

Grace and Holy Trinity Cathedral

Minutes, Regular Meeting of the Vestry on Tuesday, December 19, 2023

Approved at the January 25, 2024 Vestry meeting

Vestry Members and Leadership Present In-Person: The Very Rev. Dr. Andrew C. Keyse (Dean), The Rev. James Yazell (Associate Priest), Candy McDowell (Sr. Warden), Michael Thomas (Jr. Warden), Sharon Cheers, Sara Copeland, Ron Michka, Steve Moore (Chancellor), Valerie Johnson (Clerk); Via teleconference: Mathias Nichols, Kay Woolley, Pat Decker, Blain Lagergren, Paula Livingston-Lewis, David Barker (Treasurer); **Absent:** Julie Brogno

The meeting was held in hybrid format (Common Room and via Zoom teleconference). The meeting was called to order at 5:30 p.m. by Dean Andy with opening worship.

Approval of previous meeting's minutes Valerie Johnson presented the November 2023, regular Vestry minutes that were distributed in the December Vestry Packet. Paula Livingston-Lewis moved to accept the November 28, 2023, minutes and was seconded by Sara Copeland. The motion passed with no discussion.

Dean's Report, The Very Rev. Dr. Andrew C. Keyse

Upcoming events: On Advent 4 (also Dec. 24), there will be 8 a.m., 5 and 10 p.m. services followed by a Christmas Day service at 10 a.m. The regular worship service schedule will resume the following weekend. There will be a Twelfth night chili supper and game night on January 5. The last Vestry meeting with currently serving members will be January 25, 2024. The All-parish Annual Meeting will be January 28. The Vestry, including newly-elected members, will meet immediately following the Annual Meeting.

Clergy Discretionary Fund: Thank you to the Finance Committee and Vestry members for taking action to transfer funds from the Vestry Discretionary Fund to the deficit of the Clergy Discretionary Fund. Assistance has already been provided in December to those in need.

Pete's Garden has now been on our campus for one year. The 2023 Christmas Offering is shared (one half) with a designated organization. Social Outreach Committee has recommended this half goes to Shelter KC.

Associate's Report, The Rev. James Yazell

Fr. James expressed his gratitude for the warm welcome he has received upon his arrival. He led his first class on Sunday and had approximately 17 in attendance. He will lead a class based upon the book, "Being Christian" by Rowan Williams beginning January 7. Dean Andy will lead Confirmation classes beginning January 21st alongside this offering. Clare Stern-Berbano will prepare the youth for their confirmation as well. Confirmation for youth and adults will take place at the Easter Vigil.

Financial Report presented by David Barker, Treasurer

Financial reports were included in the December Vestry Packet and the following highlights were noted by Dave Barker. Pledges are still down in the Month to Date (MTD) report for November and hopes December will get caught up. Recurring Bequests shows a check from the Crowell Trust fund has been received. User Fees are down; Endowment to Operating are as anticipated; Interfund transfers is now showing a 0 balance; Utilities are up, as expected. Revenues exceed expenses at \$20,000. The Operating fund is up and November investments are doing well. Property numbers are unchanged.

Year to Date (YTD) shows overall our pledges are low while Plate seems to be ok. Gifts and Bequests are low and User Fees are a little high. The Interfund deficit, that has been challenging the reports over the past months (see previous minutes), seems to be corrected but Dave would like to speak with Julie to better understand the resolution. Utilities are low for the year and Facilities are high. At year's end, revenues exceed income by

\$261,000, which can be partly resolved by the Interfund transfer correction. Users Fees and Parish Life are down from budget.

Long-term (LT) Donor Funds/Investments are all up and market related. Social Action Fund (1001); Interment Fund (1002); Curdy Music Fund (1003); David T Beals III Trust (1004). Long-term Restricted Funds are up as well and include: Chapel Fund (1004); Grace Fund for Property (1011); Trinity Fund for Ministry (1012). Short-term (ST) Restricted Funds are: Computer Refresh (1007); Vestry Discretionary MMK Holdings (1008); New Ministry Initiatives (1010) and have not appreciated like the long-term investments. Short-term Restricted Donor funds, such as Young Adult Program (1001), has not grown much as well.

Any withdrawal from the trusts/funds is not part of the 4% draw but still reduces the amount of the Endowment. The Vestry Discretionary Fund (VDF 1008) will show an \$8500 withdrawal which is how the Clergy Discretionary Fund was funded to make up for the deficit in that account. (This action was approved by the Vestry following the November Vestry meeting. *See November 2023 minutes addendum*). A question was asked about how trust funds relate to the Balance Sheet. 1355 (Kemper LT Restricted), 1356 (Kemper ST Restricted), 1357 (LT Donor), 1358 (ST Donor). The accounts from which the Endowment is drawn include: 1320, 1330, 1340, 1350, 1370. These are trusts in the Balance Sheet as Investments-Securities listed as \$15m as actual in November.

Michael Thomas moved to accept the November Financial Report and was seconded by Sharon Cheers. Motion passed without further discussion.

