



St. Margaret's Church

Westminster Parish

Vestry Minutes

Tuesday, September 16, 2014

Approved November 18, 2014

1. **OPENING:** The meeting was called to order by The Rev. Peter Mayer at 7:05pm in the Parish Hall. Peter led the vestry in prayer.

Attendance: The Rev. Peter Mayer, The Rev. Sarah Lamming, George Saroch – Senior Warden, Mark Torrence – Junior Warden, Gordon Piche – Treasurer, Elizabeth Bowers, Doug Castonguay, Martha Donovan, Karen Engelke, Charlie Lang, Phil Meeder, Kyle Morgan, Anne Thomas, Teresa Todd, Kirsten Tolley, Liesl Wheeler

Absent: The Rev. Jane Hague, Stacia Bontempo – Clerk, Doug Castonguay, Martha Donovan, Ernie Tucker, Willie Williamson

Guests: Bill Bird, Mike Makovitch

2. **MINUTES:**
 - a. The minutes of the July 15th vestry meeting were reviewed and accepted as written.

MOTION: It was moved and seconded that we approve the July 15, 2014 minutes as submitted. The motion passes unanimously.

3. **SUBMITTED REPORTS**
 - a. Building & Grounds: Bill Bird
 - i. George Breeden discovered a 40' Pole parking lot light out last week. Needed a bucket truck to replace bulbs. While doing so I discovered two more almost burned out and a short 14' pole light had been out for weeks. Dawson Electric replaced the bulbs; 40' to high! the light poles are ours, and replacing the light fixtures is our responsibility.
 - ii. Replaced 7 burned out sconce lights in the Parish Hall in August. Five more burned out as of today. Ongoing problem.
 - iii. The school had one of their student employees replace over 100 florescent bulbs in the classrooms, hallways, and foyer. Most were to dim, some burned out.

- iv. Exterior painting of the church completed.
- v. Mold discovered in the Admin Building. Prominent on a baseboard in Ruth's Office and next to a register under Laura's desk was covered with mold. Old furniture in the basement area had mold and mostly all finished walls had a ring of mold around the walls about 18"-20" above the floor. The duct work had a trace of mold on a couple registers. The contractor American Eagle who will perform mold remediation, told me to have a couple of cold air return vents/registers put into the duct work. There are none in the basement. Remediation work to start this Wednesday the 17th. Mold was also discovered in the choir area of the church Sunday.
- vi. For about two-three weeks off and on there was a problem with excessive humidity in the building. Called HVAC three times. It was evident the HVAC was not working properly. They finally found that the new unit was connected to a vent of incoming fresh air that was open drawing moist outdoor air into the system. The system was trying to remove the condensation and could not keep up with it. Shutting off this vent cured 75% of the problem, the other 25% was a major adjustment to the dual system; making sure both units are running at the same time. This outdoor air was needed for the old system, not the new. I purchased two large de-humidifiers for the basement.
- vii. The church HVAC malfunctioned late July. Not cooling. An electronic part had to be replaced including some wiring.
- viii. The Fire Marshall inspected the campus last week. We were cited for some small infractions mainly bad batteries in Emergency Lights. Most fixed, rest will be fixed this week. A DANGER sign had to be placed on the PH Electrical Room, and an ELECTRICAL PANEL sign on the kitchen cupboard door.

b. Kyle Morgan will be doing a Boy Scout Eagle Project on the Playground beginning early October. He explained he is building a frame for a cool-roof fabric shade over the sandbox area. He requested to trim some trees in that area. Request was granted.

c. Treasurer's Report, Gordon Piché, Treasurer

QUOTE

**St. Margaret's Church Westminster Parish
Treasurer's Report
Vestry Meeting 16 September 2014**

**July 2014 Accounts Summary
Checking and Savings Accounts**

Account Name	Account Type	Account #	Balance	As of
Operating Ckg 4311	Checking	4311	\$23,320.77	9/1/14
Rental House Ckg 4338	Checking	4338	\$2,691.27	9/1/14
Designated Ckg 4346	Checking	4346	\$60,455.44	9/1/14
Formation Bldg Svgs 4354	Checking	4354	\$805,766.51	9/1/14
Formation Bldg Ckg 4362	Checking	4362	\$35,060.38	9/1/14
Subtotal			\$927,294.37	

Endowment Trust 2258	Trust	2258	\$4,917,699.38	8/29/14
Cemetery Trust 7379	Trust	7379	\$137,280.03	8/29/14
Capital MaintenTrust 7618	Trust	7618	\$122,635.18	8/29/14
Subtotal			\$5,177,614.59	
Total			\$6,104,908.96	

On the **income** side of the ledger, through the end of the month of August, the actual yearly income was \$548,063.68 against a budgeted income for the year to date (YTD) of \$582,197.24 (*note: YTD = January 1st through August 31st*). That is **\$34,133.56 under** total YTD budgeted income. **Pledge income** for the year is **under** budget by **\$17,880.19** (\$495,687.32 budgeted and \$477,807.13 received). **Donations** income is **\$483.59 under** budget. **Special Offering** income is **\$2280.00 under** budget. To date SMC has received **no** income for line items **4077** and **4090** which budget total is **\$ 9,776.64**. All other income categories were within typical limits for this time of year.

