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## **VESTRY MEETING MINUTES** **Monday, November 25, 2019**

**Vestry Present:** Amanda Fratrik, Treat Harvey, Marjorie Miller, Dan Pearson, Kelly Ryan, Freda Tucker, Bynum Walter, Glenn Walters, Callie Woods, Chapman Williams

**Clergy Present:** the Rev. Jonah Kendall, the Rev. Sally French

**Guests Present:** John Yeatts

**Call to Order** The regular monthly meeting of the vestry of St. Philip's Church convened on October 28, 2019 at 6:02 pm in the St. Philip's library, the Rector being in the chair and the Clerk being present. Jonah Kendall opened the meeting with a prayer.

**Reading** The rector led a discussion about the Stewardship Meditation S35: pages 67-68, *A Vow of Poverty?* We reflected that St. Francis led a Christ-inspired life of poverty that was not always easy but was a fuller life. Treat Harvey connected the reading with stewardship, saying it is important to help people understand the value of giving outwardly out of our abundance.

**Minutes** – (see Dropbox)

The following corrections were noted:

- In the Jr. Warden's report section, change the cost of the new roof to \$250,000.
- At the end of the third bullet in the Jacqueline Harris Discernment Committee Report section, change the wording to say "This spending will be reported...." (Delete "will not be.")

Bynum Walter made a motion to accept the October 28, 2019 vestry meeting minutes with these changes. Treat Harvey seconded the motion; it was approved nem. con.

Jonah and Marjorie Miller thanked Treat Harvey for sending edits by email in advance of the meeting (already incorporated into minutes).

### **Finance Report** (see Dropbox)

John Yeatts reported:

- October revenue and pledges were good. We are still unfavorable budget to income year to date, but regular contributions were \$16,000 favorable. He and the finance committee members are confident pledges will pick up in November and December.
- There were no big surprises in expenses, but there were some accounting issues to look at.
- Total assets decreased by \$30,000 because we dipped into cash reserves for personnel etc.
- Off budget expenses, including the narthex, Fran Gordon house, the gate, Moss & Ross, conversion of accounting software, and J2A legal fees, have exceeded the surplus of \$28,000 from 2017 and 2018. These expenses have been charged to our operating reserve.
- The operating reserve is down to around \$55,000, which is a little less than one month's budgeted expenses (approximately \$60,000). Ideally we would replenish the operating reserve once the first distribution of the Jacqueline Harris gift is received, and with vestry support.
- Jonah said he is leaning toward not sending another letter for pledges. But, we agreed that a snapshot of who has and who has not yet paid would be a helpful tool for contacting people about pledges. It would be beneficial to be more informed about people's patterns of paying pledges.
- Callie Woods said she had a number of conversations with people who thought of their pledge payment in December as their 2020 pledge.
- Bynum Walter made a motion to approve the Finance report. Dan Pearson seconded the motion; it was approved nem. con.

John Yeatts reported on the work of the Investment Committee. He said we are expecting about \$7 million from Jacqueline Harris' bequest, with an initial distribution of about \$6 million in mid-December. The Investment Committee met for lively discussion with Charlie Steel and Bynum Walter joining them. He noted the following:

- The committee recommended that we receive the gift in stocks and bonds, then move it into a separate account with Morgan Stanley. The committee proposes liquidating (selling off) all the bonds immediately and carefully negotiating rates.
- The committee reviewed the church's mortgage and strongly recommends paying off the mortgage of \$240,000. This will save a great deal of interest payment.

Otherwise, we would pay \$41,000 annually for the next few years in debt service. Also, we would incur only a small pre-payment penalty.

- The committee proposed investing the remainder slowly--buying assets in market at a thirty to seventy mix slowly.
- After all is invested, the endowment will be about \$10 million.
- Bynum Walter said she supports moving into the market slowly. This would give flexibility for potential large capital expenses, like stone or roof restoration, and allows time for making decisions.
- Amanda Fratrick noted that we could liquidate assets (in a money market account) if needed. John Yeatts concurred, saying the gift is not restricted.
- Sally asked whether the estate will be closed soon. John Yeatts said that Charlie Steele will need to retain about \$1 million to settle the estate. He anticipates that the estate will settle by March or April, 2020.
- John Yeatts mentioned the question of whether we need to hire a professional money manager, who would cost about \$50,000 annually. He noted that we are fortunate to have financial investment professionals including Steve Pike on the Investment Committee who volunteer their time and skills. He said we can evaluate any need for hiring an investment professional year to year. But currently the committee feels confident that they can manage this amount of money.
- On a related note, Glenn Walters noted a correction to the October vestry meeting minute. The minutes should be corrected to say it is common practice to pay off a mortgage then continue to have a line item on the budget that is comparable to the mortgage amount. St. Philip's could use such a line item to pay ourselves back the amount we used to pay down the mortgage.
- John Yeatts said that the Finance and Investment committees are both in favor of using principle (from Jacqueline Harris' gift) to pay off mortgage.
- Amanda Fratrick agreed that it makes financial sense to pay off the mortgage. But she emphasized that the point about paying the gift back is important especially in terms of communicating to the congregation how we are using the gift.
- Glenn Walters suggested keeping yourself accustomed to doing what you're used to doing. But he noted the flipside is true too: we received a huge gift, so why would we focus on paying the endowment back?
- Jonah said the assumption is that we will be able to pay it back. The mortgage has curtailed what the church has been able to do.
- Dan Pearson talked about \$750,000 in the budget line item to repair the church walls and roof. He said the traditional way to accomplish this kind of project is through a capital campaign. He suggested keeping this opportunity open. It would be beneficial to involve the entire congregation in this restoration project.
- Dan Pearson made a motion to instruct the Finance Committee to pay off the mortgage as soon as possible. Freda Tucker seconded the motion.
- Amanda Fratrick asked whether the motion is just for paying the mortgage off, or for paying it off and keeping the line item to pay back the endowment.