Dave Barker, Treasurer requested Financial Reports from May, June, and July be tabled, again, until the January Vestry meeting since he would like to confirm the interfund transfer has been corrected and it will be completed by year's end.

Ron Michka moved to table the May, June, July reports until December, as was requested by the Treasurer, Dave Barker, and was seconded by Candy McDowell. The motion passed.

Budget 2024, presented by Sara Copeland, Chair of the Budget Committee

The proposed 2024 budget was included with the December Vestry Packet. The 2023 Budget was \$2,124,114.60 and the proposed budget for 2024 is \$2,109,400.96. Sara highlighted that the budget was formed using an anticipated income of \$500,000 from pledges and \$55,000 from plate offerings. The budget proposes a 4% draw from the Endowment and the use of the Employee Retention Credit (ERC) funds. Expenses were calculated based upon requests from the different ministry and operational groups. Clergy and Lay salaries included a 3.2% COLA. Community Engagement of the Parish Life area (Line 5693) was designated \$16,000 to support the new Strategic Plan activities. The \$12,000 proposed for use by Social Outreach (Line 5000) will be supplemented by the \$13,000 unused balance from the Cavanaugh Memorial gift. Once funds are needed for Social Outreach, they will be transferred directly from the Cavanaugh gift. The Kemper Trust Income to Property Fund (in the amount of \$13,000) will enable Buildings and Grounds to cover any large repair expenses and support maintenance planning. A goal of the Budget Committee was to maintain a 4% draw from the Endowment and by utilizing the \$268,000 from ERC, balancing the budget was possible. Expenses have increased and the influx of ERC funds was needed to cover the shortage of anticipated revenue. Without the ERC next year (2025), this will pose a challenge with the budgeting process. Additionally, the Social Outreach funds have been underutilized and have not required additional funding in 2023 or 2024, but this ministry will require funding in the future.

Ron Michka expressed concern about the way the budget was balanced for 2024 and suggested a meeting of the Budget Committee after the first quarter in 2024 to look at performance of revenues and spending and revisit this every quarter thereafter. Throughout the year, the Budget Committee should be thinking about how to replace the revenue (approximately \$300,000) that will not be available for use in 2025 and reduce expenses. He noted that according to the Governance Policy, there are guidelines about how the Budget Committee should operate—including who should be part of the committee (ie. Sr. Warden, Financial Chair, Stewardship Chair) and should meet

regularly throughout the year rather than just during the budgeting process toward the year's end. He also indicated the Vestry is to charge the Budget Committee with direction on the process. Dean Andy stated the Vestry will develop a charge to the Budget Committee and the process during their Vestry Retreat 2024.

Sara reported that the budget process this year was challenging and fractured as the Budget Committee was not charged to consider the Strategic Planning goals and fund accordingly. There was also inadequate time to address the budgeting needs. There was a lack of agreement about the use of the Endowment funds and there should be policies and guidelines available to a Budget Committee. Sara further expressed complexity of the budget and lack of clarity makes it difficult for individuals to fully understand the accounting and definitions of budget categories.

Support by Michael Thomas was expressed regarding the complexity of the document and suggested it be simplified so any lay member can read and understand the information. This would also make it possible for parish members to identify where the deficits exist in the budget.

Candy McDowell responded to Ron's comments about the governance policies as they become outdated, are often modified, and sometimes not known to exist. She added that Mark Galus (Strategic Planning Chair) has offered to review bylaws for needed revisions and Candy will examine policies to find overlap and create a handbook of policies.

Returning to the budget approval, Sara expressed her willingness to continue chairing the Budget Committee and was thanked for her new leadership with the process.

Candy McDowell moved to accept the proposed Budget 2024 and was seconded by Michael Thomas. The motion passed without additional discussion.

The proposed budget is balanced and discussion points surrounded the budgeting process: The value of the Budget Committee meeting quarterly to oversee the effectiveness of the budgeting. A motion was suggested by Ron Michka that would be recorded and addressed at the Vestry Retreat. Candy McDowell added her comments at this time, which also served as part of her report (See Senior Warden Report).

Having suggested a charge from the Vestry be made to the Budget Committee going forward, Ron Michka moved that the Vestry's charge to the Budget Committee in 2024 include: To meet and report to Vestry at least one time each quarter. To work to establish a 2025 budget that has a maximum draw on the endowment of 4-1/2 percent (so as to retain the corpus); balances income and expenses, without the use of a one-time influx of cash (ex PPP or ERC funds); uses a "zero-based budget" as necessary to right size the budget; close the gap of \$298,844.10 in the 2024 budget caused by: Line 1104 — ERC Credits of \$268,844.10 and Line 5000 — Social Outreach expense reduction of \$30,000.00 (due to a carry-over of unspent funds in the Social Outreach account). The motion was seconded by Sharon Cheers. The motion passed after discussion.

