

St. Stephen's Vestry Minutes

August 22, 2010 Retreat

Attendees: Fr. Jonathan Sams, Pastor Manisha Dostert, Geoff Benes, Deane Blythe, Bob Bagnall, Alan Giles, Frances Hammond, Don Ingersoll, Ronny Karlsson, Judy McQuiston, Nancy Papet, Michelle Pickering and Norma Ross,

Call to order: Senior Warden Geoff Benes called the meeting to order. Fr. Jonathan began the meeting with a prayer, followed by the sharing of good news from each of our lives.

Reflection and Meditation: Fr. Jonathan led the Vestry through a discussion and small group exercise that helped everyone get in touch with themselves and why they do things at St. Stephen's. He used a portion of the "Lore" Committee's paper entitled "Living as a Body," that centered on the notion that "Our vulnerability is the means by which we enter into communion with God." Participants cited many examples where St. Stephen's clergy and parishioners of all ages responded to people at their most vulnerable moments. These actions tend to make it easier for us to open up when we feel vulnerable or face a major problem or concern. When we come together to support each other, we all move closer to God, and we become "one body."

Also discussed was a New York Times article entitled "Congregations Gone Wild," and several letters to the editor about it. The heart of the discussion centered on what the expectations are and should be for clergy in today's world. Various clergy/congregation relationships were discussed. It became evident from the discussion that as St. Stephen's works through its coming clergy transitions, it will be important for us to discern our expectations of our new clergy and ourselves as we move forward together.

Financial Report and the Finance Committee's Recommendations – Deane Blythe

Rather than "giving pages of numbers," Deane focused on our condition, and how we got there. Essentially, after January, monthly revenues have been below what was needed to meet the budget, which was set to achieve the congregation's vision as presented during the annual meeting in January. We have been drawing down our cash reserves to cover payroll, operating expenses, and the cost of our various ministries. It appeared that we were going to run out of reserves in August, but the congregation has been responding to our communications about this, and one parishioner's generous offer to match up to \$10,000 in special giving. At the moment, we appear able to pay our bills at least for August and September. Our giving levels for the rest of the year will determine if we can avoid either having to borrow from the designated (restricted) Capital Contingency Fund, or sacrifice people or programs to get by.

Deane highlighted the steps taken by of the Finance Committee and clergy to find ways to increase revenues, and if necessary, cut expenses so as to do the least harm to programs and our otherwise strong parish environment.

Referring to the Finance Committee's recommendations Vestry members were given prior to the meeting, Deane asked Don Ingersoll to read the important opening

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paragraphs. These paragraphs provide the perspective for considering what follows.

St. Stephen's is nearing the point where we might not be able to pay our bills this year. On the surface, this appears to be a financial management problem. Our "number guys" could pick up machetes and begin slashing people (60% of our budget) and programs to keep us solvent until year-end. However, the reason we belong to St. Stephen's is not because it has a balance budget. It's because we love serving God, we love and care for each other, and we love doing God's work together. We have a tradition of setting high goals and achieving them for the glory of God.

So, our situation is not a financial problem in the eyes of God. It is His test to see what kind of parish we are, and to help us to define ourselves by what we are willing to support in the future. We need to be able to pay our bills, and we want to deliver the vision and promise we collectively made to God at our annual meeting. Consequently, the Finance Committee developed a series of recommendations designed to ensure that we prudently use the resources available to us, while continuing to strive to achieve our vision and maintain the high-energy, caring parish we cherish. Of course, if we are coming up short as we move through the year, actions will be required that affect staff and programs, and erode the desirability of the great parish we have become.

In all human endeavors, whichever plan, recommendation or road we choose is less important than how well we implement our decisions. Certainly, with the added perspectives of the full Vestry, the following recommendations can be refined and improved. However, the most important factor in determining our success is how well we work both individually and as a group, to take God's test.

Deane said that while we seem to have sufficient cash to be able to pay August and September bill, we can't be sure if the increase in revenues is a one-time influx, or a "sea change" whereby folks plan to elevate their giving on an ongoing basis.

In response to questions, Deane said the problem is that our revenues are below what we need to meet our budget, which the parish voted to raise this year. Our expenses are in line with our budget. There has been a slight drop off in giving at all levels, but parish giving patterns are about the same. Typically some drop off at the high end due to death or moving, and others tend to move up over time. There is growth in the number giving between \$1,000 and \$3,000 per year, while most of the drop-off has been in those giving \$100 or less per year.

