



## VESTRY

**MEETING MINUTES**  
**July 31, 2007 – 6:00-8:45 p.m.**  
**Northrup Room**

### Vestry Members Present

Carol Hoerster, Senior Warden  
Bob Muglia, Junior Warden  
Jordan Gross, Junior Warden  
Barbara Erickson, Clerk  
Miller Adams  
Paula Clapp  
Connie Espe  
Michele Hasson  
Ben Porter  
Diane Stevens  
Herb Williams

### Vestry Members Absent

Bishop Warner  
Dean Taylor  
LaVerne Hall  
Margaret Rothschild  
Sam Fleshman  
Randy Urmston

### Staff Members Present

Mary Coon, COO & Vice Dean  
Sue Reid, Pastor for Congregational Care  
Liz Sloat, Interim Executive Assistant  
to the Dean

### Officers Present

Tracy Garland, Treasurer  
John Hoerster, Chancellor

### Visitors

Approximately 50 visitors present

### Call to Order and Review of Agenda

Carol called the meeting to order shortly after six and expressed appreciation to the visitors for taking the time to attend the meeting. She gave each person present an opportunity to introduce themselves. She reviewed the Agenda and explained for the benefit of visitors how the meeting would progress.

### Spiritual Reflection

Sue Reid offered a relevant and appropriate spiritual reflection based on Colossians 3:12-17, part of the lectionary for Sunday, August 5<sup>th</sup>. She gave each person around the table an opportunity to respond and state where the passage touched his/her life or Saint Mark's or the world.

### Consent Agenda

Accepted unanimously.

- Approval of Minutes of June 26, 2007 Vestry Meeting
- Receipt of Reports/Notes/Minutes of Meetings of Vestry Committees:
  - Facilities Committee minutes – 6/19, 7/17,
  - Finance Committee meeting notes – 6/26
  - Personnel Committee reports – 7/18
  - Stewardship & Development Committee minutes – 7/18

### Holy Orders Resolutions

Two Resolutions were passed for Holy Orders. One approved the Personnel Discernment Committee for Carla Robinson and one the PDC for Laura Ellen Muglia. Both resolutions passed unanimously with Bob Muglia, husband of Laura Ellen Muglia, abstaining from voting for Laura's PDC.

## **Treasurer's Report**

### **Operating Fund**

Tracy Garland presented the Year-to-Date Performance Report of the Operating Fund as of June 30<sup>th</sup> - the half-year mark. At the end of June, both Revenue and Expenses were behind budgeted amounts resulting in the Operating Fund being \$29,000 ahead of budget. The Year-to-Date difference between Revenue and Expenses is a negative \$56,000; whereas, the budget anticipated that at this time Expenses would exceed Revenue by \$85,000.

Tracy focused next on the two far right columns of the Report: Annual 2007 Budget and 2007 Forecast. Although the 2007 Forecast shows a year-end figure of negative \$8,000, there is reason to believe that the year will end in a break even position: *Saint Mark's Celebrates Seattle* is expected to exceed budgeted amounts when all receipts are in. In addition, variable expenses may be adjusted to keep costs down.

Tracy emphasized that at this mid-year point, the Operating Fund totals are fine, and there is no reason for concern. She stated that the Finance Committee will be looking closely at the end of July figures to check for signs of continued stability in the Operating Fund or for signs that corrective action needs to be taken.

### **Investment Reports: Asset Allocation and Performance Relative to Indices**

Tracy presented quarterly investment reports, which were the first reports prepared by Saint Mark's new investment contractor, US Bank, who have replaced Milliman, who no longer have a offices in Seattle.

The Asset Allocation report showed that in its four main asset categories, namely, US Equity, Int'l Equity, Fixed Income, and Cash/Acc. Inc., the Cathedral's investments were within guidelines outlined in its Asset Allocation Policy, with the exception of International Equities, which at 18% are slightly over the top of its asset allocation range of 5-15%. However, the Finance Committee members agreed to wait to see the third quarter reports before taking action to correct this variance, especially since careful analysis of the amount included in the Templeton World Fund will show some US funds, since it is a world fund. Therefore, the 18% may be overstated.

The Net Investment Performance Report Relative to Indices showed all of the Cathedral's investments, those held by the Cathedral and those held for the Cathedral, to be performing well compared with benchmarks. The Finance Committee is satisfied and sees no need for concern or changes.

