



NOVEMBER/DECEMBER VESTRY MEETING

MEETING MINUTES
December 11, 2007 – 6pm to 9pm.
Northup Vestry Room

Vestry Members Present

Carol Hoerster, Senior Warden
Bob Muglia, Junior Warden
Jordan Gross, Junior Warden
Barbara Erickson, Clerk
Bishop Greg Rickel
Paula Clapp
Connie Espe
Sam Fleshman
LaVerne Hall
Michele Hasson
Ben Porter
Margaret Rothschild
Randy Urmston
Herb Williams

Vestry Members Absent

Diane Stevens
Miller Adams

Officers Present

Tracy Garland, Treasurer
John Hoerster, Chancellor

Staff Members Present

Dean Robert V. Taylor
Mary Coon, COO & Vice Dean
Marilyn Cornwell, Pastor for
Congregational Care
David Mesenbring, Pastor for
Church in the World
Ryan Marriott, Manager, Stewardship
& Development
Liz Sloat, Executive Asst to the Dean

Approximately 50 guests were present.

Call to Order

Dean Taylor called the meeting to order and asked everyone in the room to introduce themselves. He reviewed the Revised Agenda and other documents, including reflections from Betsy Greenman concerning the information session for Vestry members on December 2, a revised copy of the Guiding Principles document, the completed slate from the Nominations Committee, and a financial statement.

Spiritual Reflection

LaVerne Hall led the spiritual reflection which followed the theme of Saint Mark's as a Zion on a Holy hill. She read Psalms 48 and 15 and invited people to live in the experience of these words.

Action Item

Consent Agenda

The Vestry accepted the consent agenda consisting of the following:

- Minutes of October 27, 2007 Vestry Workday and Meeting
- Receipt of Reports/Notes/Minutes of Meetings of Vestry Committees:
 - Finance Committee meeting notes – 10/23
 - Personnel Committee reports – 11/21
- Receipt of Master Planning Task Force minutes – 10/15

Reports/Discussion

Dean's Report

The Dean reflected on the year in the life of the Saint Mark's community and the larger Episcopal Church. He talked about Bishop Cabby Tennis' recent forum on his letter to the House of Bishops. He noted the moments of grace and of celebration and of joy in our life together and the ministries and worship life that continue to be the focus. He acknowledged that this had been a difficult year for the Vestry and for himself. He noted he began his 9th year as Dean on first Sunday of Advent and was grateful that at the July meeting the Vestry affirmed his leadership. He reflected on his own management and leadership style which may not have every desired quality, and said he is willing to learn and to grow. There has been Vestry involvement in personnel issues which has raised questions of boundaries and how we function and may not serve the Vestry or the Cathedral well. He had created the new position of Vice Dean/COO out of the open COO position. He felt that not having senior staff and particularly clergy report to him directly is not the best arrangement for our shared ministry as a staff and has had the unintended effect of isolating him. He said that he would like to work with Mary Coon, honoring her many and considerable gifts, to rethink this model and reconnect the leadership of the Dean with Senior Staff. He noted, in response to rumors, that he had no desire or intention to resign or take a leave of absence. He announced that he was in the process of cancelling his trip to South Africa in January because he believes it is important for him to be present to address any challenges and issues in January.

Senior Warden's Report

Carol Hoerster offered remarks for the guests attending the meeting. She acknowledged their help in supporting our community through tough times, showing the value of openness and transparency. She noted that the community has held the Vestry accountable for making decisions that reflect Judeo-Christian values. She observed that they had managed to keep many of the missions of the church going amidst distraction and turmoil. She said she was counting on the community to continue to carry us forward, to staying committed to individuals and organizations because they made a commitment.

She then handed over the report on the Mission & Strategy Committee to Bob Muglia who now chairs the committee. Bob said the committee was now meeting regularly and has expanded to 16 members. The Committee is working with the Collins Group to update the Strategic Plan - he noted that The Collins Group will also be working with Master Planning. The Collins Group works with charitable organizations that are fundraising and had been used during the acquisition of the St. Nicholas Building. He reported that they are in the early stages and that this will be a community process and the congregation will be asked for feedback starting in the New Year.

