

APPROVED 7-26-05

St. James Vestry

Minutes of Vestry Meeting
June 28, 2005
Held in Van Schaik Room

Members Present: Interim Rector R. Jaynes, R. Traylor (Jr. Warden), L. Beacham, R. Craig, G. Woodford, L. Gordon, D. Tesch, M. Webb, M. Farrell, S. Treadgold, C. Dick, C. Covell, J. Norris

Members Absent: C. Christopher (Sr. Warden), G. Knight

Officers Present: S. Ferguson (Treasurer)

Guests: Associate Rector. J. Christian, Priest-in-residence E. Ellsworth, D. Gordon, Chair of the Investment Committee

List of Attachments (although these items were distributed at the meeting, they were not included in the Vestry package):

Attachment #1: Mr. Christopher's Letter

Attachment #2: Church and the World Briefing, Shell Group Information, and Commission Vision

Attachment #3: Ms. Ferguson's Handout

Attachment #4: Mr. Gordon's Memorandum

Attachment #5: Mr. Dick's Memorandum

The meeting was called to order at 6:34 p.m. Mr. Treadgold gave the devotion.

1. **Clerk of the Vestry.** The clerk of the Vestry position has been vacant. Upon motion by Mr. Dick, seconded by Mr. Beacham, Douglas Gordon, a member of the Church, was unanimously elected Clerk of the Vestry.
2. **Previous Minutes.** Upon motion by Mr. Beacham, seconded by Ms. Covell, the minutes of the Vestry meeting on May 24, 2005 were unanimously approved.
3. **Mr. Christopher's Letter**
 - a. Mr. Christopher's letter to his fellow Vestry members (see attachment #1) was passed out at the meeting. Since he was out of town and unable to attend the meeting, the letter discussed various Vestry issues including the Calling Committee, financial affairs and development.
 - b. The letter also mentioned a "spreadsheet of church members" was distributed as part of the Vestry package. However, the spreadsheet is being revised and will be distributed to the Vestry later.

4. Interim Rector's Report

- a. J. Christian will begin her sabbatical to England on June 30, 2005 and will be gone for the entire month of July. The Vestry wished her well.
 - b. E. Ellsworth will be on vacation for the entire month of July.
 - c. Completed "Inventories" from various Vestry members were given to R. Jaynes. All remaining Vestry members who have not yet completed the Inventory were encouraged to do so as soon as possible (anonymously or with attribution) and to return them to R. Jaynes. R. Jaynes will review the Inventories and discuss the results at the next Vestry meeting.
 - d. The Strategic Planning Report that was adopted by the Vestry at their retreat on February 2, 2005 was reviewed.
 - i. R. Jaynes stated that one of the goals of the Report was to enhance worship with one or more services, and in that regard, a new, additional regular service at the Church will begin on September 25, 2005 at 6pm. J. Christian described the new service as an informal, contemporary service designed to appeal to people who can not come to the regular Sunday morning service.
 - ii. J. Christian is working on Christian Formation and Spiritual Growth.
 - iii. R. Jaynes announced the formation of a Youth and Family Ministry Team and hoped that a number of people in the Church would be working on it. He further stated that the "EYC line" in the Church budget allowed a part-time person to be a part of this team notwithstanding that the position of a Youth Program Director has been eliminated.
 - iv. E. Ellsworth is helping to start the Outreach opportunity.
- 5. Church and the World Report.** E. Ellsworth briefed the Vestry on what the Church and World Ministries is: "not a program, but a way of envisioning the parish as one which engages and explores its role in the world, locally/regionally/nationally, globally." She further discussed the structure of a Commission, the structure of small groups (Shells) and the basic duties of each, and the continuing efforts of the Commission. She passed out a copy of her briefing, as well as information on the Shells and the Vision of the Commission (see attachment #2).

6. **J. Christian's Report.** The Vestry, Clergy and Staff are invited to attend the Newcomers Brunch on August 14, 2005 at noon. Off-site services at various nursing homes are continuing.