On the **expenditure** side, through the end of August, we expended \$591,518.29 which is **\$16,313.55 less than budgeted** (\$607,831.84 budgeted). All categories were under or near their expected budget expenditures for this time of year.

The **net total** or bottom-line as of August 31, 2014 shows a YTD balance of **negative \$43,454.61** (i.e., actual income [\$548,063.68] less actual expenses [\$591,518.29]). Please keep in mind that we are operating with a **deficit budget: at the end of August...- \$25,634.60**.

Gordon Piché, Treasurer

END QUOTE

d. Gordon requested the plate income be separated from general income next year as it's easier for him to anticipate new pledge amounts.

4. STEWARDSHIP REPORT: MIKE Makovitch

a. Mike Makovitch gave an update on the Stewardship Drive this fall and the budget and pledge goals. The budget goal is \$800,000. The number of pledge goal is 250 pledges. We have not had a goal of both budget and pledges before.

b. October will be stewardship month.

c. Current data at St Margaret's is that 100-200 parishioners do not pledge. We lose 5-10% of our pledges each year through moving, death, or leaving the church. This means we need 12-25 new pledges to maintain our current income. The average pledge is \$1800/year, but 20% of pledgers fund over half our annual budget at \$8,000+/pledge.

d. Mike shared that a Leader strives to make things better, whereas a Manager strives to keep the Status Quo. Their committee is striving to be Leaders.

e. The theme for this Stewardship Drive is "Transforming Lives through Christ". The committee is communicating this theme by letters to parishioners, epistles offered by vestry

members at all four worship services in October, and sermons building on the theme. Additional education of the parish will be by including data on the pledge cards, and encouraging open conversations about money with everyone. There will be visual stimulation and excitement with a bulletin board interactive display at the Parish Hall vestibule.

f. The theme will stress that we are forming our future, and focus on where we are going. Peter encouraged the vestry to offer a short epistle about a transformation we've had. All elected leaders need to tell their story. The book Not Your Parent's Offering has been read by many vestry members, and all were encouraged to read it. Not everyone agreed with all parts of the book. The focus of the book is that inspiring people to give in the church is best accomplished by discussing how we are changing lives, and especially how participating in your church can change your own life. Telling your own story is a part of the inspirational message.

g. The campaign will start with an early letter to those that typically pledge early. Second phase letters will follow. Vestry members are encouraged to get their pledges in soon. The campaign is hoping to wrap up by Thanksgiving.

h. Charlie Lang then discussed some aspects of our annual budget for next year.

i. The year the capital campaign kicked off we dropped 35 pledges.

ii. Even if we get the goal of \$800,000 we will still have a deficit budget. We are going to have a few tough years ahead.

iii. The Annual Budget team is using a zero-based budget process for two of the commissions. This will allow more flexibility within the commission and more accountability.

iv. The diocesan assessment has been increased almost \$9,000 over last year.

v. Health care costs have gone up.

vi. Only 50% of St Margaret's parishioners pledge. Most Episcopal churches have a 90% pledge ratio, Rev Sarah Lamming said.

vii. We need to focus on our Abundance, not talk about Fear or Scarcity. We are very blessed in our gifts, people, and programs.

viii. Liesl was concerned of talking about money within the first month of beginning our fall programs, and then for talking about it for a whole month. Elizabeth said she liked the emphasis on people prayerfully considering their pledge.

5. EFPC PROGRESS REPORT

a. Teresa Todd shared the Guaranteed Maximum Price as presented by Whiting Turner Contractors. The contingency as presented in the GMP is 3%, or \$95,000. This contingency is for unexpected additional costs related to the building. If it's not used, this will be returned to us. Teresa also briefly discussed the Owner Cost Summary for the building project, with the total of \$4,089,833, which also included \$108,000 in owner contingencies.

MOTION: It was moved and seconded to Authorize St Margaret's Church to enter into a contract for the Guaranteed Maximum Price of \$3,266,513 from Whiting Turner dated 9/10/14 for the construction of the Education Formation building. George Saroch, Senior Warden, is to sign the contract. The motion passes unanimously.