Vice Dean's Report

Mary Coon described the Cathedral's relationship to the St. Nicholas Building: the building was purchased from Cornish College of the Arts by Saint Mark's Properties LLC (a partnership between Saint Mark's Cathedral and Willow Trust), in January 2003 at a price of \$8.3MM. As part of the transaction Cornish carried a loan of \$2.5MM due December 31, 2007. If that loan is paid on time, the LLC will receive a \$250,000 discount. Mary reported that a commitment letter, subject to appraisal, had been received from Bank of America for a 15 year fully amortizing loan to close on or before December 31, 2007. The building is maintained and loan payments are made from the rents received from the two tenants, Gage Academy and Bright Water Waldorf School.

Mary announced that the Keiskamma Altarpiece is moving to the National Cathedral in early January. She reported that 3300 people had taken a docent-led tour of Altarpiece and while both volunteer involvement and visitors surpassed expectations, fundraising plans did not materialize.

She reported on the success of the electronic *Rubric* in meeting budget demands and assisting the Cathedral in its efforts to become more "green". Currently it is electronically sent to 1431 addresses with about 100 printed copies monthly.

Mary expressed surprise at hearing Robert's announcement about her position in his report.

The Dean then thanked Mary and Nancy Pearson (Project Manager) for their work on the refinancing.

A member of the Vestry asked whether Mary had made a decision regarding her resignation which was currently on hold, noting that the originally announced 'plan' had not appeared. A guest asked if the Dean had changed Mary's job description without telling her. The Dean replied that he had not changed Mary's job description and was suggesting in his report that he has felt disconnected from the senior staff this year. He would like the chance to rethink Mary's job description, honoring her considerable talents, with the goal of reconnecting himself with the senior staff.

Nominating Committee

Walter Stuteville presented the slate of nominees on behalf of himself, co-chair Nancy Ousely and the Nominating Committee. He reported that over forty candidates were contacted. Many of those folks were interested in being considered next year, thus leaving a strong pool for the future. He apologized that the list had only come together this afternoon, and not everyone had been notified before the meeting. There will be a forum for candidates to ask questions in January and the elections will be held at the Annual Meeting. The slate will also include a community member. He also reported that the Diocesan Vestry Member elected at Convention was Antonio Foglia of Christ Church, Tacoma.

Master Planning

John Hoerster, co-chair of MPTF reported that there will be a meeting of the full Task Force on December 13. He noted that the Vestry approved the proposed timeline at the October workday and updated and approved the Task Force job description. At Thursday's meeting, Kate Roosevelt, consultant from The Collins Group and Bishop Rickel will be present. The Bishop has indicated an interest in Diocesan involvement in Master Planning and is exploring the idea of a distance learning center though the Bishop acknowledged that the Diocese had put no money "on the table" at this time. John noted that the Task Force will be addressing the relocation of three National Church program ministry offices to Seattle. This will include one full-time employee each for 'Economics and Environmental Concern' and 'Evangelism with a focus on multi-cultural work'; and a half-time person for 'Asia/Pacific' and there is a desire to have the offices together. John reported the hope to select an architectural team by late summer/early fall. John reiterated that they will be seeking congregational support. Master Planning Task Force meetings are open to the congregation. There is no regular schedule of meetings at this stage.

Treasurer's Report

Tracy Garland reminded everyone that the Vestry would be taking into account the progress of the Annual Campaign when developing a budget and noted the plan to bring expenses in line with a "best guess" of revenues in 2008. Tracy asked Mary Coon to present the financial information and Ben Porter to share the finance committee's recommendation regarding the 2008 budget.

Mary distributed a Power Point document (available on the Cathedral website www.saintmarks.org, click on Vestry/Governance). The Power Point document, which was endorsed by the Finance Committee recommends that the Vestry adopt an income budget tonight and that on December 30, the Dean provide a draft expense budget to the Vestry and congregation for approval by the Vestry on January 10, 2008. Mary reviewed the 2007 income and expense budget and actual, noting that the major discrepancy was Major Gifts and Grants, which is below budget, although there are asks outstanding. She reported that based on current information, the forecast for 2007 shows ending the year with a net deficit of \$23,000.

Mary then spoke about how the Cathedral operates on a cash basis. She noted the difficulties that are presented when income fluctuates seasonally across the year while expenses are the same each month and explained that cash reserves must be relied on to finance the 'gaps'. She recommended that strategies be developed to earn a surplus for the future (losses in the last couple of years have reduced available cash). She estimated that the Cathedral would need a cash reserve of approximately \$250,000 to avoid future internal borrowing.

Carol Hoerster asked about the funding for the Keiskamma Altarpiece and Mary responded that although they had not raised as much money as they had hoped, there were art endowment funds available to cover the shortfall outside the operating budget.

