

✝ St. Michael's - Arlington, VA
Annual Meeting Minutes
February 6, 2022

The Rector called the meeting to order and addressed the following agenda items:

Orientation to Zoom.

Appointment of Secretary. *Congregation approved* appointment of Kaipo McCartney to take minutes for annual meeting.

Recognition of Retiring Lay Leaders. Rector acknowledged the following:

- Departing Vestry: Wendy Ikezawa, Eric Samuel, and Mary Via
- Outgoing Treasurer: Beth Addington. (Janet Hansen has accepted position as incoming treasurer)
- Outgoing Parish Administrator: Wil Harkins. (Rector introduced Katrina Moore as new Administrator)

Vestry Nominations.

- Rector reviewed the canons governing vestry eligibility and voting restrictions. She also recognized the efforts of the senior and junior wardens and informed the congregation that both have agreed to extend their terms as wardens to support continuity. The senior warden will also be extending her term on vestry.
- *Congregation unanimously approved* previously nominated candidates (there were none proffered during the meeting): Vicki Barnett, Beth Cavey, Bob Moore, and Molly Beier

Approval of the 2021 Annual Meeting Minutes. *Congregation approved* last year's minutes (Attachment 1) as presented.

Approval of the Reports as presented in the 2022 Annual Report. *Congregation approved* the reports as presented.

Returning to In-Person Worship. Rector conducted a poll to determine the congregation's comfort level with returning to in-person worship. The results reflected that 78% of the congregation felt comfortable returning.

Senior Warden's Address.

- Capital Campaign. Launching today, though some have already contributed
 - Where We've Been
 - 2014-2017. Did not accomplish everything on list, but took meaningful steps to address major maintenance issues
 - 2018. Stained glass window repair. Repair had been planned for and some funding was already available
 - 2020. Church and rectory roof repair
 - 2021. Rectory repairs and upgrades

- 2020-2021 Total cost ~\$308k. Cost was covered with
 - \$130k from endowment
 - \$109k from internal reallocation of funds
 - \$100k from loan
 - ~\$105k in gifts received when St. Michael's leadership communicated issues
 - o Near-Term Maintenance Funding Needs
 - Additional work on rectory
 - Tree work near church
 - Columbarium expansion
 - o Key Take Aways
 - Leadership was able to react quickly due to prior planning and generous response of church, and is being intentional about how to generate future income through efforts like the Social Entrepreneurship Task Force
 - We must stay on top of capital maintenance, but also remember the buildings are simply a container, not the embodiment of our congregation
 - o What's Next
 - Complete remaining near-term maintenance
 - Plan for longer term major maintenance
 - Pay down loan. It is a 25-year loan, but leadership would like to retire it in 5.
 - Replenish endowment
 - Build up a contingency fund
 - o Investment for Future
 - Scenarios present options for understanding the scope of how we might apply gifts
 - Scenario 1, \$30k. Would help cover: remaining near term maintenance and debt paydown
 - Scenario 2, \$65k. Would help cover: remaining near term maintenance, debt paydown, major maintenance contributions, contingency funding for future building uses
 - o Meeting scheduled for next week to go into further detail and address additional questions
- Questions
 - o "What's [the] timeframe [of the campaign]?" Senior warden replied that the duration would be about 6 months because leadership would like to have a finite window after which they can make decisions, though gifts would be welcome after the window closed. Rector noted that parishioners could commit to a gift even if they were not ready to make the donation during the 6-month period.
 - o "What's the current principal balance on the loan?" ~\$85k. (We are aggressively paying it down.)
 - o "Based on the committee's initial exploration, what kinds of changes might be looked at for the church building?" Rector responded that we are conducting research on what other churches have done and have begun exploring possibilities. For example, with the Arts & Faith ministry, we are considering

partnering with local artists to use hallways as galleries. Kaipō McCartney, member of the Social Entrepreneurship Task Force, added that the Task Force is being mindful of phasing possible options, beginning with those that would not initially necessitate significant changes to the buildings and require further investment

Treasurer's Report. Outgoing treasurer, Beth Addington, reviewed 2021 finances

- Thanked auditors, Mary Cushing and Brian Cavey
- Briefed fund status for 2021, noting:
 - Numbers presented were not quite accurate (some income not accounted for, expenses only reflect interest payments on loan, etc.)
 - We will have a surplus, but it may not be as large as projected
 - Outreach fund expended \$20, 500, ~6% of 2021 pledges, in donations to community
- Summarized 2021 major maintenance expenditures and gifts intended for covering those costs

Presentation of the 2022 Mission Spend Plan (MSP). Rector opened presentation by explaining the MSP was what many would refer to as a budget, but that St. Michael's was intentional about using this nomenclature instead. It reflects our values by placing the emphasis on our work. Junior Warden provided an overview of the proposed 2022 MSP (Attachment 2).