Fr. Jonathan noted that we have about 180 families that can be identified as giving households. That is, they either have envelopes or they give by check or other means that allow us to know who they are.

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Deane reviewed the specific elements in the "Recommendations" paper." First were the suggested "**Actions to Increase Parish Giving.**" The thrust of these suggestions was to motivate higher levels of giving. To do this, we need to develop a clear and consistent message regarding our current financial situation, the implication of it as we go forward, and our individual and collective responsibility as part of the body of Christ in St. Stephen's. We should also develop a communication plan for delivering the message without panic or seeming to nag or overkill it.

Given the SWAT team's major role in education and stewardship, the Finance Committee recommended that SWAT consider a more focused pledge card program, whereby we urge members to pledge more formally than we have in the past few years.

To better ensure that an effective communication plan is developed in a timely manner, the Finance Committee recommended that an ad hoc group be formed that includes at least those who have data, manage our SWAT program and provide the means for communicating with the congregation.

The Vestry discussed the potential message, the pros and cons of various approaches to pledging, and who might be included in the ad hoc committee. Frances Hammond noted that the SWAT team was already planning to make the link between giving and realizing our vision more visible. Norma Ross noted that this year the congregation has supported many special requests for giving. Examples are the Prayer Circle, the Easter Eggs, the J2A auction, and Habitat for Humanity. Some thought that we may have conditioned members to regularly give less than they might otherwise, knowing that special opportunities will come along that they feel good supporting.

To support the above efforts, the Finance Committee plans to initiate the 2011 budgeting process in October, 2010.

Deane reviewed the next section of the Finance Committee's paper, which recommended actions we could take to enable us to pay more operating costs with the funds we already have. Key recommendations were:

- Redirect designated (restricted) funds that have no current purpose or "owner." (Rector and Finance Committee)
- Encourage "owners" of inactive designated funds, such as individual memorials, to put them to work by allowing them to be added to the Capital Contingency Fund or a mission area fund of their choosing. (Rector and Finance Committee)
- Scan journal entries to identify any instances where operating funds were used to pay for things that could be paid from a designated fund, such as memorials.

If funds are found that can be reprogrammed, the recommendation is to put the money in the Capital Contingency Fund and to allow it to be borrowed (with Vestry approval) if necessary to pay staff or operating bills. Such borrowing would come with a specified date for repayment, and if funds were not available to do so at that time, a parish drive

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would be made to replenish it.

Deane next reviewed the three lists developed by the Finance Committee. List A contains cost reduction actions that are needed now, and can hopefully be done without harming operations or mission areas.

- Freeze all non-essential discretionary spending. (Spending from designated funds, and the Endowment Fund may continue because these funds are not part of the budget.) (Vestry)
- Advise Sexton Ray Aiello to target reducing ongoing maintenance expenses by 50%. (Building and Grounds)
- Have the Sexton prepare a "wish list" of items (tools, equipment, etc.) that are needed, so we can seek their donation from parishioners. (Building and Grounds)

Vestry discussion centered on how to judge when discretionary spending is "essential" and when it is "nonessential." The bottom line was that we need people to continue to discuss and be thoughtful about spending within their mission teams. This is an important way to make members involved in these missions aware of the ramifications of revenue shortfalls. They will see how the lack of money can strangle our ministries. The budget line item owners (usually Vestry Liaisons) are empowered to make the spending decisions. Spending funds you control is OK if it supports a ministry area, or if not spending it would detract from who we are as a parish. An example that evolved when discussing the Outreach area was that giving grants to outside organizations was OK as it is an important part of that ministry. However, upgrading the receptacles for soap, shampoo, can tabs and phone donations would be nice, but is not essential to the ministry.

Nancy Papet asked if it was reasonable to ask our Sexton to cut the maintenance budget by 50%. Deane said that 50% was an ambitious target, and Ray is committed to doing what he reasonably can. There will not be any repercussions if he comes up short. He has already found ways to cut spending, and his mechanical skills have enable him to extend the life of some of our older equipment, thus deferring some expenses we expected to face.

Deane referred to the items on List B (Cost Reductions that Might Become Necessary) and List C (Possible Ways to Borrow from the Future). **These actions are not proposed now, and hopefully never will be required.** They were developed and presented because if we don't find a way to match our giving to our vision, some of them will become necessary. If they do, it will be hard to keep them from starting a downward spiral.

