower than projected annual revenue, a change was proposed to the Missions/Outreach spending for the rest of the year. Since pledge income is projected to be \$50K below budget, there was a proposal to reduce outreach spending by \$5K to stay true to the 10% tithe.
- Vestry requested that Outreach Ministry Team defer spending \$20K of the remaining \$36K in their 2008 budget until after the December vestry meeting.

**A motion was made to reduce overall Missions/Outreach budget for 2008 to stay true to 10% tithe. This reduction is due to reduced pledge income. Motion was seconded and carried.**

**Region XII Update - Tom Crockett**

- Annual Delegates for 2009 are Tom Crockett and Judy Gallagher. We need one or two more delegates to represent CCE. Tom asked us to pick one or two and let him know who they are.
- There is a dinner for Bishop Lee and Jr & Sr Wardens at Roslyn on November 25. Bishop Lee will speak.
- Jan 20 – Region XII meeting at St. Martin's – regarding upcoming council meeting.
- Mar 1 at St. Matthews. Discussion will be about youth ministry. Youth ministers will be invited.
- May 21 – Ascension Day – Ascension Service at CCE for entire Region XII. Bishop Jones will be invited to speak.

### **Background Check Update – Sarah**

- Youth Ministry Team and Children’s Ministry Team are interested in doing deeper checks than the Diocese requires.
- The cost would be approximately \$2,500 per year. This expense is not currently included in the budget.
- It was suggested that we offer volunteers the opportunity to pay for background check, but not require them to pay.
- Proposal: Each ministry team would ask volunteers to complete a form. Forms would be given to Sarah who would run the check. The form would be locked in cabinet w/ employee file. This program is called ‘Shepherd’s Watch’. All current employees go through higher level background check at hire.
- There were both substantive and procedural questions about the policy that will need to be addressed before it can be adopted. Caution was also urged concerning anonymity, if results are positive. Sarah will canvas other churches to see how they are handling this issue.

No vote on background checks at this time.

### **Scholarship Policy – Ted**

- A draft Scholarship Policy was presented to vestry for discussion only. The committee is not looking for final approval at this time. They would like to hear, in the next week, comments on the draft. They are open to any concerns. Please give feedback to Ted by email.
- It was noted that for the budget we will be asking each ministry group to submit scholarship as a separate line item. We don’t want to put undue burden on clergy.
- Other comments included that we don’t want any one person to have power to approve or deny scholarships and that the process needs to be efficient enough to get requests approved quickly and confidentially.

### **Mission & Outreach Team Update – Ted Susac and Rick Elliott**

Proposition to merge Mission and Outreach Ministry Teams: There may be a benefit to ‘merge’ the Outreach and Missions Ministry Teams. A ‘pre-read’ was provided to vestry members outlining pros and cons. The merged ministry team would coordinate all activities within one structure/ umbrella, rather than acting as two separate teams. The combined team would maintain a small group approach by organizing around sub-groups for specific activities. These two teams separated in 2004 -05. Due to the crossover in functionality and mission, it is recommended that we combine these two ministry teams starting in 2009.

Outreach is in favor of this. The Missions Ministry Team, while generally supportive, is not unanimous in support of the combination. There was discussion.

**A motion was made to combine Outreach and Mission Ministry Teams starting in 2009. The motion was seconded and carried.**

**Capital Campaign Update – Pete Gallagher & Lilly Andrews**

- Total Capital Campaign pledges as of November 18: \$1,430,000
- Phone-a-thon on November 18.
- Paul has sent letter to congregation.
- Email to congregation this week.
- Testimonies on Sunday
- This Sunday is Celebration Sunday
- Annual Campaign pledges to date: \$671,800.
- Primary focus has been the Capital Campaign
- Discussion about Episcopal Church Foundation's (ECF) role in the stewardship campaign going forward. Lilly, Pete, Trish, Josie have a conference call with ECF every Thursday. Sue Fornabai, consultant with ECF, thinks we're doing very well; the best of the campaigns that ECF is working with. Other campaigns have been suspended. She advises us to keep going. 'Planned giving' will be discussed with ECF.
- Sarah Fogler and Kathy Nunn have developed a procedure for counting the pledge totals on Monday following Commitment Sunday. Confidentiality is very important.
- Lilly said it's been a challenge for Sue (ECF) in that we don't have heritage of 'one on one' calls at CCE. Lilly recommends this for Stewardship Ministry Team next year.
- Thanks to Dave Soule, Lilly, Pete, Josie and others for organizing phone-a-thon. Twelve people made 180 calls. All but one or two gave positive feedback.
- In PIF, but not in other campaigns, when new folks have come to CCE following the campaign, we have invited them to make a pledge to the capital campaign. We want to be sure to offer this opportunity to new members.
- Joe would like us to create document of 'lessons learned' from this campaign with key successes and mistakes. Marc asked Pete and Lilly to contribute to this.

**BSC – Bill Beattie, Ken Royston & Kirt Sederstrom**

**Celebration: We were granted approval of POD this morning!**

Ken discussed where we started in April 2007, how changes have been made along the way and where we are now, 19 months later. A lot has changed. Several different teams synchronized. This has resulted in expanded projects.

Bill and Ken provided three written updates on the following:

- 1) **Update #1: Where we stand with the project – Miscellaneous items and current cost projections.**
- 2) **Update #2: Status update on BCWH (architects).**
- 3) **Update #3: Music Ministry**

### **Update #1:**

The three issues covered in this update included 1) POD Submission, 2) Sound, Audio Visual & Lighting and 3) Current Project Cost Estimates.