- 2022 as budgeted
 - Reflects desire to stay engaged in community and reality of economics, but is overall a good news story
 - Plans for a range of eventualities and currently projects a deficit, but will adjust in execution
 - Begins with generosity of parish and pledges
 - Contains the following significant changes:
 - Nondiscretionary increases in salary and benefits
 - Raise for new Parish Administrator to be competitive with other churches
 - Cost for new accounting firm in place of individual accountant
 - Increase in outreach funding to 8% of pledges. We continue to make progress toward our goal of 10%
- Questions:
 - "Please clarify which of the 2022 expenses are deemed discretionary vs unavoidable/mandatory." Senior Warden responded that all of the expenses are fundamentally mandatory in the context of the church's mission.
 - Do M&O payments out match the 8%?" The Rector clarified that the Mission and Outreach line on the slide reflects both our outreach and diocese commitment which are about equal parts of the \$53k
 - "In "recent memory" (say, last 5 or 10 years) have we ever actually had a deficit after all income and expenses were accounted for?" (Another parishioner had a similar question.) Treasurer stated that there have been years that we have ended up with a deficit, such as in 2019, when the deficit was \$500. Normally, we make it up.

- o “If our income goes up, does the contribution to the Diocese go up in that year, or is it factored into the average for the next year?” Rector responded that our contribution is based on the pledged amount, not the actual income. The parishioner then posed a follow on question, “Do we, as a community, feel obligated to increase our gift?” The Rector acknowledged it was a worthwhile question and would follow it up with the vestry. She noted that St. Michael’s currently gives 10%, which meets the diocese’s Virginia Plan, though most churches do not give as generously.
- *Congregation approved* the proposed 2022 MSP

Outreach Committee Report. Rector introduced Committee Chair, Linda Kelleher, who provided a review of the Committee’s 2021 activities.

- Committee went through a 2-year discernment process to identify priorities. It narrowed focus from 20+ organizations to the following mission areas
 - o Food Insecurity. Donated \$4.5k to Arlington Food Assistance Center plus significant volunteer hours
 - o Housing Insecurity
 - Arlington Street People’s Assistance Network (now “Path Forward”). Donated \$3k, built gardens, donated/delivered welcome baskets, holiday banners
 - Arlington Partnership for Affordable Housing. Donated \$3k, volunteers helped with holiday event
 - o Meeting the Needs of the Most Vulnerable
 - Doorways for Women and Families. Donated \$3k plus gift bags and clothing.
 - INOVA Blood Drive
 - o Disaster/Emergency assistance
 - Episcopal Relief and Development. \$2.5 to Haiti
 - Lutheran Social Services: \$2.5k to Afghan refugees
 - World Central Kitchen: \$2k for assistance following tornadoes in Kentucky
 - o Care of Creation. Church/neighborhood cleanup, diocese environmental engagement
 - o Goal is one volunteer activity per month
 - o Donated \$20, 500 last year

Rector’s Report. Consisted of slide show reflecting on past year and where God was in evidence throughout it.

Blessing and Dismissal

Respectfully Submitted,
Kaipo McCartney, Secretary

Attachments:

1. 2021 Draft Annual Meeting Minutes
2. 2022 Draft Mission Spend Plan (MSP) Overview

+St. Michael's – Arlington, VA
Annual Meeting Minutes: February 7, 2021

Call to Order by Rev. Beth Franklin

Orientation to Zoom – Due to the Covid-19 pandemic, diocesan restrictions have barred meetings in the church building at this time for health reasons. Therefore, the Annual Meeting was held online via Zoom. The Rector provided a brief orientation on how questions could be asked and how votes would be conducted via online (and telephone) poll.

Appointment of Secretary - approved appointment of Adrienne Pilot

Recognition of Retiring Vestry Members

- Barb Adams and Tim Matlack

Vestry Nominations, Introductions, Balloting & Announcement of Election Results

- Introduction of Caroline Haynes - Sr. Warden, Tom Halvorson - Jr. Warden
- Introduction of Class of 2021 Vestry candidates (three year terms): John Kelleher, Kaipō McCartney, and Mary Via (nominated to a full term after completing a vacant one-year term in 2020)

The Rector stated that any person nominated from the floor must state that they are willing to be nominated for election.

The Canon regarding eligibility, and requirements for voting at the Annual Meeting were read by the Rector.