- Glenn Walters advocated for coupling the issues in our motion. He said he feels this is important for our records and our communication about the gift.
- Bynum Walter asked what is the motivation for paying ourselves back?
- Treat Harvey questioned what a line item for paying ourselves back means. Where would the payment go back?
- Bynum Walter said we would spend principle and pay back principle.
- Amanda Fratrik said we could loan money from the gift to pay off the mortgage. Then we could move money from the budget to pay back the gift.
- Treat Harvey reflected that it is compelling that the gift could relieve us of the mortgage so we would have \$40,000 more a year.
- In discussion about the motion, we added The question for the vestry is whether we are comfortable with this.
- Amanda Fratrik made a motion to amend the original motion (to pay off the mortgage) by adding a charge to the Finance Committee to determine how to pay back the endowment and recommend whether or not we should pay it back. Callie Woods seconded the motion; it was approved nem. con.
- Callie Woods said she feels comfortable with the amendment if it is to decide how and if to repay, not just how to repay.
- Then we voted on the amended motion to take the recommendation and pay off the mortgage upon receipt of the gift, and to charge the Finance Committee to make recommendations about how and whether to pay back the gift. The motion was approved nem. con.

John Yeatts returned to the discussion about the budget.

- The pledge number remains a large unknown. So the Finance Committee is currently using pledge estimates for working on the budget. Treat Harvey said we are down to 74 outstanding pledges.
- Expenses are being left at an aspirational level (including an increase for music). Currently the budget looks fairly balanced.
- Treat Harvey asked how they can maintain an aspirational budget when there is only a two to three percent increase in pledges.
- Jonah responded that the budget assumed all income would be flat, but the endowment income turned out to be better than flat.
- Jonah said the budget looks good. But we need to continue to review it each week as pledges come in.

## **Old Business**

### **Stewardship Update** (see spreadsheet in Dropbox)

Treat Harvey reviewed the spreadsheet, gratefully pointing out the 18 new pledges. Sally asked how the number of this year's new pledges compares to the number of new

pledges last year. The increase or decrease in these numbers would be interesting. Treat Harvey said she will be seeking to attain renewals from new pledgers. Callie Woods said some of new 18 pledges came from people who had been attending St. Philip's for some time and for whom stewardship clicked this year. This is a positive reflection on this year's stewardship campaign.

### **Proposal for Ryals Endowment Funding of St Philip's in the Trees** (see Dropbox – part of Sr. Warden's report)

- Bynum Walter began by praising John Yeatts' work as Treasurer, especially in managing numerous and complex issues currently at hand.
- She noted that we are not currently delivering on spending the requested 45 percent of the Ryals endowment on the Air Water Earth (AWE) portion of projects. She suggested that if we use part of the Ryals endowment (our most restricted money) to pay for needs for the Jacqueline Harris house, we would be putting real resources toward discernment about house without using Harris gift. Further, it would be a nice match of mission to use Ryals money for the house, which was envisioned as an environmental retreat.
- This plan would create a direct connection between the Ryals money and environmental pursuits.
- Bynum Walter said she has vetted this proposal with the Executive Committee and the Finance Committee. Both committees are in support. She asked whether the vestry is comfortable about sharing the concept with the Ryals Committee?
- Kelly Ryan said she remembers Hildgarde Ryals' gift as being for formation. Bynum Walter said a lot of Ryals money is directed to children's ministry. We are over spending on children's ministry and under spending on AWE.
- The suggestion is to tie the AWE percent from the Ryals endowment to discerning whether the house can be used as an environmental retreat.
- Kelly Ryan said there are multiple ways to create rebalancing.
- Jonah clarified that we are asking the Vestry's permission to discern this funding proposal further.
- Glenn Walters asserted that it is an incredible opportunity to leverage the gift.
- The Vestry reached consensus, supporting the idea to present this funding proposal to Ryals Committee for consideration.
- If the Ryals Committee agrees, then the Ryals endowment would be the funding source for the Jacqueline Harris House Discernment Committee.

