

Minutes of the Executive Council
Episcopal Diocese of Lexington
December 12, 2009

The Executive Council of the Diocese of Lexington met on Saturday, December 12, 2009, at Mission House. Members present were the Rt. Rev. Stacy Sauls, Jane Fitzpatrick, C. C. Johnson, Carla Van Meter, Steve Gabbard, the Rev. Melanie Mudge, David Davidson, Katherine Harper, the Rev. Bob Sessum, the Rev. Jan Dunnavant, Virginia Robbins-Bugg, the Rev. Audrey Miskelley, Shannon Wilson, the Rev. Mark Furlow and Barbara Crain. Elected members absent were the Rev. Michael Henderson, Mary Jane Younce, Pam Knight, the Rev. Melanie Mudge, and Maggie Miles.

Members present by virtue of their office were Jim Adams, Vice-Chancellor; Sam McDonald, Canon to the Ordinary; the Ven. Bryant Kibler, Archdeacon and Bishop's Deputy for Administration; and Cindy McKee, Secretary. Holli Powell, Bishop's Deputy for Finance, was also present.

Guests present were members of the Budget Committee—Mary T. Yeiser, Chair; Jan Courtney, Co-Chair; Kevin Shoupe, Dave Sevigny, and the Rev. Ginny Ecklund. Kenton Ball, Chair of the Mission Funding Task Force II, was also present.

The meeting was called to order by Bishop Sauls who led the Council in morning devotions.

Approval of Minutes

Bishop Sauls called for approval of the October 17, 2009 minutes. The Rev. Bob Sessum moved, Katherine Harper seconded that the minutes be approved. Passed.

Special Order—Report of Mission Funding Task Force II

Kenton Ball, Task Force Chair, spoke about the Task Force's work. The full report was sent to all members prior to the meeting and a summary sheet was distributed at the meeting. The Task Force reviewed the current plan being used to determine parish assessments in addition to two other proposed plans. Mr. Ball summarized the strengths and weaknesses of each plan. He said the Task Force considered the effect of change on small parishes, seasonal giving, contribution by larger parishes (three give 46% of the diocesan budget), use of a different formula, and the timing of income vs. amount of income. The Task Force stated that any assessment formula must operate in a fair and equitable manner, in both appearance and fact.

The Task Force recommended retention of Canon 28 in its current form in lieu of the two other plans reviewed. Clergy and vestries were encouraged to teach all parishioners about the Biblical standard of tithing.

Discussion. No action required by Executive Council. The Task Force will report to Diocesan Convention.

Special Order—Report of Budget Committee

Members of the Budget Committee presented the Dream Budget for 2010 to Executive Council with discussion and questions. It is the responsibility of Executive Council members to attend as many budget hearings as possible.

Comments from the Chair

1. The recent death of the Rev. Dixon Barr is a real loss to the diocese.
2. The Diocese of Los Angeles elected a partnered lesbian as Suffragan Bishop and now goes for consent to Bishops and Standing Committees. B033 asked for careful consideration regarding elections like this.
3. The Rev. Morris Thompson, Dean of Christ Church Cathedral, was elected as Bishop of Louisiana on December 5.
4. A relationship is being developed with the Diocese of Eldoret in Kenya as a result of Paul Korir's presence. The Rev. Melanie Mudge is working on a clergy exchange relationship and there is interest in having Reading Camp there as well.
5. This is an enormous time of transition in the diocese. In the next year, nine of our largest congregations will be in transition. A virtually complete turnover in clergy since Bishop Sauls' arrival.
6. Sam McDonald and the Rev. Janey Wilson met with the vestry at St. James', Prestonsburg, on behalf of Bishop Sauls. The vestry has been directed to write a plan, due by December 31, to right their financial ship. Holli Powell visited their childcare center and submitted a report to Bishop Sauls.
7. Since last report has visited Christ Church Cathedral, Lexington; Calvary, Ashland; Holy Trinity, Georgetown; Trinity, Covington; and Grace, Florence.
8. The Audit Engagement Letter has been transmitted to Marc Matthews.
9. The new website is up but still a work in progress.
10. Antiracism work continues. A luncheon with community leaders was held in November with good discussion. Executive Council members Katherine Harper, Carla Van Meter, Bob Sessum and Jan Dunnivant attended. The group will be reconvened for continued conversation.
11. Funding issues
 - a. Current budget deficit is due to late pledge payments but has received assurance that three churches will pay by the end of the year. ‘
 - b. Concerned for Cathedral Domain. Appears 2009 will be better than 2008 but may be unable to say that it is a financially sustainable ministry. Will meet with a consultant to draft a RFP to send to oil companies.
 - c. Small Church Ministry Consortium is the best hope for our small congregations, but the model is not financially viable. Working on a different model that will be presented at the January 2010 meeting.
 - d. St. Agnes' House has a significant 2009 budget deficit. They have reserve funds and leadership in place. A task force has been created to look at the place of St. Agnes' House in the diocese and to review its ministry critically.

e. Reading Camp is in a very precarious position, attributed to fundraising failure in 2009. This is being addressed. Drastic changes may need to be made at the end of 2010 camping season.

