



VESTRY FALL WORKDAY AND MEETING

**Saturday, November 1, 2008, 8:30a-4p
Council Room, Diocesan House**

Vestry Members Present

Randy Urmston, Sr. Warden
Margaret Rothschild, Jr. Warden
Dennis Andersen
Terry Brandon
Kathleen Croston
Sam Fleshman
Carol Hoerster
Alan Mack, Bishop's Rep.
Janet McCully
Randy Revelle
Herb Williams
Phil Haas
Nancy Jacobs

Vestry Members Absent

Bob Muglia, Junior Warden
Bishop Greg Rickel
Miller Adams

Officers Present

Virginia Lenker, Clerk

Officers Absent

John Hoerster, Chancellor
Steve Moen, Treasurer

Staff Members Present

Rebecca McClain, Canon Missioner
Liz Sloat, Executive Assistant to Canon Missioner

Guests:

Maggie Yowell, Jane Carter, Tim Mathis, Carol Betz

Call to Order

Randy called the meeting to order at 8:45am, and asked members to introduce themselves to new Canon Missioner, the Rev. Canon Rebecca McClain, and new Diocesan Representative, Nancy Jacobs.

Spiritual Reflection

Rebecca led a spiritual reflection and, incorporating a story-telling method from Godly Play, used an 'object box' to explain her spiritual journey.

Action Item

Consent Agenda – (NO DISCUSSION):

The Vestry accepted the Consent Agenda consisting of the following:

- Approval of Minutes of September 23, 2008 Vestry Meeting
- Receipt of Reports/Notes/Minutes of Meetings of Vestry Committees:
 - Facilities Committee minutes – 10/21
 - Finance Committee meeting notes – 8/13, 9/22, 10/21(draft)
 - Governance – 10/14,
 - Holy Orders – 9/30
 - Mission & Strategy Committee minutes – Forums:10/6; 10/15; 10/23
 - Stewardship Committee minutes – 10/2, 10/9,10/16

Proposed Resolution #P08-GO-13 (Approve Bishop's nomination of Nancy Jacobs to fill Vestry vacancy caused by the resignation of Antonio Foglia) was made, seconded and passed unanimously.

Committee Reports:

Holy Orders, Janet McCully, Chair—

Janet presented Margaret (Maggie) Yowell and Timothy Mathis as candidates for postulancy. She explained the process at the Cathedral noting that it culminates in the candidates meeting with the Vestry and for recommendation to Bishop Rivera and the next stage of discernment.

The candidates each answered questions from the Vestry, spoke of their spiritual journey and their call to the priesthood. The Vestry was impressed by their background and the letters from their discernment teams. Nancy Jacobs knows Tim Mathis as Director of Youth Ministries at St. Margaret's in Bellevue. Maggie is a lay leader in both St. Mark's and St. Andrew's parishes. Janet and Rebecca led an extensive and thoughtful discussion about the candidates and the Holy Orders process at the Cathedral. They recommended that the discernment process be reviewed to clarify what qualities, experiences and questions are important in nominating and approving a candidate.

A motion to approve Proposed Resolution #P08-HO-05 (Recommending Timothy Mathis for Postulancy) was made and seconded. The motion passed, with one abstention.

A motion to approve Proposed Resolution #P08-HO-04 (Recommending Margaret Yowell for Postulancy) was made and seconded. The motion failed, 2 in favor and 8 against.

A motion was made to refer Margaret Yowell to Rebecca, Rev. Sue Reid, and Janet McCully, chair of Holy Orders committee, for further discernment. The motion was seconded, and passed with one abstention.

Senior Warden's Report:

Randy thanked Herb Williams for arranging the Pro Christo award and farewell reception for Father Ralph. Vestry members were reminded to reimburse Carol Hoerster \$30/each for the Staff/Vestry dinner in September. Randy shared a card from a recent visitor, thanking Steve Hartwell for his hospitality in giving an impromptu tour. Carol sent small thank you gifts to recently retired Vestry who had served a year or more.

Randy referred to three documents for encouragement and insight: the facilities committee's Deferred Maintenance album; The Holy Box, Dean Leffler's history of Saint Mark's founding; and an extensive package of Century II capital campaign documents from 1990-2001, prepared by Randy Revelle. Randy U noted Carl Knirk's suggestion at the Critical Issues Forum to fund deferred maintenance separately from the annual operating budget, and start a limited capital campaign as early this spring. Carl is the diocesan Canon for Planned Giving/Stewardship and Evangelism and a member of Saint Mark's

There was a discussion about art in the Cathedral including a wooden carving by George Tsutakawa in the Columbarium, which is accompanied by a short tribute to the influence of Wendell Brazeau (who painted the *Last Supper* in Leffler Living Room). Herb explained that the mosaic altar in Bloedel Hall was originally the Children's Altar. Many years ago there was a Children's Chapel and garden, located where the Cathedral offices are now.

Rebecca is in conversation with Mary Coon who has offered to continue for several months as project manager, to support long-range planning and the management of the Saint Nicholas building.

