



St Margaret's Episcopal Church Vestry

Subject: Minutes for 18 January 2022

Attending via Zoom: Peter Mayer+ (Rector), Patti Sachs+ (Associate Rector), Kristen Berthelotte (Senior Warden), Paul Shurke (Junior Warden), Elizabeth Radley (Director of Operations), Katherine Wiernicki (Treasurer), Charlie Lang (Assistant Treasurer), David Allen, Alden Gross, Cory Greene, Susan Roberts, Marti Engstrom, Barbara Friedmann, Elizabeth Kopack, Kathy Lang, Luke Morgan, Chris Prender, and Jim Barnett (Clerk).

Not Attending: Stacia Bontempo.

This meeting was conducted in Zoom.

A Quorum was noted per the SMC Bylaws.

- 1. Opening prayer was given at 7:01 pm by the Assistant Rector.**
- 2. The meeting was called to order by the Rector. The December 2021 Vestry minutes were approved.**
- 4. Submitted reports:**

A. The Rector's report.

The Rector noted that Christmas Eve services were a joyous occasion. While we were missing Patti and others, so many people made these events possible. Live streaming went very well, it was a good product of which we can all be proud. He wanted to thank the Altar and Flower Guilds, the ushers, greeters, servers, readers, and the musicians. The Rector noted that he needed to take some time to get back up to speed and then we had 3 funerals in 10 days, not to mention events surrounding Anne Lallande's untimely death. He is thankful for the support of Joanna White and others on the altar who were so supportive.

The Rector indicated that he has been ruminating a lot on the future direction of the church. Looking at membership, he feels that our membership is committed to the church. They have pledged and are fully vested in SMC. He has learned a lot and is ready to move forward.

The Rector introduced the **Annual motion to approve housing allowance for the Rector and Associate Rector**

MOTION: Whereas, Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income a church-designated allowance paid to him as part of his compensation to the extent used by him for actual expenses in owning or renting a home; and

Whereas, Peter Mayer+ is compensated by *St. Margaret's* exclusively for services as a minister of the gospel;

And Whereas, *St. Margaret's* does not provide Peter Mayer with a rectory, therefore, it is hereby Resolved, that the total housing allowance paid to Peter Mayer for calendar year 2021 shall be \$38,000 added to his annual compensation; and it is further

Resolved that the designation of \$38,000 as a housing allowance shall apply to calendar year 2021 and all future years unless otherwise provided.

And:

Whereas, Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income a church-designated allowance paid to her as part of her compensation to the extent used by her for actual expenses in owning or renting a home; and

Whereas, Patti Sachs+ is compensated by *St. Margaret's* exclusively for services as a minister of the gospel; and

Whereas, *St. Margaret's* does not provide Patti Sachs with a rectory, therefore, it is hereby

Resolved, that the total housing allowance paid to Patti Sachs for calendar year 2021 shall be \$24,600 added to her annual compensation; and it is further

Resolved that the designation of 24,600 as a housing allowance shall apply to calendar year 2021 and all future years unless otherwise provided.

So moved, seconded, and voted approved.

B. Treasurer's report. (Posted to Realm)

The budget is what it is, given that it is the end of the church and calendar year. The funds to support the Grants Administrator no longer come out of operating fund but are drawn from the Endowment. This is consistent with what was done in the past. The books for 2021 are closed.

The Endowment did pretty well in 2021 with a market value gain of \$645,000. We realized a \$217,000 excess in the operating account that was due to the federal government's PPP program. \$223,000 was paid out of the Endowment. For an aggregate budget of \$1,040,000 we are within

\$7,000 which is very close to the bull's eye. It was thanks to the hard work the Director of Operations put into all aspects of the operating budget this year. Several maintenance projects were deferred.

A review of the proposed budget for 2022 indicated that "designated funds" totals have not changed for years. The Finance Committee recommended that we apply those designated funds to the line item that makes the most sense. This provides an offset of \$48,624 and bring the deficit down from \$164,245 to about \$120,000.

The Endowment draw has traditionally stuck with a 5% maximum. For 2022 we have decreased the SMDS scholarship commitment from \$20,000 to \$10,000. The award of \$20,000 in the year 2021 was considered a one time exception due to the impacts of COVID on some families at the school. We are now returning to our traditional gift amount. We can further limit the capital improvement draw but with everything we are at about a 6.2% withdrawal. If we want to stick to the 5% maximum draw, we need to consider some reductions in allocations from that draw. If we lower the Grants total to \$85,000, retain \$10,000 for SMDS, keep the Capital Improvement fund the same as last year, and reduce the Maintenance Fund allocation to \$15,000 we can come in at just about 5%. We cannot make up the difference from the bare bones operating budget. We need to remember that it is very unlikely that we will see the same kind of growth in the Endowment in 2022 that we witnessed in 2021. We can revisit this decision in the March/April time frame and readjust. We need to maintain some flexibility with respect to the Endowment. There has been some discussion regarding a second Stewardship Campaign in March to cover some of the deficit, but we cannot reflect those types of gains in our budget proposal. Given the deficit, we will have to consider off sets from the Endowment. We try to keep a \$175,000 cushion in the operating account. A concern was expressed in view of the SMC membership being down as well as realized pledges. It is a concern. We remain in very uncertain times. We don't want to make a practice of drawing against the Endowment every year in the 6% range. It was recalled that at one point it was down to 4% draw. This is not ideal, and the times remain uncertain.