Chancellor's Report

Buck Hinkle was absent due to the death of a family member. Vice Chancellor Jim Adams moved, David Davidson seconded that the group move into executive session. Non-Executive Council members were dismissed. Executive session ended and non-members returned.

Treasurer's Report—no report

Canon to the Ordinary

Sam McDonald submitted a written report, which is attached.

Archdeacon

Bryant Kibler submitted a written report, which is attached.

Executive Council Reports

A. Finance Committee

The Committee recommended the following resolutions:

Finance Committee Resolution A

Be it resolved that the Episcopal Diocese of Lexington change its method of managing and accounting for infrequent but recurring expenses to the method outlined in the December 5, 2009 Finance Committee report to the Executive Council, and

Be it further resolved that the paragraph in the Budget Committee section of the Resolution on Executive Council Committees that currently reads "Presents a balanced draft budget at the Executive Council's January meeting" be replaced with "Presents a balanced or surplus draft budget, or a deficit draft budget where the deficit is fully funded by funds set aside for that purpose" and

Be it further resolved that the treasurer be authorized to open accounts at BB& T and Fidelity Investments (money market fund) to facilitate management of funds related to infrequent but recurring expenses. Discussion. Passed.

Finance Committee Resolution B

Be it resolved that the unused portion of the funds designated for the redevelopment of St. Paul's, Newport, in the amount of \$1,278.49 be transferred to the Northern Kentucky Reserve. Discussion. Passed.

Finance Committee Resolution C

Be it resolved that the funds designated for an Acolyte Festival in the amount of \$561.57 be released and returned to unrestricted use. Discussion. Passed.

Finance Committee Resolution D

Be it resolved that the funds designated for Planned Giving in the amount of \$478.97 be released and returned to unrestricted use. Discussion. Passed.

Finance Committee Resolution E

Be it resolved that the three bishop's crosses and one bishop's ring owned by the Episcopal Diocese of Lexington be recorded on the books as a current transfer in with a value of \$20,000. Discussion. Passed.

Finance Committee Resolution F

Be it resolved that the spending policy for endowments and investments substantially held at the Domestic and Foreign Missionary Society (DFMS) will be to accept their determination of income for each year, and

Be it further resolved that the spending policy for all other endowments and investments will be to calculate income as five percent of a rolling three-year average of the asset balances calculated on September 30 of each year. In the event of material additions or withdrawals from the corpus, or endowments and investments in existence for less than three years, the Finance Committee will make appropriate adjustments to the calculation. If assets are split between DFMS and other investments, the three-year average spending policy will be used. Discussion. Passed.

Finance Committee Resolution G

Be it resolved that the Mission House parking lot improvement be funded by a loan from the Loan Fund for up to \$150,000, and

Be it further resolved that the loan be repaid of fifteen years in equal annual amounts beginning in 2010. Discussion. David Davidson moved, the Rev. Melanie Mudge seconded that this be referred to the Loan Committee. Passed. The Rev. Bob Sessum abstained.

Finance Committee Resolution H

Be it resolved that for the remainder of 2009, the Bishop's Deputy for Financial Affairs transfer funds monthly from the Mission & Ministry Fund to the Small Church Ministry Consortium to fund the operating deficit. Discussion. Passed. Shannon Wilson abstained.

- B. Church Catholic—no report
- C. Personnel—no report
- D. Audit—no report
- E. Diocesan Mission—no report
- F. Appeals—no report
- G. Budget—see Special Order
- H. Episcopacy and Administration—no report
- I. Domain Committee—no report
- J. Loan Committee—no report

Diocesan Men—no report

Episcopal Church Women

Katherine Harper reported that the annual meeting was held in November at St. John's, Versailles, and the United Thank Offering Ingathering also took place in November.

Old Business

1. St. Paul's, Newport, parking lot—negotiations are ongoing.
2. St. James' request for Aided Parish Status—Bryant Kibler gave information about Canon 17.13.b. Discussion. Barbara Crain moved, Katherine Harper seconded to deny the request. Passed. Shannon Wilson abstained.

New Business

1. Election to fill unexpired term. Sidney Vignes was nominated by Executive Council officers to fill the unexpired term of Maggie Miles. There were no further nominations. Carla Van Meter moved, Bob Sessum seconded that Sidney Vignes be elected by acclamation. Passed.
2. Clergy housing allowance resolutions. The following resolutions were presented for Executive Council approval:

Resolved, The Rev. Janey Wilson, being a minister of the Gospel, \$23,700 of the compensation paid to her in 2010 shall be designated a parsonage allowance within the meaning of the Internal Revenue Code.

Resolved, The Rt. Rev. Stacy F. Sauls, being a minister of the Gospel, \$50,000 of the compensation paid to him in 2010 shall be designated a parsonage allowance within the meaning of the Internal Revenue Code.

Discussion. Steve Gabbard moved, the Rev. Bob Sessum seconded that the resolutions be approved. Passed. Shannon Wilson abstained.

The next Executive Council meeting will be held on Saturday, January 30, 2010, at 10 a.m. at Mission House. There being no further business, the meeting adjourned.

Respectfully submitted,

Cindy McKee
Secretary