## **"Main Thing" – Affirmation of the Dean's leadership as we move forward** **Bringing closure to the discussion of the Dean's salary**

### **Introduction and Presentations by Wardens**

Senior Warden Carol Hoerster introduced the subjects for the meeting's "Main Thing," which had been requested by the Dean. She noted that recently there have been many changes at the Cathedral, and the Dean wanted Vestry affirmation of his leadership as the Cathedral moves forward. There has been considerable feedback from the parish regarding recent events, and she expressed appreciation for the staff's efforts to increase transparency particularly with financial information.

She outlined the process for the "Main Thing" discussion, whereby each of the wardens would make a presentation, then the other Vestry members would offer their comments, and then voting would be by paper ballot.

Carol presented observations made by parishioners at Listening Sessions, through e-mails or letters, by phone or in person-to-person conversations and covering a wide range of viewpoints about the Dean's compensation.

Junior Warden Bob Muglia spoke of the Affirmation of Leadership. He noted that over the past few months congregational feedback about the Dean's leadership had included both comments of support and comments that raised questions. He added that like all leaders, Robert has strong leadership qualities and also areas in which he can grow. Bob then read the proposed Statement of Affirmation.

Junior Warden Jordan Gross explained that the purpose of discussing the Dean's compensation was to settle the issue of the his salary so the work of the Cathedral can move forward. She noted that if the Vestry was satisfied with the process that decided the Dean's salary for 2006 and 2007, then there should be no problem with assuming the same process for 2008 and, therefore, no need for further discussion. If the Vestry has questions about the process followed for 2006 and 2007, then there needs to be discussion re 2008.

As guidelines for discussion re the Dean's compensation, Jordan offered values and questions, such as the following:

- Leadership values and consistency in those values
- Honoring the Dean's expectations. What expectations were raised?
- Analyzing decisions in light of information not previously considered.
- Has anything changed since the Compensation Committee did its analysis? If so, do the changes matter to the discussion?
- In the work of the Compensation Committee, was all relevant information and data considered?
- Being responsive to significant changes and circumstances. When the Vestry approved the Dean's compensation in February, the assumption was that a significant portion of the Dean's and the Vice Dean's salaries would be absorbed by the Capital Campaign. When that turned out not to be feasible, the Operating Budget had to absorb those amounts. What are the realities of what can be done compared with what we'd like to do?
- Do we consider the Dean's compensation in isolation or in the whole picture of salaries at the Cathedral?
- Is there enough information right now to determine the Dean's salary going forward? If not, what is the next step to keep the decision making process moving forward?
- The Personnel Committee believes there is a need for Policies and Procedures re setting salaries in order to gain consistency in the process.
- Are there creative ways to meet financial goals in addition to those recently considered, namely, moving salaries to the Capital Campaign and seeking private funds?
- What are the spiritual values involved in this process? Decisions should be grounded in our spiritual values and aspirations. What values will be reflected in our decisions?

Comments from the Eleven Vestry Members Present:

Paula Clapp began by saying that she was a new member of the Vestry and very honored to be a part of it. She noted that she is here because she loves Saint Mark's and also because of Robert Taylor and his leadership. She indicated a willingness to help raise the money to help bring staff salaries up to scale. She concluded committing her support to moving forward with Robert, with Robert's salary, and endorsing his leadership.

Miller Adams, as a means of introducing himself and to offer perspective, shared stories of two experiences of tough situations that were overcome. He also noted that he is a member of Trinity and watches and participates from a different perspective and not as a full time member of our congregation. He will not have to live with the final decision and will be sensitive to that. He also noted that he serves as Chancellor of Province VIII in the Episcopal Church. He noted that by their presence at the meeting, the community shows that it cares about the church. He observed that things that happen at Saint Mark's are very public, but what has happened cannot be undone, and now is the time to discover how we can go forward together.

Michele Hasson introduced herself to the audience as a community member of the Vestry and not a member of the congregation. Michele then assured the audience that all Vestry members had received the same information as the wardens had, that nothing had been held back. She noted the diversity of the group and their ability to look at the bigger picture, their thoughtfulness, and their independence of thought. She felt confident that they will come to some very good conclusions. She assured people that in her experience we will get through this period and feel more bonded than when we started.

