

St. Mary's Parish
Minutes – Vestry Meeting
December 15, 2008

The meeting convened at 6:35 p.m. In attendance were the Rev. John Ball, *Rector*; Paul Koch, *Senior Warden*; Brenda Bassford, *Junior Warden*; Eunice Knott, *Chapel Warden*; Vestry Members Richard Abell, Jenny Rust, Sandy Sweikar and Lorraine Stamm; Joe Storey, *Treasurer*; and Gib Baily, *Financial Officer*.

Fr. John gave the opening meditation on the life of St. Nicholas. Following the mediation and opening prayers, the minutes for the November Vestry meeting were reviewed. Richard Abell moved that the minutes be approved as presented, and Paul Koch seconded the motion. It passed unanimously.

Gib Baily then presented the financial report for the month of November. Indicating that trends seen generally through the first ten (10) months of the year continued to be seen through November, Gib indicated that a deficit of <\$28,868.50> was seen in the operating budget at the end of November after transferring a total of \$9,500.00 into the operating budget from net profits from the Fall Dinner and the dinner for Historic St. Mary's City. Gib indicated that a deficit of approximately <\$30,000.00> continued to be anticipated for the end of 2008. He indicated that there were roughly four (4) factors contributing to the projected shortfall –

- 1) first, a shortfall of approximately \$16,000.00 in pledge-related income and plate contributions;
- 2) second, a shortfall of approximately \$3,500.00 anticipated in income from food-related activities (reflecting the higher cost of supplies in conjunction with efforts to keep the prices charged for the meals competitive, and also reflecting the impact of the loss of the spring dinner generally hosted in the parish hall);
- 3) third, an over-run of approximately \$7,500.00 in expenses, primarily in the area of office operations (approximately \$3,500.00) and the cost of utilities (approximately \$4,000.00); and
- 4) fourth, the deficit of approximately \$3,000.00 included in the initial operating budget was never eliminated.

Gib indicated that a shortfall of <\$4,662.04> was seen at the end of November in the special account established to provide funding for the DCE position. Gib indicated that, based on trends seen in this account in recent months, a shortfall of approximately \$6,000.00 was projected to be seen in this account at the end of 2008. He indicated that the funds to cover this shortfall would be transferred into this special account (#5804) from the general non-operating endowment fund account (#5847), which essentially reduced the balance of available church endowment funds (although not forcing a sell-off of endowment funds at this time because of the advance provided to the parish from St. Mary's College of Maryland for the rental of the church rectory and the bequest received from the family of Ron Smith). After covering the projected shortfall in the operating budget for 2008 and covering the projected shortfall in the special account established to support the DCE position, Gib indicated that cumulative debts in the parish operating budget would total approximately \$70,000.00 against the church endowment funds.

Joe Storey then updated the Vestry on the status of the Every Member Canvass. Joe indicated that a total of 60 pledges had been received for 2009 in the combined total of \$155,222 for the general operating budget and \$5,680.00 for the DCE position. Of the 60 pledges received, 22 remained "the same as last year", 21 involved increases, nine (9) involved decreases and eight (8) were new pledges. There were a total of 23 "stopped" pledges – instances where the individuals/families made pledges for 2008 but had not yet renewed their pledges for 2009. At this point, the names of the 23 individuals/families were 'taken' by members of the Vestry, who took responsibility for contacting these individuals and determining their

intention to pledge for 2009. In addition, Fr. John added the names of several families/individuals who had not pledged for 2008, but who might be willing to make pledges for 2009. Vestry members agreed to contact these individuals/families as well.

In other news, it was announced that the Youth Group raised approximately \$300.00 for the Heifer Project. The Vestry enthusiastically indicated its appreciation for this effort.

Paul Koch updated the Vestry on the status of the Nominating Committee. He indicated that Jenny Rust was not eligible to run for re-election to another term, and he indicated that Karen Lowry had indicated initially that she did not wish to stand for election to a full term. He indicated that Richard Abell and Lorraine Stamm were both eligible to run for election for a full three-year term, and that neither had yet made a decision on whether to stand for election or not. Paul announced that the a meeting of the Nominating Committee would be held at 12:30 a.m. on January 11th after the Epiphany Party Pageant. He indicated that the wardens would serve on the committee (Brenda Bassford, Eunice Knott and himself) along with Jenny Rust and Karen Lowry. After some discussion on this subject, Paul also indicated that an article would appear in the January issue of The Chimes inviting those to want to run for Vestry to contact members of the Nominating Committee and explaining the expectations involved of those who serve on the Vestry.

Following this discussion, the Vestry turned its attention to the 2009 budget. Gib provided an over-view of the budget situation for 2009. The following hand-outs were distributed –

- a “full services” budget for 2009;
- a “current services” budget for 2009;
- a chart summarizing various levels of compensation and benefits for the Rector in 2009;
- a balanced budget proposal for 2009 involving a 10% reduction in the Rector’s compensation;
- a balanced budget proposal for 2009 freezing the Rector’s salary at its 2008 level; and
- a sheet summarizing the reductions required in each “balanced budget” option.