Committee Reports:

Stewardship Committee, Randy Revelle, chair—

Randy read the collect for Stewardship, "Money Talk," and thoughts about accountability and theology of abundance written by the Rev. Tom Ehrich, development director at St. Bartholomew's in New York City.

The 2008 Annual Campaign raised \$1,245,661—a record total, but it only represents 519 pledges, the lowest number in about 15 years. The current Stewardship plan has a range of goals: a status quo budget of \$1.35MM and 600 pledges and a bountiful budget of \$1.7MM and 700 pledges. Phase One, which solicited

clergy, staff, Vestry members, Vestry committees, Foundation board and 2008 major donors, is about \$63K below budget. Only 4 pledgers from this group have declined to pledge this year. Randy stressed the Vestry's key responsibility (from the Vestry handbook): "to demonstrate leadership in supporting Cathedral fundraising projects, such as Saint Mark's Celebrates Seattle and the Annual Campaign, in order to motivate and raise the sights of subsequent donors." The stewardship committee data shows that the Vestry's pledges to date are only 1.4% above the status quo budget. Randy encouraged Vestry members to prayerfully reconsider increasing their own pledges, as a show of support and leadership. Phase Two, is running at \$17K above expectations. Finally, he asked Vestry members to "be evangelists" and encourage pledging with everyone they speak to. Randy distributed lists of potential pledgers for Vestry members to call, along with suggested talking points, noting that personal contact increases giving. Ingathering day will be Sunday, Nov 23 but the committee plans to continue soliciting pledges into January.

Finance Committee, Phil Haas, chair—

2008 budget:

Phil referred to the Operating Fund Summary and Forecast as of 9/30/08, noting that the forecast is less optimistic than a month ago. The Annual Campaign's projected yield is now \$1.225MM, down from \$1.25MM, allowing for adjustments to 2008 pledges. The major gifts and grants forecast has also been revised down from \$ 500K to \$ 350K. The Stewardship Committee is soliciting major gifts, given that the 2008 budget called for raising \$180K. They now expect to raise \$40-100K by the end of the year. Despite total 2008 forecast expenses also being down, the Finance Committee anticipates a deficit of \$84K. The Finance Committee asked for authorization to transfer funds from Vestry-designated Fund 16A, to cover expenses related to the dean's severance package from April through August 2008. This would take costs for the dean's severance off the operating fund budget. The Finance Committee would only make transfers as necessary to balance the 2008 budget.

Proposed Resolution #P08-FI-13(Authorize transfer of money from Fund 16A for remaining severance package expenses needed to balance 2008 Operating Fund) was moved and seconded. The motion passed unanimously.

Saint Mark's Celebrates Seattle was originally budgeted to raise \$123K, but adjusted down to \$75K in August. For a variety of reasons, including restrictions requested by the honorees, the actual yield will be about \$40K. The luncheon was considered a success in every other respect. All agreed that Marilyn did a great job pulling this together, having added a significant workload to her job description. Phil noted that the Cathedral still does not have a director of development.

2009 Status Quo and Reduction Budget

Phil discussed potential reductions to the 2009 status quo budget if the Annual Campaign does not meet the status quo budget target of \$ 1.35MM. A proposed 'reduction' budget would entail cuts across the board in revenue and would still leave the bottom line at a deficit of \$74K, potentially met by lower salary increases, staff cuts, and/or other expense reductions.

Historically, because revenues from the Annual Campaign didn't balance the operating budget, Saint Mark's has depended on major gifts to pay operating expenses. Carol explained that the Vestry was acting on advice from Lucy Leitzell, the Cathedral's previous development director. The Finance and Stewardship Committees would like to move away from that practice, and ask major gift donors to support outreach and deferred maintenance. Janet McCully and Randy U. said that major gift "asks" are being done differently now, with improved recordkeeping and increased parish member involvement. Kathleen Croston reiterated Carl Knirk's suggestion (introduced earlier by Randy R.) to hold a limited capital campaign in 2009 to begin to address deferred maintenance.

Audit

Clark Nuber is finalizing the 2007 audit and has worked closely with staff to simplify the financial statement presentation. The Cathedral's investments have declined, reflecting the turmoil in the markets. The

Diocesan Investment Fund has declined less than other areas of the portfolio. The Finance Committee is considering managing investments differently, moving from a passive strategy to hiring an advisor. Rebecca and Janet suggested some names for Phil to consider, including founders of St. Mark's Foundation. Randy U suggested consulting the managers of the diocesan fund.

The Foundation

The mission of Saint Mark's Cathedral Foundation (the official title) is to raise, manage, and allocate funds to the Cathedral to build its assets, buildings, and real property. It was established to raise funds from major donors and others who might not donate to a religious organization per se, but want to support Saint Mark's as an important community institution. Phil reported that the Foundation Board declined the Finance Committee's recent requests to find a way to fund deferred maintenance needs with extra payments from their endowment and to assist in raising funds for this purpose. Carol noted the Foundation's annual donation to the Cathedral of \$50-60K/year. Randy R. said that \$400K of the foundation's corpus came from proceeds from the Cathedral's sale of the greenbelt. Phil noted that the Foundation Board is seeking the Vestry's approval of a joint Cathedral/Foundation Gifting Policy and that the Finance Committee will review it and make recommendations to the Vestry.