Discussion points: This motion may limit the future vestry and budget committees. Now that the church is fully staffed, these expenses will remain and/or increase and the unavailability of ERC funds will make it difficult to balance budgets moving forward. The Vestry Retreat in 2024 will address the charge of the Budget Committee and duties. The expectations of the Vestry should be communicated to the Budget Committee and should encompass ministry goals, Strategic Plan factors, and good stewardship of funds. It was clarified that the wording of the motion made by Ron is "to work to establish" and would not be dictating future vestries or committees. The additional charge to the Budget Committee should include Strategic Planning initiatives providing direction to the process.

Stewardship Report presented by Steve Moore, Stewardship Chair

77 pledges for 2024 have been received totaling \$253,527. The average pledge is \$3293. We are about where we were two years ago in our fundraising but a little behind where we were at this time last year. An appeal letter went out to those who pledged last year but have not yet pledged for 2024.

Junior Warden Report *presented by Michael Thomas*

Buildings and Grounds (BG) Committee did not meet in December. There were plumbing issues following heavy use which caused a problem in the basement. The main line was cleaned and invoice has not been received yet. We are currently over budget on facilities. The invoice for the cottonwood screens has been pushed into January 2024 (approx. \$3800). There may need to be some guidance to scheduling as evidenced during a Thursday night choir rehearsal and other groups meeting at the same time can be problematic for staff. Utilizing a master calendar would be useful for scheduling in the future. The question was raised about how, or if, the church is being paid for the use by outside groups. At the January 9th BG Committee meeting they will continue to discuss the Memorial Garden space/capacity.

Senior Warden Report *presented by Candy McDowell*

Over the last few weeks when contemplating the subject of this month's Senior Warden's Report I have thought to revisit the topic of how and when we do our budgeting process. Last week when I became aware of the omission of the \$83,000.00 Music Program Expenses from the Expense Totals, I was able to codify my thoughts.

At the January 26th Vestry meeting I put forth a proposal to divide the positions of Finance Committee Chair, Treasurer, and Budget Committee Chair among three persons instead of one. A motion to do so was made and passed unanimously at the May 25th Vestry meeting. At that time the motion was made and passed, we discussed other changes that could facilitate an improved budgeting process. These included beginning the budgeting process earlier in the year and dividing the facets of the Budget – the Revenue side and the Expenses side – between the Finance Committee (with input from the Stewardship Committee) and the Budget Committee. Also, there was a hope that there would be less redundancy on the two committees. Although we have implemented the division of the three roles in theory, we have yet to divide the responsibilities in practice and we did not start our budget deliberations until late in the year.

The Dean and I have discussed the scheduling issue and assure you that it will be a topic for the Vestry Retreat. Setting and maintaining earlier dates for doing the Expenses side of the Budget will keep us from getting into the time crunch that is inevitable if the entire budgeting process is done in the last two months of the year. It is probably unrealistic to think that the Revenue side of the Budget and the Expenses side of the Budget will be developed completely exclusive of each other. However, I propose that the first meeting of the Budget Committee look exclusively at our allocation of expenses and consider how well they reflect our mission and ministry. Secondly, I propose that the Finance and Stewardship Committees meet jointly sometime early in the year to discuss ways in which we can both conserve our resources and generate new revenues.

Finally, and always, it is the role and responsibility of the Vestry to “balance” the budget. To take the recommendations of the Budget, Stewardship, and Finance Committees and find that sweet spot in which we can joyfully provide meaningful ministry within our Parish and Diocese and respond to the needs and opportunities in our community.

Vestry Nomination Process: Currently Pat Decker will run for re-election to the Vestry and Ric Sweeting will also be a candidate. The Nominating Committee will be meeting with Dean Andy.

Other Committee or Vestry Liaison Reports

Social Outreach, *Paula Livingston-Lewis*

Women of Grace project on December 9th prepared 300 bags for Crittenton. Lunch was served and special thanks for the excellent leadership of Terri Curran and for organizing the event and always representing GHTC in the community.

Community Engagement, Ron Michka; Safety/Security, Sharon Cheers; Children's Formation; Communications; Young Adults No reports

Old Business None

New Business None

The next Vestry Meeting will be Thursday, January 25, 2023 at 5:30 p.m. in the Common Room and teleconference.

The Annual Meeting will be Sunday, January 28 followed by a short Vestry meeting to elect officers and set a date for the Vestry Retreat. Dean Andy will be sending out potential retreat dates by email so current vestry members can be considering this prior to the January 28 meeting. At that time, the Vestry will also consider the regular monthly meeting time or day moving forward.

Sara Copeland moved to adjourn the meeting and was seconded by Ron Michka. The motion passed.

A closing prayer was led by Dean Andy. The meeting adjourned at 7:35 p.m.

ADDENDUM to the December 19, 2023 Regular Vestry Meeting

An Email motion and approval on December 20, 2023 was made: Paula Livingston-Lewis moved to gift Chris Morrison an honorarium for live-streaming in the amount of \$1,500 to be paid out of the Worship Fund and was seconded by Sharon Cheers. An email vote was taken and motion passed.

Respectfully submitted,

Valerie Blanco Johnson, Clerk