To stand for election: Canons of the Diocese of Virginia State:

- Only Lay persons, who are confirmed adult communicants in good standing of the church, as defined in General Convention Canon I.17, shall be eligible for election as Vestry members of such church.
- Canon I.17 of the Episcopal Church States:
I.17 Sec. 3. All communicants of this Church who for the previous year have been faithful in corporate worship, unless for good cause prevented, and have been faithful in working, praying, and giving for the spread of the Kingdom of God, are to be considered communicants in good standing.

Regarding those who are able to cast a vote, our Diocesan Canons state:

All adult communicants in good standing, registered in the particular Church in which they offer to vote, shall be entitled to vote at the election of Vestry members.

There were no nominations from the floor.

✓ Elected – The candidates for Vestry, as presented, were elected.

Approval of 2020 Annual Meeting Minutes

Minutes were included in the packet distributed prior to the Annual Meeting. There were no questions from the floor.

✓ Approved – 2020 Annual Meeting Minutes

Approval of 2021 Annual Report

The written Annual Report was included in the packet distributed prior to the Annual Meeting. There were no questions from the floor.

✓ Approved – All Reports presented in the written Annual Report were recognized and approved as presented.

Junior Warden's Address: Caroline Haynes

The Junior Warden provided an overview of Major Maintenance projects undertaken in 2020 and to be completed in 2021.

Senior Warden's Address: Tim Matlack

The Senior Warden reviewed funding decisions for Major Maintenance projects, including a proposed loan from the Diocesan Missionary Society.

Vote to Encumber Rectory by Taking on Debt

The Rector asked for a formal vote on encumbering the rectory by taking on \$100,000 of debt from the Diocesan Missionary Society. She noted that we do not currently have other debt and that the current plan is to pay off the 25 year loan in 5 years because there is no penalty for early repayment.

Various parishioners asked for further details on the terms of the proposed loan and whether alternative sources had been considered. Tim Matlack addressed these questions with the assistance of Keith McCartney, who had researched loan options on behalf of St. Michael's.

✓ Approved – The motion to encumber the rectory by taking on \$100,000 of debt was approved.

Treasurer's Report: Beth Addington

In the spring, following church building closure due to Covid-19, St. Michael's faced great uncertainty. As part of the CARES Act, the federal government was offering Payroll Protection Program (PPP) loans to help small businesses and non-profits (including churches) weather reduced income due to the corona virus. St. Michael's secured a loan covering payroll for several mid-year months. As designed, the SBA forgave this PPP loan on Dec. 28.

The Treasurer presented 2020 year-end balance sheets noting that, as is typical, numbers may change slightly after the accountant incorporates final information. Due to reduced expenses resulting from Covid closure and steadfast contributions, we appear on track to have a slight surplus (of which the forgiven PPP loan will also be a part).

Presentation of the 2021 Mission Spend Plan (MSP): Caroline Haynes

Stewardship High Level Report - Recognition of Chairwoman Kaipo McCartney and the Stewardship Committee for a strong stewardship campaign conducted under difficult circumstances.

After presentation of the 2021 MSP, questions seeking detail on Christian Education and regarding potential uses for a possible 2020 surplus were addressed.

✓ Approved – 2021 Mission Spend Plan

Towards Racial Reconciliation: Beth Cavey

Building on Bishop Curry's call to work toward beloved community, Ms. Cavey reported on various initiatives focused on racial reconciliation. Parishioners from St. Michael's and sister church Lomax AME Zion held a series of dialogues in the fall. This winter a group of parishioners has been reading and discussing the Sacred Ground curriculum developed by the Episcopal Church.

Rector's Report: Rev. Beth Franklin

The Rector presented a Power Point overview of challenges and successes this past year.

Adjournment

Blessing

Dismissal

Respectfully submitted,
Adrienne Pilot, Registrar

2022 Proposed Mission Spend Plan

	2019 Actual	2020 Actual	2021 Budgeted	2022 Budgeted
Pledges and Offerings	288,868	301,273	303,760	337,068
Investment and Other Income	25,195	21,878	12,520	11,000
Total Income	314,063	323,151	316,280	338,068
Salaries and Benefits	194,006	183,340	191,092	214,867
Buildings and Grounds*	52,773	43,183	56,888	60,400
Parish Administration	31,308	30,768	40,485	48,400
Christian Education	3,559	2,506	4,500	4,750
Parish Activities	6,715	5,962	10,050	11,750
Outreach	30,627	35,657	43,914	52,274
Debt Service			12,000	16,000
Total Expense	318,988	301,416	358,929	392,775
Net Total	26,155	21,735	-42,649	-44,373
			Projected surplus: \$27,572	
*Intention to transfer \$1,000 to the Major Maintenance fund				1,000