- b. A ground breaking ceremony will be on Sunday September 28 at 10:30am. The contractors and architect will be there. The Bishop and Diocesan Standing committee was invited but cannot attend. All are encouraged to join in the celebration.
- c. George Saroch explained about the Letter of Commitment from BB&T Bank for a total loan amount of \$3,000,000. The loan is an interest only variable rate. For the first five years we pay interest only on the loan, and only on the amount drawn. At any time we can pay the capital. We must pay \$575,000 each year of 2015, 2016, and 2017. At the end of 5 years we can change the principal to a monthly payment loan or pay the balance from the endowment. We are using the endowment as collateral. We must maintain 75% of the endowment in investments. We need to pay a loan origination fee of \$10,250 and some legal fees. We need to pay \$1,300,000 of our Capital Campaign money prior to activating the loan.
- d. A resolution letter has been prepared by Randy Goff (parishioner, attorney) (attach) authorizing Stacia as clerk and George Saroch as Sr Warden to sign the Letter of Commitment with BB&T bank.

MOTION: It was moved and seconded to Authorize St Margaret's Church and BB&T to enter into a loan agreement of \$3,000,000 with a loan origination fee of \$10,250 and legal fees not to exceed \$12,000 for the funding of the Education Formation building. Stacia has authority to sign the certified copy of the resolution. George Saroch, Senior Warden, is to sign the loan agreement. The motion passes unanimously.

- e. Charlie Lang expressed concern of using the endowment as collateral in the case of a downturn in the economy. The cost of the loan over 5 years is \$40,000/year, or \$200,000. He is concerned about this added expense to our annual budget.
- f. Teresa Todd said the cost of the loan is not included in the Owner Cost Summary previously presented. She also noted that everyone's term of the current vestry will have expired when the loan needs to be either paid or rolled over to a conventional loan. We need to clarify our intent for future vestry decisions.
- g. We will review the cash flow at the next vestry meeting and determine our financial guidance and direction.

6. **WARDENS' REPORT**

- a. Mark Torrence, Jr Warden, submitted a written report and update on the endowment spending (attach)
- b. Mark expressed his appreciation for Bill Bird and his constant attention to the upkeep of our buildings. The vestry applauded his outstanding volunteering.
- c. The administration building is having a mold issue due to poor performance of the newly installed mechanical system this summer. The HVAC system is being re-evaluated. The black mold problem is worse than originally thought, and is likely the cause of some health issues in the office. A mold remediation company is cleaning the ducts and offices.

The building is closed to everyone until the problem is solved. The staff is working remotely.

d. There is also some mold in the church again, mostly over in the choir area. This is not as extensive as last summer, and is being treated.

e. The situation is being investigated in more detail. Insurance and Robinson Heating and Cooling are both being included in the investigation.

MOTION: It was moved and seconded that the vestry approves the expenditure of \$20,600.83 to American Eagle Professional Services Inc of Stevensville, MD to be taken from the maintenance fund for mold remediation. The motion passes unanimously.

f. Rev Peter Mayer has been enjoying reading a book offered to him by Karen Engelke. The book focuses on transforming our own lives before we can transform others.

g. The long range planning group will be reconvening and repurposed to focus on transforming lives.

h. Martha Donovan has moved to Baltimore and asked to not finish her vestry term, which expires in January 2015. Valery Weekley was suggested as a replacement for Martha. The by-laws were consulted, and this does not preclude Valerie from running for a full term vestry position in January.

MOTION: It was moved and seconded to invite Valery Weekley to fulfill Martha Donovan's vacated vestry position until it's expiration in January 2015. The motion passes unanimously.

i. Peter is thinking about taking a sabbatical beginning in the summer of 2016. Peter has been rector at St Margaret's for four years now.

j. Our new additional worship service will begin at 5:00 on Saturday nights beginning October 4th. The service will be Rite 2 with music. The program, music, and bulletin will be the same as the Sunday Services. St Anne's Church in Annapolis is also initiating a 5:00 Saturday service beginning in October.

7. RECTOR'S REPORT

a. Rev Sarah Lamming invited the vestry to the Day School open house on October 10 from 9:00-3:00. She said the Day School now has uniforms for the students. Uniforms are optional. The students will wear their uniforms at a worship service this fall when they are invited to participate.

b. The Sunday School program began September 14. The Godly Play program is in need of Story Tellers. Jeannie Nardi has stepped down as Godly Play leader after many years, and the void is great. Last Sunday they had 25 children in Godly play class, and they currently only have one leader.

c. November 9 Bishop Creighton (a retired Bishop from Pennsylvania) will provide confirmation for candidates at St Margaret's Church. Several YAK students are taking the confirmation classes. We are disappointed that our own Maryland Episcopal Diocese cannot provide us with a Bishop visit and confirmation. We would even enjoy a visit from the Canon to the Bishop. No visit is scheduled this year.

8. **ADJOURNMENT.** There being no objections, the meeting adjourned at 9:00pm with the singing of the doxology.

Submitted by:

Stacia Bontempo, Clerk

Nota Bene: Opening Prayer Assignments
September 2014 – Doug Catonguay
October 2014 – Willie Williamson
November 2014 – Karen Engelke
December 2014 – Liesl Wheeler
January 2015 – Charlie Lang
February 2015 – Anna Thomas

Next Vestry Meeting – Tuesday, October 21, 2014