

# EPISCOPAL CHURCH OF THE HOLY SPIRIT DECEMBER 13, 2022, VESTRY MINUTES

**Date:** December 13, 2022    **Time Started:** 4:35 p.m.    **Time Ended:** 6:35 p.m.

**Next Meeting:** January 17, 2023, at 4:30 p.m.

**Members Present:** Kathleen Phillips, Senior Warden; Peggy Wilson, Junior Warden; Bill Sewell, Treasurer (via Zoom); Dick Jordan; Nancy Larkin; Rebecca Sharp; Carol Van Voorhis; Barbara Schauer; Pam McNally; Mark Holland

**Other Attendees:** David McNair, Rector; Lorrie Cooper, Clerk

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## DISCUSSION/FINDINGS/CONCLUSIONS

**AGENDA ITEM: Call to Order, Opening Prayer** (*David McNair*)

**AGENDA ITEM: Approval of Vestry Minutes** (*Clerk, Lorrie Cooper*)

Minutes from the November, 2022, meeting were unanimously approved with a correction to page 2, which was noted by David.

**AGENDA ITEM: Approval of Financial Report** (*Bill Sewell*)

I have attached the November reports. These were reviewed by the Finance Committee at its meeting on December 8.

- 2022 - We should have no trouble reaching the 2022 operating income budget. We also expect that total operating expenses will come in below budget. Thanks be to God.
- Conversion of payroll for regular staff positions (those receiving W-2s) to ADP was complete in October with some issues and went more smoothly in November. The process should continue to improve as we become more familiar with the system. ADP fees run approximately \$24/month plus additional fees for year-end processing.
- While working with the Diocesan Finance Officer on the ADP conversion, she expressed concern that the \$47/month payment to David for his cell phone expense should be considered taxable income to him. In my opinion, her argument is based on semantics and whether these payments are "stipends" or "reimbursements." To attempt getting beyond this, I am asking the Vestry to approve the following:
  - "The Rector is required to maintain mobile telephone service in order to be available for emergency contact. The church will reimburse the Rector for a portion of the mobile telephone expense up to \$47 per month." **Unanimously approved by vote.**
- In addition, the Diocesan Finance Officer has questioned another payment— one which has been in place for several years— and is similarly proposing that David should be reporting additional taxable income. Under the church's contract with David, the church is required to pay the full cost of health insurance for David and his family. In addition, under Canon law, David is required to participate in the Diocesan group health insurance plan. As a cost-saving measure several years ago, the church proposed and received permission from the Diocese to have David participate in the Diocese plan and provide an outside plan for David's family members.

**DECEMBER 13, 2022**

**EPISCOPAL CHURCH OF THE HOLY SPIRIT,  
VESTRY MINUTES, DECEMBER 13, 2022  
DISCUSSION/FINDINGS/CONCLUSIONS**

The church has paid for David's plan, a separate Blue Cross Blue Shield of North Carolina dental plan for all family members, and has reimbursed Lynn Michie for her costs of participating in a health insurance plan offered by her employer, Buncombe County Schools. The reimbursement totals \$366 ten times per year or \$3,660 annually. The Diocesan Finance Officer feels that we must report these payments as taxable income on David's 2022 W-2. This change will have a significant unplanned impact on David and Lynn's 2022 tax bill. Because clergy are considered to be "self-employed" for purposes of Social Security and Medicare, the additional income is subject to a self-employment tax of 15.3% in addition to the regular Federal and North Carolina income taxes. If the church pays David a bonus to cover the additional taxes, that bonus is also taxable income subject to these taxes. I did the math and calculate that it will take a bonus payment of \$2,556 to make everything whole. I have discussed this issue with the Senior and Junior Wardens and the Finance Committee. I plan to ask the Vestry to approve payment of the first \$2,600 of a 2022 operating surplus as a bonus. I [Bill Sewell] want to emphasize that these payments (telephone and health insurance reimbursement) have been in place for several years and have never been questioned in audits. I will continue to search for better ways to make things work in future years.

