



NOVEMBER/DECEMBER
VESTRY MEETING
Tuesday, December 2, 2008
St. Nicholas Building, Rm 216; 6-8:30pm

Vestry Members Present

Randy Urmston, Sr. Warden
Bob Muglia, Junior Warden
Sam Fleshman
Carol Hoerster
Phil Haas
Nancy Jacobs
Alan Mack, Bishop's Rep.
Janet McCully
Randy Revelle
Herb Williams

Vestry Members Absent

Margaret Rothschild, Jr. Warden
Bishop Greg Rickel
Miller Adams
Dennis Andersen
Terry Brandon
Kathleen Croston

Officers Present

John Hoerster, Chancellor
Steve Moen, Treasurer

Officers Absent

Virginia Lenker, Clerk

Staff Members Present

Rev. Rebecca McClain, Canon Missioner
Liz Sloat, Executive Assistant to Canon Missioner
Mary Coon
Rev. David Mesenbring

Guests:

Mac Brown

Call to Order

Rebecca called the meeting to order and led a spiritual reflection about advent and transitions. She read a passage from Cormac McCarthy's book "The Road" and reminded the group that even in the worst of times, we carry the light inside of us.

Action Item

Consent Agenda – (NO DISCUSSION):

The Vestry accepted the Consent Agenda consisting of the following:

- Approval of Minutes of November 1, 2008 Vestry Meeting
- Receipt of Reports/Notes/Minutes of Meetings of Vestry Committees:
 - Facilities Committee minutes – 11/18
 - Finance Committee meeting notes – 10/18 (approved) 11/24 (draft)
 - Mission & Strategy Committee Critical Issues Forum notes—10/31, 11/6
 - Stewardship Committee minutes – 11/3, 11/13, 11/20
 - Holy Orders – 11/24

Reports/Discussion

Nominating Committee – Mac Brown on behalf of Nancy Ousley, Chair

Mac reported on the 2009 slate of candidates for Vestry (5 names, plus one tbd) and for Diocesan Convention delegates (9 names plus one tbd), to be voted on at the Annual Meeting in February. Mac and Vestry members gave brief bios of the candidates. Historically, Saint Marks has sent 12 delegates to convention, but this year's delegation is decreased to 10. Diocesan canons (Canon 2, Section 1) stipulate that delegation size is based on the number of communicants. Annual parochial reports from the last few years

indicate we have been below the 1200+ threshold. According to cathedral bylaws, the nominating committee must present twice as many Vestry candidates as open positions.

The Bishop, acting as Dean, and the Canon Missioner will appoint a representative from the greater Seattle community, with the advice and consent of the Vestry. Each Vestry class also includes a representative from the diocese. Rev. Patty Baker, from St. Claire's in Sammamish and a long-time friend of the Cathedral, was elected at Convention. Mac assured the Vestry that she will be a wonderful representative.

Canon Missioner's Report

Rebecca has read a variety of documents about the Cathedral's history in order to gain insight into why things are the way they are and suggest ways to move forward. She is enjoying the rhythm of our worship—the heart of what we are about. Rebecca observes that there are many wonderful volunteer ministry opportunities—about 90 by recent count—but she is concerned about how the ministries serve the greater mission. The Steinke report remarked on lack of clarity about mission, and discussed possible consequences. Rebecca suggested that the tension of cathedral vs. parish may disappear when there is a clear mission and vision. She thinks that people are healing. Randy U agreed that there is good feeling and energy. He and others have observed increased attendance on Sundays. She makes a point to talk with new people at the end of every service.

Rebecca believes that Saint Mark's needs to establish a new and better relationship with the Diocese and with the Bishop. She recently met with a diocesan Task Force to evaluate the grant the Cathedral receives from the Diocese. Rebecca encouraged thinking about ways the Cathedral can increase and improve hospitality, move away from a language of entitlement and toward partnership, and be a Cathedral to live out the Bishop's vision. Rebecca stressed that the Cathedral community is filled with great people doing great work, and is hopeful about future meetings with the Task Force.

