

**Christ Church Episcopal
Vestry Meeting Minutes
December 7, 2010**

Approved 12/23/10

Vestry Members in Attendance: Joe Gallagher, Sr. Warden; Bill Beattie, Jr. Warden; Elaine Champion; Rick Elliott; Amy Goodman; Mike Richards; John Daylor; Elizabeth Franklin; Jim Wheeler; Barry Hayes; Louanna Heuhsen; Will Watkins; Marilyn Wayland; Tricia Williams

Staff in Attendance: Paul Johnson, Rector; Hillary West, Assistant Rector; Kathy Nunn, Director of Parish Operations

Others in Attendance: David Latham, Treasurer-Elect; Joe Almodovar; Ratha Ramasamy; Harry Kelso; Diezel Almodovar; Zachary Almodovar; Holt Ramasamy; Harry Kelso, Jr.

Special Guests – Cub Scouts: We welcomed special guests from Cub Scout Pack 788.

- CCE is the chartering organization for Cub Scout Pack 788.
- We were joined by a number of adults and youth who are associated with Pack 788. They were:
 - Joe Almodovar: Joe is the incoming Cub Master (succeeding Dave Anderson as of Spring 2011; Dave will be moving up to the Boy Scout ranks).
 - Ratha Ramasamy: Ratha is the outgoing Pack 788 Committee Chairman (the "committee" is the adult planning and budgeting instrument for the Pack, and is composed of all adult den leadership and other adult officers). (CCE's Tom Tyler will be the new Committee Chair in the Spring of 2011).
 - Harry Kelso: Harry is the Assistant Den Leader of the Webelos Den, and he is the Fundraising leader.
 - Diezel Almodovar: Diezel is a Wolf (Den) Cub Scout.
 - Zachary Almodovar: Zachary is Diezel's younger brother (not yet old enough to be a Cub Scout).
 - Holt Ramasamy: Holt is a Webelos II Cub Scout.
 - Harry Kelso, Jr.: Harry is a Webelos II Cub Scout.
- They thanked CCE for sponsoring Pack 788. There are more than 60 scouts in the CCE pack, and they greatly appreciate being sponsored and chartered by CCE.
- Joe Almodovar noted how important it is that CCE sponsors the pack, and that it puts church into the lives of the youth.
- The pack's fall fund-raising efforts resulted in \$24,000 in sales.
 - Some of these funds were donated to the Boy Scout Council to assist packs that do not have enough money.
 - Other funds will be used for trips.
 - For example, the Webelos will be going to Quantico this weekend.

- The scouts presented chocolate covered popcorn to the Vestry, for which we were most appreciative.

After the presentation, the scout guests left with our appreciation for the fine work they are doing.

Financial Report – Kathy Nunn: Kathy presented the financial update for November 2010.

- Summary Highlights Through November 2010:
 - Revenue
 - Revenue for the month of November was over budget by \$26,000.
 - Revenue for the year through November is over budget by \$26,000.
 - Favorable income variance is all due to pledge income being over budget.
 - Expenses
 - Expenses for the month of November were over budget by \$15,000.
 - Monthly unfavorable variance was primarily due to timing of Missions & Outreach (M&O) expenses. M&O is still under budget when looking at the full year.
 - Expenses for the year through November are under budget by \$21,000.
 - Favorable variance is driven primarily by delayed M&O spending offset slightly by higher compensation and buildings & grounds expenses (same as last month).
 - Net Surplus / (Deficit)
 - The deficit for the year through November is (\$117,000).
 - Our 2010 outlook is a deficit of (\$95,000-100,000).
 - Cash Position
 - Our cash position is \$200,000. This includes both the \$100,000 special gift and the \$40,000 set aside (re-designated by the Vestry in our November meeting).
 - Anticipated unrestricted cash at December 31, 2010 is \$228,000. This is comprised of the budgeted cash of \$128,000 plus the special gift of \$100,000.

RESOLVED, that the Vestry of Christ Church Episcopal approves the financials for November 2010. This motion was seconded and carried.

2011 Budget Discussion – Bill Beattie

The budget working group met last week to create two budget options. (The working group is comprised of Bill Beattie, Kathy Nunn, Will Watkins, Louanna Heuhsen, John Daylor, Marilyn Wayland, Mike Richards and David Latham.)

- There are revenue and expense assumptions included in both budget options.
- Revenue assumptions:

- Pledge income is 95% of anticipated pledge dollars.
 - Anticipated pledge income is estimated at \$1,059,474; therefore, pledge income (95%) is estimated at \$1,006,500.
- Loose plate income represents cash received in services, and represents a historic average.
- Non pledge giving reflects individuals/families that give but do not pledge.
- Other income is derived from interest and miscellaneous donations for facility usage.
- Expense assumptions:
 - New expenses related to the youth space are:
 - Contracted janitorial \$10,800
 - Utilities \$ 3,500
 - Property and liability insurance \$ 2,000
 - \$16,300
 - Increases in operating expenses are:
 - Increases in operating expenses: \$ 3,500
 - Utilities \$ 9,800
 - Office supplies/copying \$ 2,910
 - \$16,210
- Option 1:
 - This option produces a balanced budget using known revenues and the above new expenses.
 - There are no meaningful options to reduce operating expenses; therefore, the only alternative would be to cut ministry budgets.
- Option 2:
 - This option contains the revenue and expense assumptions outlined above, and produces a budget deficit of \$80,550.
 - Both staff and clergy would receive a 3% salary increase effective January 1, 2011.
 - CCE ministry spending would remain at 2010 budgeted levels; M&O would continue to receive 10% of budgeted pledge income.
 - A \$10,000 contingency would be built in for maintenance on new and existing facilities.
 - The cash to cover the deficit would come from releasing \$25,000 of Vestry designated funds (for the song book and fiber optics), and by allocating \$55,000 of the recent \$100,000 gift.
- A robust discussion ensued centering on the two options, although possible variations of the options were also discussed.
 - We discussed what it means to be CCE, and how what we do defines who we are.
 - The consensus was that if we cut ministry spending, we will not be giving the congregation what it needs.

- If we were to pass a deficit budget, it would be beneficial to have significant communication about it to the congregation. This may spur additional giving if there is awareness of the budget constraints we face.
- If we were to pass a deficit budget, it is not something that we can do indefinitely, i.e. year after year. All of our ministries and committees need to know that this is not sustainable and we have to work our way out of it.
- Although other possibilities were discussed, ultimately our options came down to the two options outlined above, with the second option passing.

RESOLVED, that the proposed budget totaling \$1,260,550 in expenses (discussed in the meeting as Option #2) be approved for 2011. This motion was seconded and carried. (As noted below, the budget was subsequently increased to \$1,264,050 as a result of our participation in the Consortium of Endowed Episcopal Parishes.)

Officers' Report – Joe Gallagher and Bill Beattie

Update on Counter-Offer from the County - Joe

- Joe provided an update on the proposed options to date. Our team has countered a final time.

Update on the Youth Building - Joe

- The dry wall is going in this week.
- The contractor is tracking to finish by the end of 2010.
- Once construction is complete, we will need to obtain an occupancy permit.

Approval of Joining the Consortium of Endowed Episcopal Parishes and to Send Three People to the Conference in February 2011 - Joe

- Last year we sent three people (Paul, Hillary and Shelley Putney) to the Consortium's annual meeting.
- Joining the Consortium would cost about \$750, plus travel to the 2011 meeting in Chicago. The total cost would be in the range of \$3,500.
- The annual meeting would entail a weekend of workshops related to how churches handle their finances and endowments.
- We discussed the benefits of joining this group, with the consensus being that we should become members.

RESOLVED, that the Vestry of Christ Church Episcopal approves Christ Church Episcopal joining the Consortium of Endowed Episcopal Parishes, and sending up to three individuals to the Consortium's annual conference. The cost of doing so will be added to the budget previously approved. This motion was seconded and carried.

2011 Vestry Nominations - Bill

- We have at least four people interested in running for Vestry.

- We would like to find four more candidates.

Establishing the Finance Committee – Bill

- We will be putting together the Finance Committee in January 2011.
- Several people have expressed an interest in being members.

Approval of 2011 Clergy Housing Allowance - Joe

- We considered the following resolution:

WHEREAS, ministers who own or rent their home do not pay federal income taxes on the amount of their compensation that their employing church designates in advance as a housing allowance, to the extent that allowance represents compensation for ministerial services, is used to pay housing expenses, and does not exceed the fair rental value of the home (furnished, plus utilities); and,

WHEREAS, the Reverend Paul Johnson, the Reverend Hillary West and Joe Torrence are compensated by Christ Church Episcopal exclusively for their services as ministers of the Gospel; and,

WHEREAS, Christ Church Episcopal does not provide any of its clergy with a parsonage; therefore, it is hereby

RESOLVED, that of the total compensation paid to the Reverend Paul Johnson, the Reverend Hillary West and Joseph Torrence for the 2011 calendar year \$21,000, \$20,000 and \$20,000, respectively, shall be designated as a housing allowance; and it is further

RESOLVED, that these housing allowances shall apply to calendar year 2011 and all future years unless otherwise provided by the Vestry.

RESOLVED, that the Vestry of Christ Church Episcopal approves the foregoing resolution. This motion was seconded and carried.

Rector's Report – Paul Johnson

Annual Meeting

- The CCE Annual Meeting will be held on Friday, January 28, 2011.
- The plan is for the Men's Group to provide the meal, but the logistics are still being determined.

Vestry Dinner

- The annual Vestry dinner is scheduled for Friday, March 4, 2011.

Going Into Next Year Discussion

- Vibrant Stewardship Group: We will be asking people to complete surveys and be interviewed, as more fully described in the November Vestry minutes.
- Luke: We will be resuming our study of Luke in January.
- Youth Building: We hope to move into the Youth Building in January.
 - This will also represent the end of our overall building project.
 - There will be much reason to celebrate, and we will need to find a way to celebrate this exclamation point in our common life.
- Listening: We should provide the congregation with an opportunity to have conversations with us, and have us do some listening about future direction. We should consider scheduling some listening sessions.

Following a wrap up and closing prayer, the meeting was adjourned at 9:20 p.m.

Respectfully Submitted,

Jim Wheeler
Registrar