**2023 Expenses:** As we have continued to receive information about our expected 2023 expenses, I have made minor changes to the proposed 2023 operating budget as presented in the stewardship packets. There were also extensive discussion and proposals for revision at the Finance Committee meeting. I will provide a 2023 budget update at the Finance Committee meeting and also provide an update of the status of the stewardship campaign. **We will not be voting on the 2023 budget until the January meeting.**

**Summary of Finance-Related Resolutions Voted on and Accepted by the Vestry:**

1. The Rector is required to maintain mobile telephone service in order to be available for emergency contact. The church will reimburse the Rector for a portion of the mobile telephone expense up to \$47 per month.
2. The first \$2,600 of the 2022 operating surplus will be paid out as a bonus to Rev. David McNair.
3. Church of the Holy Spirit will add Business Bill Pay as a feature for the main operating account at First Bank ending in 0414.

**Authorized to originate bills** for payment are the following:

Katie Douglas, Finance Assistant  
Martie Carson, Church Administrator  
William Sewell, Treasurer

**Authorized to approve payments** are the following:

Kathleen Phillips, Senior Warden  
Peggy Wilson, Junior Warden  
David McNair, Rector  
William Sewell, Treasurer

**EPISCOPAL CHURCH OF THE HOLY SPIRIT,  
VESTRY MINUTES, DECEMBER 13, 2022  
DISCUSSION/FINDINGS/CONCLUSIONS**

**Discussion:** Bill reports a problem with using Ingles gift cards as a means of acquiring additional income for Outreach programs due to an unexpected impact on credit card payments from those purchasing them. He will look for an alternative.

**Unanimously approved:** The Christmas Eve open offering will go to the Episcopal Relief and Development Fund, ultimately going toward helping Ukraine.

**Discussion:** Pledges so far have amounted to \$185,124. At this point in the budget's development, David McNair's salary is covered only by 3/4's. Theoretically he would need to find outside work to cover the remaining quarter. After David stepped out of the meeting room, the Vestry discussed this situation and determined not to allow the 3/4 rector model to occur. Possibilities exist for using the church building and surrounding land to gain additional income. **A meeting to discuss these and additional ideas will take place at the church on Tuesday, January 3, 2023. Anyone may attend.**

**AGENDA ITEM: Rector's Report** *(David McNair)*

**1. Pastoral issues:**

**Julie Johnson** – the heart surgery she was scheduled to undergo in November has been rescheduled to the second week of January. Her son Rob will be in town the week of the surgery.

**Esther Moriarty** – continues to receive regular leukemia treatment at Duke University Hospital. She is taking part in a new leukemia drug trial.

**Shannon Dowler** – continues to recover from double mastectomy surgery on October 19. She has returned to work on a part-time basis.

**Francis Knisley** – was back in church today and continues to regain her strength and balance.

**Mike Robinson** – will undergo knee replacement surgery on Friday, December 16.

**Robert John Gillespie** – is at home and on track with recovering from his heart surgery of October 24.

**2. Visitors to ECHS in recent weeks:**

**Deborah and Matt Shoemaker** – attended ECHS several years ago but have not been active for about three years. Address: 3585 Poplar Creek Road, Green Mountain, NC 28740 or deb@gloryridge.org

**3. Christmas Eve service at 7:00 p.m.**

Christmas Day service, Sunday, December 25 at 10:30 a.m.

Christmas Lessons and Carols service, Sunday, January 1 at 10:30 a.m. Many talented musicians/singers will be singing/playing Christmas carols and songs from around the world.

**4. The ECHS Annual meeting is scheduled for Sunday, January 29, following the 10:30 a.m. service. Please plan to attend this meeting if at all possible.**

**5. Tentatively, pending a continued shortfall in 2023 pledges, there will be a congregational meeting to discuss a "Plan-B ECHS budget" on Sunday, January 15, following this 10:30 a.m. service. This will be an important meeting and Vestry representation is needed. Please plan to attend.**

**EPISCOPAL CHURCH OF THE HOLY SPIRIT,  
VESTRY MINUTES, DECEMBER 13, 2022  
DISCUSSION/FINDINGS/CONCLUSIONS**

6. **ECHS RECKONING WITH RACE** will participate in the “Sacred Ground” monthly in 2023. This is a Madison County based dialogue series exploring race and faith. David will be leading one of the Sacred Ground small groups.
7. *Reminder:* If you are serving as Vestry rep on Sundays, please check in with me before the service so that we can communicate pertinent info.
8. The Steve Davidowski and Friends Christmas Concert is scheduled for Thursday, 7:00 p.m., December 15, at Marshall Presbyterian Church. All proceeds will benefit Neighbors in Need.
9. Vestry vote is required to approve Kathleen Phillips to serve a term as a member of the ECHS Living Gifts Fund. Kathleen agreed to serve and the Vestry voted yes to approve her membership on the LGF Fund.
10. The following persons have agreed to be nominated to serve on ECHS Vestry:  
Mike Robinson, for a 3-year term  
Amanda Hilty, for a 3-year term  
Gail Kase, for a 2-year term as Sr. Warden.

