

CHRIST CHURCH CHRISTIANA HUNDRED

Vestry Minutes

February 8, 2024

7:00 PM

Present: Chuck Arensberg, Ruth Beresford, Audrey Bruce, Michael Flynn, Sherri Howell, Ted Ledden, Alexander Maynard, Scott Nickle, Eliza Phillips, Bart Reese, Suzanne Smith

Also Present: Stacey Carpenter, John Faulkner, Michael Kurth, Bob Reardon

Absent: Louise Barton, Mike Rushlow, Jaq Whalen, Alexia Wolf

The meeting was called to order by the rector at 7:05 PM, and she offered the opening prayer.

Leadership and Governance

2024 Property Committee Plan: John Faulkner reported that he and Mike Sayer went over the Capital Master Plan line by line through 2030 and moved items up or back so that annual spending is smoothed out. The Property Committee reviewed this plan at their meeting today. Within the next five years, the key goals are to complete the church lighting project and to restore the capital reserve to \$500K (currently it is \$200K). Annual contributions to the reserve from the operating budget were down from 2016-2018, but since 2019 we have grown them from \$65K up to \$95K for 2024. Going forward, if we adhere to approximately a \$150K annual spending level and a \$100K reserve contribution, we should reach the \$500K reserve target on schedule.

The church lighting project is the largest upcoming expenditure. Lamb Electric was brought in to evaluate some needs for additional chapel lighting, and we asked them to look at the church at the same time. They made recommendations for the chapel, and we will address some of these in-house, especially around the organ. As for the church, the fixtures are beyond end-of-life, and the controls were damaged beyond repair by a lightning strike several years ago. Lamb's estimate is between \$100-200K to replace everything. One approach would be to set aside \$25K per year for four years, then \$100K in the fifth year to accumulate \$100K each for equipment and labor. The committee also considered whether we want to defer the project that long or accelerate the work by borrowing from ourselves and paying it back over the next five years. No timing decision has been taken yet.

For 2024, the committee proposes projects totaling approximately \$156K (including 10% for contingency) against income of \$183K from the operating budget and the endowment, which should grow the capital reserve by about \$28K. They have a modest list of planned items, which John reviewed, in addition to setting aside \$25K for church lighting. Michael Flynn moved to adopt the Capital Projects budget as proposed, Sherri Howell seconded, and the motion carried unanimously. Bob Reardon expressed gratitude to John for his leadership in this area.

2023 End of Year Finance Report: Bob Reardon, our Assistant Treasurer, remarked that while 2023 was a good year for the parish, we now have fewer big donors than in the past, such that when one of them does not give as expected (which happened in 2023), it has a greater impact. The budget was carefully managed, and we ended with a deficit of just under \$23K, less than 1% of the total budget. Finance Committee Convener Marissa Stipa, the Finance Committee members on the Vestry, the Wardens, Ruth, and Bob met to discuss the final numbers, and their recommendation is to withdraw from the Contingency Reserve Fund to cover the deficit. The current reserve balance is \$182,735, so it would go down to \$159,812. Michael Flynn moved to draw from the Contingency Fund to close 2023 with a balanced budget, Eliza Phillips seconded, and the motion carried unanimously.

2024 Ministry Budget: Ruth walked through the commentary on the changes made to the proposed 2024 Ministry Budget since the preliminary version was presented to the Vestry in December 2023.

The income from pledges is based on 398 pledges received, including two additional pledges that were received today; any further pledges will go into the Pledges Received after Budget line. Income from Plate Collections is based on 2023 actuals rather than a 3-year average that would include prior years with much lower service attendance. The proposed endowment draw is 5%, with an option to increase to 5.75%. The endowment continues to grow, though current financial conditions do not enable us to resume reducing the draw toward 4%. The CCEP allocation was renegotiated to increase from \$122K to \$141K to cover more of Terri Carpe's and Michael Kurth's time, as agreed with CCEP Treasurer Chip Sawyer and Interim Head of School Denise Gilliam. The overall increase in parish income is from \$2.58 million in the preliminary budget to \$2.8 million now.

For expenses, a major change being proposed is a reduction in the contribution to Outreach allocations from the parish operating income. This is not undertaken lightly. There was a significant gap in the preliminary budget between income and expenses, and options considered to balance the budget included slashing the contribution to the property capital reserve, trying to significantly reduce maintenance and utilities expenses, or eliminating a staff position. Ruth considered her canonical duty as rector to be a fiduciary of the parish's property, with the Cathedral Church of St. John being a cautionary tale of what happens when maintenance is too long neglected. The proposed budget reduces the contribution to Outreach allocations by \$34K (from \$74K to \$40K), eliminates Theological Education from the budget and moves that spending (if any) to discretionary funds, and reduces the budgeted contribution to the Rector's Discretionary Fund, knowing that income to this will be received from weddings and funerals. The Vestry's commitment to support the diocese at 10.8% is an increase of \$31K over 2023, so the congregation's commitment to giving beyond the parish is slightly above 2023 expenses. In expenses for programs, adult formation and fellowship are increased to support strategic objectives, while other items have been eliminated (the Women's Retreat and Youth Intern). The total expense for Program Ministry decreased \$22,000 from the 2023 budget. Payroll has a 1% increase over 2023 actuals, which includes 3% for COLA and 1% for merit increases. Other administrative expenses were reduced by

\$7,357 from 2023 levels. The Buildings and Property expense is increased to be more realistic and representative of what we have been spending there in recent years. The proposed budget ends with a deficit of \$35K.