### **New Business**

#### **Global Missions Report on the Liberian Dinner** (see Dropbox)

- Freda Tucker presented the report from the Outreach Committee. She said there was great participation from the community and St. Philip's at the Liberian Dinner. They

achieved their fundraising goals. The event was highly engaging and featured several highlights.

- They plan to contribute \$3,000 to the Bromley School, which has a new administration, for school supplies and \$3,000 to three ministries in Haiti.
- Next year they plan to move the Liberian Dinner to the spring rather than holding it in October, which is a busy month.
- Freda Tucker said she is looking forward to the mission trip planned for the fall 2020.
- Dan Pearson asked whether we have a mechanism for documenting events like the Liberian dinners. Freda Tucker responded that the dinner is being documented with a book including pictures.
- Sally suggested it would be good to have a year-end Epistle that features events from the past year with photos.

## **Old Business**

### **Communications Minister Search Update**

Kelly Ryan reported the Communications Search Committee has met once. They made non-substantive wording changes to the position announcement. Sally and Kirk Royal are working on our St. Philip's narrative—telling who we are. In screening application letters, they are setting a high bar. They are ready to start interviewing once they receive applications from candidates who meet their standards. This probably will not happen before early January. It is important to network to attract good candidates. Kelly Ryan solicited the help of vestry members to identify people who may be strong candidates.

Sally said the church website is using a digital faith platform. Craig Fratrik is working on moving it to a WordPress format. Sally expects it will be ready to go live in early December.

### **Elections Committee**

Bynum Walter reported the Election Committee is running a little behind in confirming willing candidates for the Vestry (one person has agreed so far), but said the committee would redouble efforts.

### **Junior Warden's Report** (see Dropbox)

- Dan Pearson reported about meeting with the Ryals Committee, whose members expressed concern about the \$10,000 quote received for doing the paths and plantings in the corner garden. Several committee members said they liked the corner garden as it is. So he is seeking vestry approval for making no additional expenditures for the corner garden.
- Kelly Ryan made a motion to make no further expenditures on the corner garden. Bynum Walter seconded the motion; it was approved nem. con.

- The solar panel project is complete. The panels are now generating electricity. But they are checking on why the electricity has stopped a couple times.
- The \$10,800 rebate from the solar panel project will go back into the Ryals fund.
- Security cameras have been installed.
- Fire extinguishers have been inspected and recharged. Sally said she was told that replacing them may be less expensive than inspecting and recharging them, going forward.
- A new thermostat (actually an old one with a new sensor) has been installed in the narthex by Glenn Walters. They are addressing the issue of Duke Energy's having removed us from load control program.

### **Senior Warden's Report** (see Dropbox)

- Bynum Walter said she would welcome comments or action on the revised charge for Harris Financial Discernment Committee.
- Kelly Ryan posed a question about how David Shumate's position works. Bynum Walter responded that he gets one vote but wears several hats. Further, she said that adding two people from the congregation at large should add needed diversity for this committee. Kelly Ryan said she would feel more comfortable if David Shumate weren't filling a vestry spot as well as a Finance Committee spot and an Investment Committee spot. She suggested other people from the Finance Committee and Investment Committee could fill spots.
- Vestry members were charged with suggesting three names of people for the Jacqueline Harris Financial Discernment Committee and sending them to Bynum Walter by December 5.
- Sally clarified that the working group will continue to advise how to engage congregation in the discernment process.
- Bynum Walter will revise further the wording of the charge.
- We reached consensus that we are supportive of Bynum Walter's reaching out to the Finance and Investment committees to identify people who may serve on the Harris Financial Discernment Committee along with David Shumate (from the Vestry).

### **Rector's Report** (see Dropbox)

- Jonah reported that the Average Sunday Attendance and the stewardship campaign this fall were great.
- He reflected on the wonderful relationship building between staff at UMD and St. Philip's during UMD's kitchen renovations, and praised both Gwenetta Drewery and Janice Glasser for managing the sharing of our kitchen during this time.
- Wednesday night dinners and programming went well this fall. When scheduled and planned, they are still important to St Philippians.
- The Christmas Vestry meeting will be held at the Shumates' home. David and Cyndy Shumate will also schedule the pot luck.

- The 2020 Vestry Retreat on will be held on February 28 and 29. The Annual Meeting will be on January 26.
- The Vestry will meet on Sunday February 2 to conduct the Executive Committee elections.
- Jonah will conduct staff reviews. Glenn Walters expressed praise for Mike Hayes' performance and calm demeanor in handling a variety of situations at the church.

### **Pastoral Concerns**

Sally shared numerous pastoral concerns.

**Dismissal and Adjournment** Sally offered a closing prayer. The rector adjourned the meeting at 8:37 p.m.

Respectfully submitted,  
Marjorie Miller, Clerk