**AGENDA ITEM: Sr. Warden’s Report** (*Kathleen Phillips*)

In response to chronic problems with the Facebook platform, live streaming has been transferred to Vimeo. Feedback has been positive.

A renewed effort to upgrade our audio system is now underway.

**AGENDA ITEM: Jr. Warden’s Report** (*Peggy Wilson*)

[Attached to her email] is the energy report conducted in October by Bruce Helwig with Waste Reduction Partners for your consideration. Work has already started towards replacing the many fluorescent bulbs with LED ones. The electrician is checking on availability of LED-size bulbs used in our fixtures. Additionally, the existing fixtures would need conversion for use to LED. The electrician is acquiring a bid for consideration. It is possible that purchasing new fixtures would be more cost-effective than converting the old ones. His bid is pending. It would be quicker to replace the exterior lights and exit sign lights with LED versions. I can make those changes. HVAC systems will be serviced in January and March by Austin HVAC with four units. This is a costly item, which is why I would prefer to break it into two visits, if possible. I have marked recommendations in this report pertaining to the HVAC, and I will present the report to the technician at time of service so they may check specifically item for item. It is likely the items checked might be part of their regular servicing.

**AGENDA ITEM: Outreach Report** (*Nancy Larkin*)

**First Sunday** for *Consider Haiti* raised \$1,176.00. Susan reported for the year.

**Outreach** has raised a total of \$31,644. That does not include any in-kind or the month of December. **January First Sunday** Open Offering is Madison Group Home.

**DSS Luncheon:** Diedre shared the success of our luncheon with DSS workers for both the foster care system and with adults. Great participation and great information were shared along with plans to make this an annual event.

**EPISCOPAL CHURCH OF THE HOLY SPIRIT,  
VESTRY MINUTES, DECEMBER 13, 2022  
DISCUSSION/FINDINGS/CONCLUSIONS**

**Gift Cards** A total of \$2,250 of gift cards have been received and delivered to DSS this week. We are expecting a few more gift cards to come in. Ann Shiver collected gift cards from her neighborhood and as of last week this amounted over \$1900. We all agreed that using gift cards was a good change from buying actual gifts but are concerned about the timing. Deidre will investigate whether we should collect them earlier next year and complete the process before Thanksgiving.

**Two requests for Outreach:**

1. Mars Hill Baptist for **Operation Santa**, which we have supported in the past: The funds will be used for food boxes going to approximately sixty families for Christmas. The Outreach committee approved \$400 for this project.
2. The second request was denied, which was to assist a one-day mobile pharmacy event in order give OTC drugs to families in need. The Outreach committee felt this was not part of our focus.

Discussion was brought to Outreach from Bill Shealy about supporting Bonnie and Clyde's restaurant efforts to take Christmas to the Pine Ridge Indian Reservation. There were concerns over the process and its organizers. After looking into it, the decision was not to participate in this project.

**AGENDA ITEM: Christian Adult Education Formation** *(Mark Holland)*

The committee discussed plans for the coming year as follows:

- David will make a presentation January 22 on the upcoming program about racial justice, Sacred Ground, a Dialogue on Race and Faith, which will include in-person and online participation.
- Gail Kase will do a two-Sunday program on her study of nature, including her reading the topic, occurring at the end of January and the first Sunday in February. The final dates are not yet fixed.
- Mark Holland will do a program for two Sundays, probably early to mid-March, on the Grail Quest myth.
- Committee members agreed to share their thoughts via email and at our next meeting in January on the topic of sin, probably for a Lenten program.

**AGENDA ITEM: Next Vestry Meeting** *(David McNair)*

Tuesday, January 17, 2022, at 4:30pm

**AGENDA ITEM: Closing Prayer** *(David McNair)*

Respectfully submitted,  
Lorrie Cooper, Clerk