7. **Building Committee Report.** By Mr. Craig, Committee Member. Mr. Craig reported that Committee Chair, Gene Cook, is an excellent leader who is devoted to the Church as well as extremely knowledgeable of the Church buildings. Although Mr. Craig said the Committee "does not move too fast" on its activities, the Committee has two ongoing activities: getting an estimate for deferred maintenance and studying accessibility issues. Ms. Gordon has volunteered to be a member of the Committee. Therefore, upon nomination by Mr. Craig, seconded by Ms. Woodford, Ms. Gordon was unanimously elected to be a member of the Building Committee.

8. **Finance Committee Report.** By Ms. Ferguson, Chair
 - a. Upon nomination by Mr. Craig, seconded by Mr. Webb, Bill Marshall was elected unanimously to fill a vacant membership position on the Investment Committee (formerly known as the Endowment Board).

 - b. The May 31, 2005 financial statements were presented by Ms. Ferguson and accepted unanimously by the Vestry upon motion by Mr. Craig and a second by Mr. Beacham.

 - c. In addition to the financial statements, Ms. Ferguson presented a five page handout (see attachment # 3) describing, among other things, that the final 2005 budgeted operating deficit is expected to increase to \$454,877.
 - i. This new deficit total results from an expected operating deficit increase of \$61,152 to the previously budgeted \$388,725 deficit. The largest contribution to the increased deficit is a \$123,000 decrease in pledge income.

 - ii. Although \$454,877 is the total operating deficit, the residual operating deficit is \$225,877 (after deducting \$108,000 in transfers of Endowment #1 investment income and \$100,000 in Clergy Housing Fund income).

 - iii. To fund this \$225,877 residual deficit, Ms. Ferguson and the handout recommended the following alternatives which are not mutually exclusive:
 1. Increase income
 2. Closely analyze budget to ensure that initiatives are truly "investment spending" and take cost-cutting measures where possible and necessary

3. Liquidation of invested assets held in endowments

- d. Ms. Ferguson more specifically discussed the Church's use of income and principal from the Endowment Fund#1 and the Clergy Housing Fund
 - i. Without increasing operating income and/or reducing operating expenses, the Church will liquidate approximately \$200,742 in principal from Endowment Fund #1 and \$31,000 in principal from the Clergy Housing Fund, and \$34,106 and \$69,000 in income respectively from such funds to fund the total operating deficit.
 - ii. Income from invested assets in the current year available to fund operations is significantly lower (i.e., -1.8%) than prior years due to poor performance in the investment portfolio consistent with market conditions.
- e. The Finance Committee asked for direction and approval in implementing the funding alternatives. Mr. Gordon, as Chair of the Investment Committee (formerly known as the Endowment Board), read his memorandum to the Vestry (see attachment #4) regarding the issue of using endowment principal to fund operating deficits. He recommended that the Vestry use endowment principal only as a "last resort" and that the Vestry should significantly reduce expenses prior to using endowment principal. In addition, he recommended that the Vestry increase income and set measurable income goals and a tracking methodology.
- f. Discussion ensued among the Vestry regarding direction and approval in implementing funding alternatives and the following conclusion was reached:
 - i. that R. R. Jaynes would meet with the Finance Committee on July 14, 2005 at 9:30 a.m. and together they would closely analyze the budget and take such cost-cutting measures where possible and necessary, and
 - ii. that the Development Committee would report at the next Vestry meeting on recommendations about how to increase income and by how much.

9. **Development Committee Report.** By Mr. Traylor, Chair

- a. Mr. Traylor reported that the Committee had held several meetings, that they all agreed that raising additional income was critical to the fiscal health of the Church, and that they had hired Vincent Blocker, for \$15,000 as a consultant to the Committee over the next three months, to help the

Committee draft a strategic vision and a business plan to increase income. Mr. Blocker is expected to present a draft of the plan to the Committee on 7/11/05 and the Committee is expected to present the plan to the Vestry at its next meeting on 7/26/05.