Discussion followed regarding the proposed change to the parish contribution to Outreach allocations. Eliza suggested that we look at it as investing our resources differently, rather than cutting expenses. Michael Flynn remarked that we are still putting a total of \$424K to Outreach, which represents 20% of the budget. The line item that is proposed to be reduced is allocations to agency partners, and parishioners can still provide funds to Outreach in other ways, via the Green Show and the offerings at Easter, Christmas, and other holidays. Ruth mentioned that there are strong feelings on both sides regarding whether we should take money given to the church and distribute it further to outside agencies. Michael Kurth remarked that we have an opportunity to reimagine how we serve those in need, as the parish continues to evolve away from a handful of big donors. Sherri emphasized the need to communicate how we are offsetting the effect on the community through tangible action, e.g., the monthly collections and volunteer opportunities with Lutheran Community Services. Suzanne Smith spoke about the importance of impactful giving: when we spread grants across many agencies, are we having the cumulative impact that we could have with bigger gifts to fewer agencies? Scott Nickle remarked that from the nonprofit point of view, giving donated money away can be tricky to explain to donors.

The projected deficit is down from over \$130K in the preliminary 2024 budget to about \$35K, as additional pledges have come in. Ruth summarized the three options: further reduce spending by up to \$93K in line items the Finance Committee identified, make a one-time increase in the endowment draw to 5.75% to cover the shortfall, both options which restore the Outreach allocation contribution, or use Contingency Reserve funds to close the anticipated deficit if it does not end up being covered by increased giving across the year. The last option was recommended by Finance leadership; Bob remarked that it does not seem wise to make deep cuts while undertaking strategic growth initiatives. Ruth polled Vestry members, and the consensus was also to utilize contingency funds if necessary. She emphasized that we would communicate to the parish about the choices we have made and how we have faith that with God's help, we will continue to grow, lead, and reach out in many ways to show the love of Christ. Michael Flynn moved to adopt the proposed Ministry Budget, Suzanne seconded, and the motion carried unanimously.

Michael Flynn moved to approve the quarterly withdrawal from the endowment held in Master Fund A in the amount of \$168,223. Suzanne seconded, and the motion carried unanimously.

State of the Parish

Rector's Report: Ruth remarked that there is a lot of activity happening in the parish. The Search Committee for the Minister for Children and Youth next meets on February 12; two candidates have been interviewed by Ruth and the search consultant. On February 10, there will be Zoom interviews with five candidates for the CCEP Head of School to narrow the field to three finalists. She is excited about the new Lenten Journey service led by Michael Kurth on February 18 in the chapel, similar to Lessons & Carols. Adult formation begins on February 21 for a 5-week series on

“Where is God in All the Suffering?” Ruth will be the primary leader, along with some outside speakers. Michael and Stacey are preaching throughout Lent. Coffee & Community is abuzz with new young families; the Vestry is encouraged to attend to get to know these members. Ruth will start an occasional conversation time during Coffee & Community, with the first session centered on the hard questions that children ask about God and faith. All Ages Fellowship on February 18 needs contributions of food; Laura Muhlbauer will lead work on a mural. We have many baptisms scheduled for Pentecost, May 19, which is also the Annual Meeting. On that day there will be a service at 8:00 AM and one big 9:00 AM service in church, with the meeting to follow immediately after.

Wardens’ Report: Suzanne expressed thanks to Michael Kurth and Bruce Barber for their work to put together on short notice a funeral for the relative of a new member; the family was deeply moved by the welcome they received.

CCEP Update: Chuck reported that the Head of School search has been a resounding success, and the Search Committee is very pleased with the five finalists they have been given. Bart affirmed that consultant George Sanderson and his group have done a phenomenal job. The Board of Trustees meeting in January was cancelled. Utilizing email, they did pass the budget and tuition increase.

Monthly Management Tasks

Approval of Minutes: December 2023’s meeting minutes were approved as presented.

Other Concerns and For the Record

Nominations Committee for 2024 Vestry Elections: Michael Flynn appointed the members of the outgoing Vestry class, Louise Barton, Sherri Howell, Mike Rushlow, and Suzanne Smith, to the Vestry Nominating Committee.

Communication and Gratitude: Suzanne thanked Ruth and the Finance Committee for their work on the budget and the timely information they provide. Ruth mentioned that there is so much for which the parish relies on Sherry Lawton-Fasic; she is a steady, capable presence. The Kurths are expecting again and due in late July. Stacey will be the clergy host at Memorial House this summer.

The closing prayer was offered by Ted Ledden. The meeting adjourned at 8:38 PM.

Respectfully submitted,
Jennifer O’Connor, Clerke