Mary then reported briefly about the South Parking Lot. The parking lot was purchased for our benefit, with the option for Saint Mark's to purchase it from the donor any time before March 31, 2008. The funds have not been raised yet; a request for an extension has been proposed by the Dean and the Chancellor.

Ben Porter, Finance Committee Chair, reported on the deliberations of the Finance Committee and the proposed expense budget scenarios. He noted the addition of a new scenario ('A') and that earlier scenarios had shifted to B, C, and D—the difference between all four being Annual Campaign expectations. The Annual Campaign is behind where it was at this time last year and although more will continue to come in based on historical trends, the Committee is recommending a reduced income budget. He reported that although the number of Major Gifts and Grants was growing and attempts were being made to secure multi-year gifts to stabilize the budget, they were recommending a conservative figure. He commented that this has been a very active area of development due to the Dean's efforts.

Phil Haas was asked to speak about the Annual Campaign, but because he had not expected to speak at the meeting he had not brought notes. Generally, he could comment that dollar-wise the campaign was at about the same place as last year, but the number of pledgers is lower. There is still work to be done to reach out to those who have not pledged yet this year.

Ben noted that the Committee felt was providing a realistic and prudent outlook. The goal is to put in place a plan that can be implemented without surprises in the middle of the year. After the 2008 Proposed Budget is announced there will most likely be another appeal in the hope of hearing from the households who have not yet pledged. The Finance Committee, in their meeting just prior to the Vestry meeting, decided to recommend a budget between scenarios B & C. A total revenue of \$2.165m seemed achievable and one that could be planned on. (*n.b.* Initially, Ben gave the number of \$2.185m, but later Bob Muglia referred to notes from the Finance Committee meeting and the number was corrected to \$2.165m) No consensus was reached by the Finance Committee at this time on the amount of surplus to plan into the budget, however the need to reverse the trend was acknowledged and will be considered as the expense budget is developed.

Tracy talked about the proposal to take action to approve a revenue budget of \$2.165m as proposed by the finance committee and set aside a decision on the cash reserve. She noted that every scenario requires an expense reduction; there is still the question of the \$75,000 required to fund the staff increases and the current numbers require an expense reduction of over \$250K.

Resolution made to approve the process as laid out on page 3 of the 2007 Forecast and 2008 Budget Presentation document dated December 11, 2007.

The resolution was moved, seconded, and passed unanimously.

Resolution to approve the Finance Committee's recommendation of an income budget of \$2.165 for 2008.

In the discussion it was commented that the Vestry decision needs to be communicated to the community as quickly and clearly as possible along with the implications to the community. Michele Hasson asked for research into the numbers for the expense side of the budget to ensure they are as accurate as possible with rate increases and other changes to minimize surprises. Tracy commented that one advantage to this model of preparing the budget is the freedom of the Vestry to modify the income side of the budget. Margaret Rothschild expressed concern that the projection of income from the Annual Campaign was too high. Ben responded that it had been based on the previous history of giving at the Cathedral in December and January.

Mary acknowledged the hard work and joint efforts of Nancy Pearson, Dimitri Pletz, and Ryan Marriott.

The resolution was moved, seconded, and passed unanimously.

After applause there was a ten minute break.

Main Thing- Leadership Report and Plan

The Dean reported that the Wardens, Mary and he had met with Bishop Cabby Tennis during the fall. He said the Vestry had come together at an informational session two weeks ago and agreed to invite Bishop Tennis to this meeting to give perspective report on the sessions. Robert talked about the need for creating a plan for leadership development and for leadership cohesion.

Robert said he was committed to taking charge of strengthening and clarifying the leadership of the Vestry and staff. He spoke about the agenda for ministry committed to at the Vestry workday in October and the need to exercise leadership as we engage and involve the congregation in every step of that process. He spoke of the need to identify the challenges, issues, and opportunities facing the Vestry and staff, the need to understand the challenges that exist and the need to look at the whole picture as a Vestry. He felt that by naming the challenges, everyone could take action and develop norms of behavior and expectations that we will hold one another accountable for. Robert noted his commitment to build and strengthen the staff and Vestry teams. He then distributed “Key elements of a plan for Leadership Development and Leadership Cohesion” as a basis for common agreement for the discussion. The four key elements are:

1. Establish a norm and practice of an annual interview of staff and Vestry to identify issues, questions and opportunities before us. This process would have an annual report present aggregate answers to the Dean and Vestry.
2. At the Vestry workday in October we agreed that work needs to be done in clarifying expectations about Vestry responsibility, authority and accountability along with the Vestry’s relationship with the Dean and staff. I propose that we engage a consultant to lead us through it.
3. I propose that members of the senior staff join me in taking a course on church leadership and management in the first half of 2008.
4. I propose hiring a psychologist or family systems expert to meet quarterly with the staff team and to be available on an individual basis for staff members.