Ben Porter also noted his confidence that we will get through this process, but also noted that we are not through with the difficult and painful parts yet. He noted that he had read the comments provided, although he had not attended any of the listening sessions. He commented that tonight is about affirming Robert's leadership, but that his compensation has become part of the discussion. In all of the feedback, through the anger, love and frustration no one said "Let's ditch Robert". There is much affection and esteem for Robert and there are lots of things that we desperately need to fix. He noted the need to address head on, the discrepancy in

compensation between Robert and our other priests. He observed that we may not like what we find and will have to come to grips with that, but there has to be a continuing discussion. He expressed some good things that have come out of this process: disclosure, disclosure about salaries, disclosures about where money comes from, where it goes to and questions raised about process and the raising of special funds. He noted that in moving forward we may need to think about using special funds to help level the salary disparities, but in the long run we need to get away from that. He affirmed Robert's leadership while acknowledging that we have really significant problems to work on.

Bob Muglia commented that he has known Robert for some time thinks he is an important leader in the community and at Saint Mark's. Robert is the reason he came to the Cathedral and so he has a lot of support for him. He was involved in the Compensation Committee last year that set the salary and the process of determining the salary. A lot of time was spent by the three wardens, the Chancellor, and a number of non-Vestry members on the committee, of which he was one, and with due respect for the process, it could have been better. He believes the results at the time were very valid and the recommendations that were put forth to the Vestry were appropriate given the data that they had. It was the anticipation of the Compensation Committee when the recommendation was made that we would be well within our budget overall and there was no expectation that there might be lay-offs. Questions have now been raised about how "average Sunday attendance" has been calculated- numbers that were significant in calculating Robert's compensation. The committee noticed that the average pledge and Sunday attendance were quite a bit lower than these other churches and didn't really understand why. But, he said, it led to a discussion of how we could do more in fund raising. He discussed the dilemma of whether to include Compline in the numbers. Bob noted that Mary Coon is leading a project to determine more accurately the overall numbers of the average Sunday attendance, reiterating that the current numbers may actually be overstated substantially and that the method in place goes back before Robert's tenure. He believes that nine months ago the committee looked in its hearts to find the difficult answer and believes that the Vestry will do that again with the new information presented to us.

Connie Espe introduced herself as a member of Saint Margaret's in Bellevue and a diocesan representative to the Vestry. She observed that she would like to have a magic button so you could take something back that you had said or done – something that in hindsight you would have made a different decision about later on. She apologized for offending, upsetting, or making people unhappy by what was done and noted that it was not their intention. The decision to increase the Dean's salary seemed right at the time, particularly with the gift of designated funds. This was followed by layoffs due to a shortfall that no one anticipated. The effort is now to live within our means while continuing to build the community up.

Barbara Erickson said that this is her home and her family. She supports the Dean and this church, and hoped that everyone would support where we are and where we want to go. She noted the lack of an "undo button" and the need to move forward from here. She hopes that the bullet items as printed in the Rubric will actually be addressed. She is expecting that the leadership of this church will step up and come up with a set of plans, engaging the community, our family, to make the things right and make sure that we don't follow this path again. She noted that in the past, painful situations arise, anger is expressed, and then people move on with little sense of having learned not to make the same mistakes. She said that she did not want to do anything until all the facts were presented the avoid making and repeating mistakes.

Diane Stevens observed that the worst thing right now would be to make a decision out of fear or to consider Robert in isolation. She noted that we are one body and Robert is a very effective leader. She supports him in his role as Dean at Saint Mark's, but feels that he is part of a team, and that we cannot move forward without getting all the facts and maybe looking at a comparative study, for a decision on his compensation. Even with his strengths as a leader, she cautioned against putting Robert on a huge pedestal, separating him from the church.

Herb Williams commented that we are living in an age of absolutes where one is asked to make instant choices on spectrums that are extreme and that reconciliation is not about these terms. He summed up earlier comments noting that we can, and will, triumph for the good of staff, for the good of congregation, for the good of outreach.

Carol Hoerster appreciated Robert for his leadership that he has shown and also for the potential leadership. She noted that he has accomplished many things, particularly in relation to the greater community. She noted that she affirmed Robert's leadership going forward- as did many people even those who were not happy with his salary. She observed that they had been faced with losing Robert before, which may have influenced the Compensation Committee, but when Robert was not called to California, many responded with relief that he was not leaving. She commented that there is new information that is necessary to look at before we moving forward to determine what this community has the capacity to provide, knowing that we want to provide for all of our staff in a fair and just way.