Senior Warden's Report:

Randy thanked Sam and Randy R. for providing tonight's dinner. The Vestry retreat is being planned for March 21-22, 2009 at Camp Huston. Details are still being worked out. The Steinke project is proceeding with focus groups meeting after Sunday services. Peter Steinke will return on Wed., Jan. 14 to meet with the Action Planning Team, the Vestry and other committees.

A motion to approve Proposed Resolution P08-GO-16 (2009 Vestry Calendar) was made and seconded. The motion was approved unanimously.

Annual Campaign Report: *Randy Revelle, chair, Stewardship Committee*

Randy led a prayer about stewardship and discussed the 2009 Annual Campaign. Phase I did not do as well as hoped, but Phase II did much better. Phase III lasts until Jan 25, 2009. The total at that time will be the basis of the 2009 budget which the Vestry will adopt at the January meeting. 886 households were solicited this year, which includes all of 2008 pledgers plus people who were active or involved in the last few years. 377 pledges have been received, including 67 new ones. At this time last year there were 404 pledges. Only 33 households so far have "declined to pledge." If the campaign stopped today, it would be \$400K below what is required to balance the Status Quo budget. Because of the economy, the committee is staying focused on the Status Quo budget. The Vestry and Stewardship committee are each at 100% participation in the campaign.

The committee will send a letter to the entire parish on Dec 8, signed by Randy U and Rebecca, thanking current pledgers and encouraging participation by the remaining households. The letter will state clearly that if the campaign doesn't meet the status quo budget, the Vestry will have no choice but to cut positions and/or cut increases in salary and/or cut programs. The Stewardship committee is working to be transparent and honest with the parish, and is also determined to avoid staff or program cuts. Randy distributed lists of potential pledgers to the Vestry so they can continue making calls, and reiterated how much people appreciate being called even if they aren't able to make a pledge.

Major gifts for 2008 are at about \$375K. Janet and Randy feel confident that they will reach and may exceed \$400K (the revised budget goal) by the end of the year. He stressed the importance of recognizing major gift donors publicly.

The Vestry applauded Randy and the Stewardship Committee's efforts, and recognized that anxiety over the turmoil in Cathedral leadership has been replaced by fear and anxiety about the economy. Randy gave special kudos to Betsy Nelson, who has done a superb job in the Stewardship office and supporting the committee.

Phil will report on the budget to the parish in early January and hopes for high attendance. His email address will be in the Dec. 8 letter, in addition to a general invitation to "call your friends on the Vestry" for more information.

Phil also noted that in aid of the many people have lost or are worried about the security of their jobs, Cathedral staff have scheduled brown bag lunches in the next weeks as opportunities for networking and support.

Treasurer's Report –*Steve Moen*

Audit Report

Mary Coon discussed the auditor's report, which had a strong result especially in light of heightened auditor standards. The Cathedral received an "unqualified" opinion, meaning that the auditors believe our financial statements present fairly, in all material respects, the financial position of the Cathedral. Mary gave kudos to Dmitri and Betsy for their excellent work in supporting the week-long audit.

Mary explained that the Cathedral is managed on a cash basis, which is different from Generally Accepted Accounting Principles (GAAP) for nonprofits. The auditors made two adjustments to bring the statements in line with GAAP: in both cases staff were accounting in a more conservative manner. The auditors recommended having a whistleblower policy and a code of ethics. They also indicated that the Cathedral should recognize in-kind gifts. The auditor recommended other minor improvements, including storing computer backups off-site.

In reviewing the audit document, Mary explained that total assets include cash, investments and receivables plus property such as the Saint Nicholas building. The overall financial health is strong. Total net assets are \$11.5MM. Mary stressed there is not a lot of cash and no excess revenue. Going thru this rigorous audit represents an assurance of the Cathedral's good management in a rough year, and a good start going forward.

Phil, Steve and the entire Vestry praised Mary with applause for her leadership in this rigorous audit, and "steering a good ship in tough times". Randy U. noted receipt of the audit by the Vestry.

Resolutions

Steve recommended approval of three resolutions:

A motion to approve Proposed Resolution P08-FI-19 (Clergy Housing Allowance 2008) was made and seconded. The motion was approved unanimously.