- b. Mr. Traylor emphasized that Mr. Blocker was not a Development Director and that the Committee and Vestry would have to do the actual fundraising, not Mr. Blocker. The Committee will integrate their fundraising efforts with the efforts of the Stewardship Campaign.
- c. Discussion of the critical importance of the Committee's work and need for and qualifications of Mr. Blocker ensued. Although there was general consensus on the importance of the Committee's work and the good qualifications of Mr. Blocker, Ms. Woodford stated that she didn't think Mr. Blocker was necessary and that the funds used to pay him could have been better applied toward the cost of employing a Youth Minister. Ms. Woodford further stated that she thought a Youth Minister would have a more positive impact on raising income than Mr. Blocker. More discussion ensued on Ms. Woodford's points. The general conclusion of the Vestry was that although Ms. Woodford's points were well made, no one could know for sure if Mr. Blocker's contribution would be worth the expense; therefore, since raising additional income was so critical to the Church, they felt that the Committee must give Mr. Blocker a chance.
- d. Mr. Dick added that he is personally convinced that the Vestry must address the issue of "sacrificial giving" from Church members and that the Vestry needs to inculcate that concept of stewardship to the Parish.

10. Calling Committee Report. By Mr. Treadgold, Member. The Committee is meeting every Thursday and is making progress. They are close to completion of "pre-work." They anticipate that they may start talking to candidates in early fall. R. Jaynes expressed the Vestry's appreciation to the Committee for all their hard work, especially in light of the enormous time commitment of its members.

11. Investment Committee Report (formerly known as the Endowment Board)
By Mr. Gordon, Chair. Mr. Gordon reported that the Senior Warden had asked the Investment Committee to explore ways to maximize or improve the use of the St. James Hall property, including possible redevelopment. In that regard, Mr. Gordon reported on a meeting he had with local representatives of the Staubach Co. a real estate advisory firm, regarding St. James Hall, and summarized the alternatives available to the Church.

- a. Currently, the St. James Hall property operates under a "Conditional Use Permit" (C.U.P.) with the City that allows the property to be used for church purposes. If the Church wished to use the property for other

purposes, it would have to apply for an amendment to the C.U.P. Since, the St. James Hall property was zoned for single-family or multi-family residential purposes, the best chance to get an amendment, although difficult, would be to propose to use the property for single/multi-family purposes (i.e., apartments or condos).

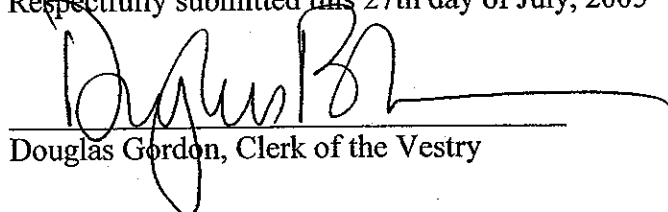
- b. If the property were redeveloped for apartment or condos (i.e., on 50-60 year ground lease), the Church might expect monthly income in the \$10,000 range (it could be higher or lower based on the determination of the fair market value of the unimproved land). However, such redevelopment would not allow the Church to use the property (i.e., no Church events, meetings, parking, and homeless), although there might be a possibility to use the property for a few parking spaces for Church staff. The consensus of the Vestry was if the Church could not use the redeveloped property in a manner similar to the way it uses it now, then the Vestry was not interested in pursuing redevelopment of the property.
- c. Without redevelopment, other alternatives to maximize or improve the use of the property were discussed:
 - i. Sale of the property.
 - ii. More leasing of the facilities
 - iii. Leasing the entire facility to one tenant with the Church reserving use rights consistent with the way the Church is using the facility now

12. New Business

- a. Ms. Woodford asked if the Church had funds available in the budget to provide child care for Vestry members during Vestry meetings. R. Jaynes stated that such funds are available in the budget and that Ms. Woodford or any other Vestry members should coordinate such request for child care with the Church staff.
- b. R. Jaynes distributed a copy of a June 24, 2005 memo from Mr. Dick regarding Housing Endowment Policies (see attachment #5). The memo will be discussed at the next Finance Committee meeting.

There being no further business, upon motion by Mr. Craig, the meeting was adjourned at 8:55 p.m.

Respectfully submitted this 27th day of July, 2005



Douglas Gordon, Clerk of the Vestry