Jordan Gross acknowledged how hard this has been for all of us as a family, but observed that every crisis, every challenge, is also an opportunity. In this case, an opportunity to change the way we work, what our expectations are for levels of information, and how we make decisions. She suggested that one way to seek an answer is to look to our principles and one of them is not acting out of fear that Robert or anyone else might leave. She also noted that leaders need all the information possible and reasonable to make good decisions. She also expressed concern with setting an artificial time-table to make a decision. She believes this is an opportunity for change and an opportunity to ask 'What do you think the best thing is right now?' She believes that everyone involved has been stretched in a lot of different ways, and that it is an opportunity for systemic change. Without hesitation, she supports our leader going forward, but hopes that we will use those learnings moving forward. She did not feel that she could make an informed decision about salary right now.

#### **Vestry Vote on the Affirmation of Leadership Statement**

Carol expressed regret that there wasn't time for those in the audience to speak, but encouraged them to hold their comments to the end of the meeting when they would have an opportunity to speak.

Carol invited the officers and staff who have been attending Vestry meeting on an ongoing basis to speak if they wished. No comments were made. Carol noted that officers would not vote.

Bob Muglia reread the Affirmation of Leadership. The eleven Vestry members voted by paper ballots to accept or reject the statement. The Chancellor opened and tallied the ballots. He reported that he had eleven ballots with the word "accept." Therefore, the acceptance was unanimous.

#### **Vestry Vote on the Question: Do we have enough information to confirm the Dean's current compensation going forward into 2008 at this current level?**

During discussion of this question, Michele Hasson stated that her impression from discussion at the meeting was that people did not feel that they had enough information, but, she wondered, what does that mean in terms of how much information is needed. Jordan stated that the salary comparability information should be available in a month or two. Also, the Operating Fund budget process would force a decision.

Michele urged the Vestry not to drag this process out very long.

Paula Clapp made a strong case for the Vestry to act right away on the Dean's salary. She observed that if the Dean leaves, the money spent on a Dean search would more than match the salary amount the Vestry was concerned about.

John Hoerster spoke in support of the process followed by the Compensation Committee in arriving at the salary recommendation for the Dean that they presented to the Vestry for 2007. He pointed out that at this point the Dean, as an employee of the Cathedral, was asking the question, 'Are you going to continue my salary or not?'

Diane Stevens stressed that the Vestry has to live by its principles of a fair and equitable salary structure and not by fear of losing the Dean.

Over a period of twenty minutes to one-half hour, the discussion covered many considerations relevant to the question. When the question was called and paper ballots cast, eight Vestry members indicated that they did

NOT have enough information to confirm the Dean's current compensation going forward into 2008. Three members voted the affirmative.

**Does the Vestry give its approval to the Compensation Committee to continue seeking private donations to cover the remainder of the Dean's 2007 compensation package, primarily increase in the employer pension contribution, approximately \$21,000?**

Carol Hoerster, on behalf of the Compensation Committee, requested Vestry approval for the Committee to continue seeking private donations to cover the Dean's 2007 compensation package, which required an additional \$21,000 to cover employer pension contribution due to the increase in salary.

By a voice vote, the Vestry voted unanimously to approve the Compensation Committee's work in asking for private donations for the additional funds needs.

**Vestry Calls to Pledging Members**

Carol distributed packets for Vestry members to use in making their calls (as described at the June meeting) to people who have pledged over the past three years. These calls are for the purpose of maintaining Vestry contact with pledging households. Each packet included guidelines for people to follow in making the calls and a list of about 50 randomly selected names of people who have pledged to Saint Mark's during the past three years. Carol indicated that Vestry members were not being pressured to take a packet; taking a packet and making the calls was optional. The goal for completion of the calls is September 21<sup>st</sup>, the end of summer.

**Calendar of Events**

Carol urged people to review the Calendar of Events and Meetings provided at each person's place.

**Committee Chairs – Highlights** Postponed in the interest of time.

**Open Mike** – Barbara Erickson suggested that Vestry members chip in and purchase one of the large birdhouses being sold by the Preschool for \$500 and donate it back to the Preschool to put in their new play yard. Barbara will initiate an e-mail exchange about this with Vestry members.

**Meeting Evaluation** – Long. Hard. Challenging. Hot.

**Comments from the Audience** Before adjourning the meeting, Carol invited non-vestry members present to offer their comments.

**Closing Prayer and Adjournment** – Carol thanked everyone for their attendance and participation, then adjourned the meeting with the prayer of Saint Francis.

Respectfully submitted,

Jean S. Greene  
Assistant Clerk to the Vestry  
St. Mark's Cathedral Vestry Minutes, July 31, 2007

Barbara Erickson  
Clerk of the Vestry