Cabby Tennis, former Dean of the Cathedral and retired Bishop of Delaware began by noting that although he attends Saint Mark’s, he does not actually belong to a parish or diocese. Betsy Greenman, in the Bishop’s Office, had asked him to lead the mediation with the Wardens and Deans. He gave his background and training as a mediator since his retirement as Bishop. His objective was to help evaluate and make recommendations for solving problems. He was not at liberty to talk about what they discussed in those five sessions and he would not under any circumstances. He said the sessions were marked by truth-telling and the absence of axes to grind and that the troubles stemmed from the salary increases and the staff layoffs. Bishop Tennis reported that the group worked toward the critical question: what do you take responsibility for in aiding, abetting, or causing this to happen? He reported that the community is in considerable “discord and difficulty”. He stressed that it cannot and should not be denied—that it would continue to have a detrimental effect on the morale and the financial situation of the Cathedral. He recommended that it be handled by someone independent from the community. Through interviews and fact finding, this outside person would summarize the situation in a report and make recommendations to the Bishop and Vestry. Anyone who wants to would have an opportunity to meet with that person. He noted from experience that it does not take long to get a picture of what is happening. He noted that this will be hard work and can be really painful. With that recommendation, he said he intended to have nothing further to do with the matter. When Cabby estimated that it would cost in the low thousands to pay for the process, Paul Johns offered to pay for it.

Resolution.

Be it resolved that the Vestry of Saint Mark’s Cathedral requests the Bishop of Olympia to appoint an outside party to confer with all relevant persons to assess leadership and management issues at Saint Mark’s Cathedral and make recommendations for improvement.

The resolution was moved, seconded, and passed unanimously. The Bishop and the Dean abstained.

It was requested and affirmed by the Bishop that every effort would be made to move quickly but not at the sacrifice of getting someone of high caliber. The Dean and the Vestry committed themselves to the process. The Bishop said he would tell us as soon as someone has been selected and when they will be here.

He asked people to make themselves available. Both the Vestry and the Bishop will be considered the clients to whom the results will be presented. The results will not be known until the Bishop and Vestry have them in the written report. When Bishop Donovan gives his report, the Vestry will need to determine whether they meet publicly or in executive session to review the document before communicating the results.

Clergy Housing Resolution

**Resolution P#07-FI-01 (Clergy Housing Allowance) Tracy Garland presented.
The resolution was moved, seconded, and passed unanimously. The Dean abstained.**

Committee Chair Highlights

Personnel Committee- Jordan Gross, with the help of Herb Williams, presented the Guiding Principles Resolution (#P07-PE-01) for everyone's review and said the vote would happen at the January meeting. The Principles were developed in partnership and consultation with the staff, the Vestry and John Hoerster after the need was identified for a statement of principles and values to undergird and inform our human resources policies at the Cathedral.

Facilities Committee- Barbara Erickson reported on the concrete pad now being poured between the St. Nicholas building and the Cathedral to create a solid foundation to secure the dumpsters against rodents and non-Cathedral persons dumping trash. The money came in part from a parishioner and was matched with deferred maintenance dollars.

Open Mike

Michele thanked everyone for their hard work and heartfelt work in the process and for being here and caring so much at Saint Mark's. The support and interest of the congregation is important. She expressed her hope that the process will strengthen and bring us together.

Margaret mentioned that she was still confused about the "issue of Mary".

Pamela Bradburn said she felt Robert had been unfair to Mary in his handling of the information that was announced at the beginning of the meeting.

Mary responded that she was not clear about what had happened and it appeared that her job had changed. She said she appreciated everyone's support but needed to go home, pray and be quiet before making a decision.

Meeting Evaluation

No responses.

Closing Prayer

Carol Hoerster led the closing prayer, a prayer attributed to St. Francis.

Respectfully submitted,

Elisabeth Sloat
Executive Assistant to the Dean

Barbara Erickson
Clerk of the Vestry

St. Mark's Cathedral Vestry Minutes, January 22, 2008