- The POD was approved.
- We expect that trailers will need to be removed once a certificate of occupancy is issued for new space, approximately 12 months from the building permit date.
- The BSC is working to achieve best possible solution for the sanctuary expansion at the lowest cost.
- They are working to achieve consistency of sound throughout sanctuary – through acoustical and electronic solution. Hopefully by solving acoustically, we can lower overall cost of electronics. Cost estimates were reviewed.
- Vestry will meet again on Dec 8<sup>th</sup> to discuss in greater detail.
- A small working group will meet prior to Dec 8<sup>th</sup> meeting to come up with options.
- Once we have Cap Campaign results on November 23, we can move forward to develop recommendations.

### **Update #2:**

BSC has been working under a contract with BCWH dated August 7, 2007. Since then, the scope of the project has changed several times. Both BCWH and CCE initially thought the production schedule would take us five months. It has taken seventeen. This has resulted in several issues that need to be addressed.

- The need to re-work the project following the congregational survey and the use of multiple teams has resulted in BCWH doing more work than originally contemplated. In addition, we are approaching the deadline for construction to begin. To address this, the BSC (including Jr. & Sr. Warden) and BCWH have agreed to reset the agreement. The changes will be as follows: 1) CCE provides a written signoff on the Design Development Drawings of the PLC. 2) Additional services will not be performed without prior written approval of CCE through a G606 Contract Amendment Form. 3) The design development and construction drawing phase deadlines will be extended to March 31, 2009. 4) The construction commencement deadline will be reset to at least March 31 (BSC will request that this date be extended to June 30).
- Additional compensation is due BCWH for extra services rendered over the last several months. The extra services resulted from: 1) CCE placing hold on project after learning Cap Campaign potential was much lower than anticipated; 2) Creation of sub-committees that required meetings and work not originally anticipated; and, 3) Turnover in BSC team, which required re-education by BCWH. The additional amount due is \$40.2K, or a 16% fee increase for a production schedule of 17 months vs. 5 months (300% increase). This amount contains no profit and is after a \$7K write-down by BSC. BSC recommends accepting BCWH's offer, provided they agree to contract changes outlined above.

- BSC is aware and wants vestry to know that there will be additional BCWH costs as we move forward. Any such work will only occur after approval of either an 'Additional Services Contract Addendum' or in a G606 Contract Amendment.

**A motion was made to approve up to \$40.2K to be paid to BCWH for overages negotiated to date, acknowledge that BCWH has donated \$7,000 of its time and that any further overages will be approved by G606 before being incurred as per the contract. The motion was seconded and carried.**

Bill Beattie strongly recommended that we recruit an additional BSC team member, who has strong experience in project management. [Note: This was done as of 12-5-08 when Mark Hansell joined the team.]

### Update #3

- Over the last several months, the BSC has worked diligently to come up with viable alternatives that provide a dedicated space for the music ministry.
- In the parish survey, dedicated space for the music ministry was ranked third behind sanctuary expansion and the new PLC.
- Based on that ranking, and in consideration of the reduced campaign goal, only \$50K was set aside for the music space. While not enough to provide a dedicated space, this was intended to serve as a starting point.
- The campaign led to considerable momentum to find an alternative that could be implemented in the near term.
- After considering all of the options, the BSC focused on two which appeared to be the most viable. The initial plan called for a separate facility on the east side of the sanctuary. The second alternative is an expansion of the parlor to approximately double its current size.
- The BSC has been working with the architects and the contractor to better develop these options.
- After reviewing options and working extensively with Keith, all parties agree that either option will work for the Music Ministry Team, provided the location is used exclusively for that purpose. BSC recommends using the parlor space for many reasons, some of which are as follows: 1) It provides almost twice the rehearsal space, 2) The room would be immediately adjacent to a proposed recording/ production facility and Keith's new office; 3) Audio consultants believe they can provide desired level of sound quality; 4) This option provides between \$53K to \$67K in cost savings; 5) This is Keith's preferred option.

### **Action:**

BSC recommends option to expand parlor based on money and time and Keith's preference. We are on soft hold w/ BCWH w/ sanctuary design until they know which Music solution has been selected. If we approve the parlor expansion, we need to approve \$44K additional funds for BCWH design fee. Another option is to not approve \$44K right now. However, if we want to do it later, the cost would be higher. After discussion, a decision on this was deferred to the Dec 8<sup>th</sup> vestry meeting.

### **Warden's Report**

- Mike Richards, Mary Ann Cooley, John Napier volunteered to be the nominating committee for new vestry members.
- Next meetings – Dec 2<sup>nd</sup> - Annual Budget Work Session
- Dec 8<sup>th</sup> – Building Priorities work session.
- Dec 15<sup>th</sup> – Regular monthly vestry meeting
- Annual Meeting Date – Sunday, Feb 8<sup>th</sup>  
Summary Annual Report – out to congregation prior to meeting.
- Stewardship Team - We need new chairpersons and need to restructure the committee. We will discuss this with ECF. Joe asks that Sue be on next vestry meeting agenda on Dec 15<sup>th</sup> to answer questions. Dave S. will work with Josie in the interim. Addison Jones and Jonathan Hawes have agreed to help new chairperson(s).

Please get Ministry Team Reports in on time. Please get agenda items to Karen on Wednesday, the week before vestry meeting, so that she can include items on agenda.

### **Rector's Report**

None.

Paul closed the meeting with prayer.

Adjourned 10:30 p.m.

Respectfully Submitted,  
Shelley Putney  
Registrar