Other updates

It was also noted that there is limited development office staff in the current and 2009 budget. The Finance Committee and the Foundation Board agree that a development director would represent a prudent investment in the future.

The Finance Committee will meet with the Church Insurance Company in December to review the Cathedral's current property and casualty policies.. They have asked Mary Coon to present an internal perspective of the Cathedral's funds. Phil pointed out that the Cathedral's finance staff also is very limited and stressed how much institutional memory Mary will take with her at the end of her employment. Rebecca is pleased that Mary has offered to stay on as project manager with a limited portfolio for a contracted amount of time.

Governance Committee, Margaret Rothschild, chair—

Margaret asked Vestry members to attend forums in November 16 & 19 when the DVD from Peter Steinke's visit will be shown. Peter Steinke will be at Saint Mark's on Nov. 23 to read his report, and meet with the Action Planning Team, chaired by Midge Bowman. After some focus group meetings with the parish, and more consultation with Peter, the Action Planning Team will meet with the Vestry and Rebecca to propose action.

According to the Vestry Handbook, the governance committee monitors compliance of Vestry operations with bylaws and canons, assists in preparation of Vestry handbook and calendar, reviews the Vestry's performance, and plans retreats. The governance committee and wardens suggested an overnight retreat next March with new Vestry members and an emphasis on getting to know each other rather than business. After much discussion, the Vestry agreed that the committee should move forward on plans for an overnight, off-site retreat.

The auditor has recommended that in line with best practices proposed by the IRS, the Cathedral develop a Whistleblower Policy. John Hoerster prepared the one being presented today. Janet and Margaret suggested the written policy should address both financial and personnel issues, such as retaliation and harassment. Terry Brandon noted that there isn't a compliance officer or audit committee now. Sam Fleshman and Kathleen suggested that the diocese take the lead on writing a whistleblower policy. After much discussion, Herb Williams, Personnel Committee Co-chair, and Alan Mack agreed that the personnel committee will discuss the proposed resolution with the diocesan personnel commission.

No action was taken on Proposed Resolution #P08-GO-14 (Whistleblower Policy)

The auditors also suggested that in line with IRS recommended ‘best practices’, the Cathedral have a policy prohibiting loans to Vestry members, officers, and employees. It was noted that the Cathedral does not have any such loans at this time.

A motion to approve Proposed Resolution #P08-FI-14 (Prohibition of loans to Officers and Vestry Members) was made and seconded. The motion passed with one abstention.

Margaret distributed a handout of the governance committee’s timeline and goals. She emphasized the importance of discernment and mentoring for new Vestry, among other issues.

Other actions:

Saint Nicholas Building

Mary Coon has been meeting with the director of Bright Water School on extending their sublease in the Saint Nicholas Building through 2020. The resolution notes that they have been a ‘tenant extraordinaire’ and it is a beneficial relationship for both parties. There are a number of concerns that Bright Water School might move if the lease isn’t extended. It was also requested that the negotiation team propose terms for an amicable exit strategy for either party.

A motion to approve Proposed Resolution P08-FI-18 (Updating Bright Water School Sublease Negotiations) was made and seconded. The motion was approved unanimously.

Randy updated the Vestry on the progress of the Skinner Auditorium, which is leased to Bright Water during school hours. Cathedral staff are working with architects and contractors on improving the facilities for use for receptions, meetings and other events during non-school hours. Since the issue was originally proposed to the Vestry in May, the staff team has been addressing significant flooding issues in the basement. A resolution to approve a budget and contract for the entire project, not to exceed \$175K, was proposed. This reflects a reduced budget and new timeline from the original resolution passed by the Vestry in May. Negotiations with Bright Water School also include the use of the school’s bathrooms during non-school hours.

A motion to approve Proposed Resolution P08-FI-17 (Updating Skinner Theatre Renovations) was made and seconded. The motion was approved unanimously.

Green Task Force

The resolution creating the Green Cathedral Task Force requires the Vestry to approve the conveners and members of the task force. They will report to the Vestry on greening suggestions, and consider the Bishop’s recommendations as well.

A motion to approve Proposed Resolution P08-GO-15 (Appoint Green Cathedral Task Force Conveners and Members) was made and seconded. The motion was approved unanimously.

Adjournment:

The business meeting was adjourned at 3:30pm. Rebecca led an hour’s discussion about issues inside and outside of the Cathedral community, ending with prayers.

The next meeting is Tuesday, December 2 at 6pm in Saint Nicholas Building, room 204.

Respectfully submitted,

Virginia Lenker
Recording Secretary and Clerk

Liz Sloat
Executive Assistant to the Canon Missioner