A motion to approve Proposed Resolution P08-FI-20 (Signers on Dean's Discretionary Account) was made and seconded. The motion was approved unanimously.

A motion to approve Proposed Resolution P08-FI-21 (Interfund Transfer) was made and seconded. Resolution 08-FI-12 approved the transfer of money sufficient to balance the 2008 budget from Vestry designated Fund 16A to pay the remainder of the Dean's severance payments and legal expenses. To avoid selling securities in the current market, the current resolution proposes an interfund transfer from the Saint Nicholas Fund for the same purposes. The auditor, chancellor, finance committee and Willow Trust all support the proposed interfund transfer. **The motion was approved with one abstention.**

Operating Fund Summary

The yearend total revenue forecast is \$2.175MM, reflecting increased expectation for major gifts and grants. YTD revenue is down \$156K, mainly due to lower than budgeted revenue from *Saint Mark's Celebrates Seattle*. The Stewardship Office also projects that total annual campaign revenue will come in below budget as well. Expenses are \$211K under budget. The 2008 yearend forecast projects a \$22K deficit.

Phil and Steve are in the process of simplifying and improving the financial reporting, and recommended a book on church finances called Remembering the Future. The Finance Committee is considering hiring an independent financial advisor early next year, for advice and suggestions in these uncertain economic times.

Foundation/Vestry relationship and Gift Acceptance Policy (GAP)

Steve and Phil agree on the need to improve and define the Vestry's relationship with the Foundation. Both groups want agreement on how to define endowment to potential donors and parishioners.

Phil summarized the plans to revise the Gift Acceptance Policy (GAP). Jean Leed, a development professional, former Vestry member, and current member of the Foundation board, suggested revisions to the Cathedral's 2004 GAP which would allow the same document to apply to both the Cathedral and Foundation. A joint task force, of Vestry and Foundation board members worked together in the editing process. The Foundation board approved the policy in January 08 but the Vestry has not yet voted on it.

Strong feelings have arisen from different perceptions of the Foundation's mission and responsibilities. Controversies exist over definitions and control of various funds and the fundraising roles of the two entities. Phil cited a variety of examples where the financial mission of the two groups overlaps and there is confusion.

John Hoerster, currently Cathedral chancellor, reviewed the history and mission of the Saint Mark's Cathedral Foundation, formed over 10 years ago when he was senior warden. Originally the Foundation's focus was on endowment for maintenance of building and grounds. The Vestry seeded the Foundation endowment with half of the proceeds of the Greenbelt sale. The Foundation was considered an opportunity to broaden the Cathedral's fundraising capability, and bring in donors who could not or would not give to a religious institution per se, but wanted to support the building's place in the city.

In 2002, a joint task force broadened the Foundation's mission for fundraising beyond buildings and grounds. There are some who see the Foundation as a means of protecting assets—endowment funds that are under the control of a Foundation cannot be seized by Cathedral creditors. Because of varying turnover rates in the Vestry, Foundation and staff, there are few with a consistent thread of the history of the Vestry/Foundation relationship. John recommends that the Foundation's mission be less of an asset protection vehicle and more focused on broadening the fundraising efforts of the Cathedral.

After lengthy discussion, it was agreed that the Vestry needs to articulate its vision for the Foundation and achieve clarity about the relationship between the Vestry and the Foundation. Rebecca recommended that the Vestry and Foundation have this conversation together rather than as separate groups. She will meet with Foundation board chair Roland Yancey next week, and then with the wardens. John will assemble a packet of documents about the Foundation's history, including how much was raised when.

Closing Prayer

Carol offered a closing prayer about Advent, reminding us that Mary must have been as fearful or anxious at this time as we are, with economic uncertainty and worrying about our friends' health, wars and injustice.

Adjournment

The meeting was adjourned at 9pm

The next meeting will be Tuesday, January 26, 2009 at 6pm.

Respectfully submitted,

Virginia Lenker
Recording Secretary and Clerk

Liz Sloat
Executive Assistant to the Canon Missioner