We are good at many things, and we shouldn't be that worried about the short term. COVID has dispersed our congregation but that is not an excuse. We are not witnessing lean year after year situations. We do seem to be drawing more young families and that is hopeful, but we remain in a Pandemic. Can we take 6% now and replace what we think is appropriate with the March stewardship effort? We need to remember that we just had a Capital Campaign to fund the organ and drew quite a bit of funding from our parishioners for that. Having yet another Stewardship Campaign might not be a good idea at this point. There was some discussion of the PPP program and funds utility that will not be reflected here. Others felt that we do have the money, and this is not the time to pull back spending.

There will be a focus on the non-pledgers who are in our congregation. This will not be another Capital Campaign but a more personal appeal. There are approximately 30 families that fit into this category.

A question was asked about the Diocesan "tax" that seems to be going up again. This is a mathematical model built on a three-year rolling average. The tax is against income to the

operating account so we should start to see this “tax” go down next year. If we do well in Stewardship income, the tax reflects that.

There is a charge in the proposed budget for mulch. Might it be part of the Adopt a Garden project? The Church intends to procure a truckload of mulch for gardening use in the spring. We did have an unexpected cost in this regard this year when the storm took down several very large branches and a contractor needed to be called in to remove them. Normally this is done in house, but these were just too big.

We need to focus on the pledge number and see how we can increase this number. Yes, the pledge base is reducing, and we need to look at that. The Vestry needs to be aware of how this will look to the Congregation when they see these numbers next week at the annual meeting. We need to emphasize that now is the time to grow the Parish, it is a time to invest.

The majority of Vestry members did not want to see a reduction in the Grants program from \$100,000 to \$85,000. There is not a lot of fat to cut out of this budget and the Vestry needs to remain attuned to the budget throughout the year. We must take the Endowment draw seriously. The draw is traditionally 60-40 mission to capital improvement. Which path does the Vestry want to take, 6% without taking a reduction in Grant or reduce the Grants total and try to get down to the traditional 5%? It will be hard to tell some of our Parishioners that we are drawing the Grants total down \$15,000. It was noted that there is \$15,000 in the Mission Commission budget line in the Operating Budget, could this be used as an offset? No, there are lines within that budget activity that must remain funded. Left over funds from 2021 have already been applied in the budget process. We knew 2022 would be a difficult year. We are realizing the difficulty of running a not-for-profit vice a for profit enterprise. It is very difficult to run the former in a deficit budget environment. We did take a tougher line that the Dioceses recommended for the COLA adjustment this year. That having been said, we do need to compensate our staff for the hard work they do all year long.

A consensus was reached to retain the Grants total at \$100,000; the SMDS at \$10,000 to approximate a 5.3% draw. Capital Improvement will be reduced to accommodate, and we will have to keep an eye on the spread sheet of projects being deferred. The \$44,000 for the HVAC repair has not been paid but the water hook up is fully funded. The HVAC funds were approved by the Vestry last year. The discussion returned to SMDS, and a question was asked regarding the number of families that the scholarship support. It is different every year but usually 6 families are granted support. The scholarship is capped at 50% of the student tuition. The “contract” between the church and school will be up for renewal in one year. The scholarship represents a symbolic tie between the organizations. It was suggested that \$10,000 in scholarship funds be approved for this program year and the Vestry can review during the next budget cycle when we have a better grasp of where each stand.

MOTION: That the budget for 2022 as proposed be approved with an attendant 5.31% draw from the Endowment. Approved unanimously.

C. Bylaws update David Allen

The latest proposed bylaws are available to the congregation.

Yesterday, a new question came into play from a parishioner. The question centered on effective date of the amended bylaws as posted and clarity on parishioners' attendance at Vestry meetings, and the definition of "ordinary members" for voting. While these questions are somewhat opaque, the Vestry was advised that there may be some objection to the amended bylaws at the Annual Meeting. There was a thought put forward that maybe we should table the amended bylaws for now but the overwhelming consensus within the Vestry was to proceed. There remains the potential for a challenge early in the meeting.

The Annual Meeting will be conducted on Zoom. A positive vote by the parish will be noted by a raised hand. It is difficult to count hands on Zoom, but volunteers will help with the count. There will be a yes or no vote on the proposed amended bylaws and, of course, the new Vestry slate. We will need a 2/3 majority for the bylaws but a simple majority for the election of candidates. We will need to be attentive to legitimate concerns and valid points, we cannot just blow them off. We need to be prepared to "call the question" to get to a vote, that will take a motion to stop debate. The amended bylaws may not pass but we need to press forward to a conclusion for the meeting.

In all there were 5 significant changes raised to the amended bylaws as proposed. The Rector indicated that the aforementioned team listened and considered each but the bottom line was that SMC cannot change who is considered a member and we need to understand that the electronic meeting is authorized within other diocese at the Diocesan level. While such accommodation may not be in our existing bylaws, the update will correct this deficiency to current conditions.

It was then necessary to elect and vote on the Officers for the next year: Senior Warden, Junior Warden, Treasurer, and Clerk as continuing into the next Vestry year.

MOTION: That the proposed slate of Lay Officers be approved. Carried unanimously with the provision that the incoming Vestry will also vote to approve the slate at the first meeting in the new Vestry year.

D. Junior Warden's report. (On Realm)

The city water is being hooked up as the necessary part was found this weekend.

E. Senior Warden's report. (On Realm)

F. For the Good of the Order.

The departing Vestry members were thanked for the work through the previous three years. Half of the meetings during their tenure were conducted remotely. You were all vital cogs in this very changing environment, and we thank you. We hope that you will continue to serve SMC in various other ways.

The meeting ended at 8:53 PM.

Respectfully Submitted:

Jim Barnett