List B actions would affect staff as "people costs" are 60% of our budget. Any of these actions would unavoidable detract from our vitality and morale, our ability to carry out mission work including service to members in their times of need, and the richness and spirit of our worship.

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Cost Reduction Actions That Might Become Necessary ("B List")

- Request staff to work one payless day each month. (Vestry)
- Have one payless payday for staff between now and year-end. (Vestry)
- "Furlough" clergy for one week each month. Lay leaders to conduct "Morning Prayer." (Vestry)
- Eliminate one office staff position. (Vestry)
- Eliminate or don't renew Associate Pastor position. (Vestry)
- Eliminate the Music Director or scale down the role and salary. (Vestry)

Possible Ways to Borrow from the Future ("C List")

The following actions cannot be implemented soon enough to help this year. The Vestry might wish to consider them in future years if our vision for what we want to be and do to serve God exceeds our collective willingness to give. These long lead-time options can increase our sense of wealth and the funds available to budget. However, while adding funds for near term budgets, they ultimately either take from future giving to pay principle and interest costs, or result in the loss of our serene setting. The Bishop would have to approve these options.

- Refinance the Church mortgage. (Vestry and Bishop)
- Get a "Church Equity Line of Credit" so we can borrow against our building and land to pay for what we want now, while passing the burden to the future. (Vestry and Bishop)
- Sell some of our land. (Vestry and Bishop)

Nancy Papet moved, seconded by Michelle Pickering, to adopt the Finance Committee's recommendations through List A. The Vestry will defer consideration of the potential actions in Lists B and C until they may be necessary.

Motion passed without dissent.

Deane Blythe and Fr. Jonathan will set up the coordinating committee meeting, and Deane, Fr. Jonathan and Don Ingersoll will review the designated funds.

Approval of Diocesan Tithe

Don Ingersoll informed the Vestry that the Diocese has asked us to tithe for the coming year. They need our answer by August 23rd, as they need to prepare a budget to

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present to Convention for approval. Don provided background on the Diocese's formula for establishing its recommended tithe for each parish, and St. Stephen's modified approach that we have been using since 2005. The Finance Committee is recommending that we continue our approach, which is essentially to write our first check each month to the Diocese for 10% of our income from the preceding month's parish giving. In this way, we give 10% of our "first fruit," which we hope will be an example for parishioners. The Diocese has also requested that each parish consider contributing additional money to some listed mission areas it supports. This would be over and above the tithe. St. Stephen's has not been contributing to these mission areas in the past few years.

Motion by Don Ingersoll, seconded by Nancy Papet, to approve continuing our current Diocesan tithe for 2011, whereby we send our first check of each month to the Diocese for 10% of parish giving in the preceding month. We do not commit to supporting other Diocesan mission areas at this time.

Motion carried without dissent.

Clerk's Report:

Don Ingersoll presented the draft minutes of the June 8, 2010 Vestry meeting for approval. **Nancy Papet moved, seconded by Bob Bagnall, that the minutes be approved as presented. Motion carried without dissent.** (Copies of approved minutes are posted on the Parish website.)

Old Business

Alan Giles reported that the drain, sidewalk and prayer circle projects are done. Fr. Jonathan noted that we need to arrange for an appropriate dedication for the prayer circle.

Ronny Karlsson reported that all the replacement bulletin boards and related hardware have arrived and are ready to be installed. The Vestry supported doing so, and giving the Endowment Fund credit for providing the funds. Similarly, the Vestry supported moving ahead with the Welcome Center project, which the Endowment Fund is also funding.

Frances Hammond reported that the Lore Committee has interviewed Fr. Jonathan on several topics, and she has put the results into a paper entitled "Gospel Posture, A Conversation" which she provided each Vestry member. The Committee plans to do similar interviews with Pastor Manisha and perhaps Miranda. It is also considering an interview of both Fr. Jonathan and Pastor Manisha so we can explore how they interact with each other and the parish.

An early Lore Committee objective was to ascertain and provide information to the parish about the Diocesan process for Priest transitions. However, the committee found

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that the Dioceses will not tell us the process until Fr. Jonathan officially notifies the Bishop of his intention to retire. The catch is that once he does so, he cannot stay longer than 6 months.

Future meetings:

Our next scheduled Vestry meeting will be September 14th at 7 p.m.

Adjournment: Nancy Papet moved, seconded by everyone else, to adjourn. Motion passed without dissent and the retreat ended with a prayer at 8:25 p.m.

Respectfully submitted,

Don Ingersoll

Clerk