The “full services” budget was based on actual experience in 2008 with the following assumptions – (1) - that the Rector would be paid at Diocesan scale; (2) that the Parish Administrator would receive a 3% pay increase; (3) that pledge giving would remain at the 2008 level (even though pledges through December 15th were approximately \$6,000.00 below the comparable total for 2008); (4) that expenses would be comparable to the levels seen in 2008; and (5) that the DCE would be funded through a special fund using only funds contributed specifically for this purpose. Under this scenario, a deficit of <\$41,000.00> was estimated to be seen in the operating budget for 2009.

The “current services” budget was based on actual experience in 2008 with the following assumptions – (1) pay would be frozen for the Rector and the Parish Administrator in 2009; (3) that pledge giving for 2009 would remain at the 2008 level (even though pledges through December 15th were approximately \$6,000.00 below the comparable total for 2008); (3) that expenses for 2009 would be comparable to levels seen in 2008; and (4) that the DCE would be funded through a special fund using only funds contributed specifically for this purpose. Under this scenario, a deficit of <\$31,000.00> was estimated to be seen in the operating budget for 2009.

- The first “balanced budget” option for 2009 (labeled #1A) included the following assumptions –
- (1) first, that \$15,000.00 received in a special bequest would be added to the income to reduce the deficit;

- (2) second, that the salary for the Rector would be reduced by 10%, equivalent to being paid for 32 hours per week, in 2008, which yielded a combined savings of approximately \$9,300.00 in salary and benefits;
- (3) third, that a savings of approximately \$700.00 would be realized in church utilities because the church office would be closed for an additional amount of time;
- (4) fourth, that the cost of office operations would be reduced by \$500.00 through rigid scrutiny in this area; and
- (5) fifth, that the Diocesan contribution would be reduced by 50% (a reduction of \$5,150.00).

The second “balanced budget” option (labeled #1B) included the following assumptions –

- (1) first, that the salary for the Rector and the Parish Administrator would be essentially frozen at 2008 levels, which was equivalent to paying the Rector for 26 hours per week and paying the Parish Administrator for a total of 20 hours per week;
- (2) second, that the provision for substitute clergy would be abolished, and Morning Prayer would be said on any Sunday when the Rector was not present;
- (3) third, that a savings of approximately \$700.00 would be realized in church utilities because the church office would be closed for an additional amount of time;
- (4) fourth, that the costs for property landscape and repairs would be reduced by a combined total of \$1,200.00 (hoping that volunteers could perform some of the tasks performed by contractors in 2008); and
- (5) fifth, that the cost of office operations would be reduced by \$500.00 through rigid scrutiny in this area; and
- (6) sixth, that all ministries in the parish would be cut by 60% to offset the cost of freezing the Rector’s salary at the 2008 level – Christian formation, Youth Group, Outreach/Service Ministry and Diocesan Offering – for a combined total of \$12,630.00 (Christian formation, from \$3,000.00 to \$1,200.00); Youth Group (from \$2,000.00 to \$800.00); Outreach/Service Ministry (from \$5,750.00 to \$2,300.00); and Diocesan Offering (from \$10,300.00 to \$4,120.00).

The advantages and disadvantages of each of these options were discussed at length in a prayerful and serious manner. The Vestry agreed that deficits included in the “full services” option and the “current services” option were unacceptable. Gib indicated that the Investment Committee had recommended assuming a maximum of \$10,000.00 from endowment fund earnings for 2009 and that this assumption had been included in the budget scenarios (and this assumption was viewed as very optimistic given current trends in the stock market). Gib and Joe indicated that the newly established Church Finance Committee was recommending a in 2009 of no more than \$9,500.00, and that the consensus seemed to be that a deficit of no more than <\$5,000.00> was most prudent – Joe indicated that the Committee had not taken a formal stance on a deficit target for 2009, but that it was the “sense” of the Committee that a deficit of no more than \$5,000.00 was prudent. After much discussion, much of which focused on the impact of a 60% reduction in the budgets for ministry in the parish and the Diocesan offering, it was proposed that a decision on the final budget for 2009 be delayed until (1) after the Vestry had made its calls to individuals not yet making a pledge for 2009 and the 2009 Every Member Canvass was finished; and (2) until after the Vestry members had had time to review the information which had been distributed and to consider options and alternatives. It was agreed that the information outlined above could be shared with parishioners as a way of supporting the need for pledges in 2009. At this point, the Senior Warden moved that, as an interim step in approving a budget for 2009, the “freeze pay” “balanced budget” scenario be adopted for 2009 until final funding levels could be set. Lorraine Stamm seconded the motion. In the brief discussion that followed, it was agreed that it was unrealistic to reduce the Rector’s salary below the current level because parishioners would still expect the same level of support from him. Following this discussion, the Vestry approved the motion unanimously.

The motion was then made to adjourn the meeting. The motion was made and seconded by acclamation, and the meeting adjourned at 8:50 p.m.

Respectfully submitted,

George B. Baily, Jr.