

**Minutes of Vestry Meeting on December 17, 2019
Christ Church – Murdock Room – 7:00 pm
(Revised: Jan. 28, 2020)**

Guests

**Episcopal Diocese of Washington
The Rt. Rev. Mariann Edgar Budde
Mr. Don Crane
The Rev. Dr. Robert Phillips**

CES Representatives:

**John Anselmo – CES Board Finance Committee member
Lawrence Bojczyk – CES Board Finance Committee Chair
Caroline Chapin Ed,D., - CES Head of School
Paul Mamalian – CEC/CES Task Force member
Alison Olsen – CES Board Finance Committee member
David Scott – CES Finance Committee member
Jeff Whitman – CES Board Chair**

CEC Vestry Members:

**The Rev. Lisa M. Zaina – Rector
Janice Musselman – Sr. Warden
Geoffrey Fuller – Jr. Warden
Robert Follit
Timothy Johnston
Adebayo Lanionou
Diana Locke
Meghan Matulka
Delia McCormick
Emily Pierce
James Suit**

The Rev. Lisa Zaina introduces guests from Episcopal Diocese of Washington.

Bishop Mariann gives opening prayer.

Lisa – background on joint vestry/school meeting :

- Lisa found that a large majority of her time during her 10 month tenure at the Church was devoted to dealing with a “perfect storm” of issues regarding the relationship between the church and the school.
- A task force was created and led by the Senior Warden with both school and church representation to assess the financial situation of the campus and its impact on our:
 - Debt capacity / load
 - Church / School Mission
 - Proposed Jefferson Bldg. sale
- Bishop asked me about challenges I told that we are struggling because of the school/church complicated relationship and related challenges.
- The Bishop offered to come and help work through some of these challenges.

Lisa suggests all attendees introduce themselves.

The Rev. Dr. Robert Phillips comments on relationship building.

- Building and maintaining Relationships:
- Invited us to “breathe” with the 23rd psalm Green pastures, restoration of our souls, and through the valley of the shadow of death. Rod and staff of comfort to be honest and transparent.
- Are there any “elephants in the room” that we need to recognize?

Don Crane – what/how (options) could the school be set up as a separate entity (per Lisa's request).

- Received offer for Jefferson bldg., but way under asking price because entire parking lot could not be included as part of the sale
- Plans to build on additional church properties \$4-8M but estimates have been coming in higher. Church could support a building in the \$2.5M range.
- School pays classroom usage to the church
- If school were to close or relocate would be a significant impact to church revenue -\$140K loss of revenue annually.
- Understand that there is a nonbinding shared use agreement between church and school.
- School has been listed with brokers. If not sold to the Diener school there may be a risk of owing a real estate commission.
- Options: sale to Diener school – but loss of church revenue, or Independent Christ Episcopal School and impact on revenue.

- An attempt has been made to refinance school by Steve McNeil with PNC but was told no interest.

Meghan - Concerned about the risk/liability because of the recent capital campaign which was for both the church and school and implied usage.

- Could we have legal implications? Could that impact the school?
- Money that has been spent has been in the church building reno.

Geoff – at the start of campaign it was “based on right sizing the school's assets.”

Caroline – Has projections in hand reciting the concerns on being able to finance the cost of the Jefferson building.

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- Cost of the Jefferson Bldg has been an albatross from the beginning (at least the 6 years Caroline has been here)
 - \$1.7M invested in property
 - Thompson House mortgage was rolled into the school even though documentation said it would not happen
 - Vestry treasurer MUST attend the financial meetings of the school which has not been happening
 - School finance committee has said for a long time that if the school goes down it will have a very negative impact on the church
 - Mandatory that both vestry and school have in depth knowledge/understanding of legal documents and legal agreements between the school and church. School needs to see documents as does WYE River in pro bono role needs to see them. But school has been told by the church that these documents cannot be shared with the school.

Geoff – Commented on email stating that Vestry is opposed to sharing with Wye River documentation. Concern would be Wye River having all the church financial documents at the time of negotiation between church and school and their objectivity.

Questions around Wye River's (as financial representatives) role and impartiality between school and church. Possible conflict of interest?

Multiple discussions about the role of Wye River and potential role. They have never claimed to represent the school in a legal manner.

- Could they come up with ways to restructure loans?
- What would their work look like and what would it ultimately cost?
- At some point in time Wye River's efforts will cease to be pro-bono and they will want to be paid for their efforts.

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- Should Wye River be disqualified from representing either the school or the church in future negotiations?

Janice - While church and school are "one" there is a fundamental distrust. This has been an issue for years.

Lisa – very frustrated that a joint vision has not been implemented.

Caroline - parish based model is tough. Need commitment to work together. If there is a separation we need to figure out how to do it as friends.

Bayo - What is the dioceses perspective on supporting the school going forward?

What would the financial impact on the church be if there was school/church separation?

- Would be tough, but would need to rent out the classrooms
- Currently there is a \$3M loan would drop to \$1.375m loan which Steve thinks we can support.

Is the school viable in a shrinking Independent School environment?

- Have stayed consistent at 150 students. This year 115 students. (136 needed to break even)
- School tuition is currently under that of other comparable schools.
- Currently, the school is not breaking even on an operational basis.

The Rev. Dr. Robert Phillips - Healthy Relationship

- How to develop a common goal/interest/objective?

- Need to build trust between the school and the church.

Janice

- Financial issues been discussed for 6 years+
- Would like total self - incorporation of the school which is what the task force recommended
- \$126K spent by the church for school expenses
- Potential \$240 – 270K of upcoming school expenses – who will pay?
- Pledging down by 25%. We will not make budget for 2020.
- How can we pay school expenses when the church won't have enough money?

Tim

- There are people in the room that are willing to make this work
- Maybe we haven't worked to make the school a ministry.

Meghan

- Appears to be a lack of trust on both school and church
- Believes the school going away would harm the church
- Shared use agreement – we need to discuss.
- We need to be championing because of this shared use

Geoff – responding to Dr. Philips question on healthy relationships

- Task force and Wye discussions really weren't shared with each other and a change of communication would help.

Mariann:

- Perhaps to build healthy relationships it needs to be people who are not tired by the discussions, get new perspective
- Example of school not having capital campaign info – they did, it was just a matter of communicating it.

Emily

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- Had considered CES for her kids but found that the local public schools were just fine.

Geoff

- The task force group of people around the table have a certain chemistry that seems to build trust. Can we develop another task force to take this effort forward?

Lisa Closing

- Need to have a shared understanding of issues/success
- Follow on Robert's suggestion on building healthy relationships.
- Does anything need to be decided tonight?
- Capital Campaign – can/should it be restarted?
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Janice

- Wants to know the legal issues and guides for opening up our financials.

Caroline

- Need to share information and context of decisions on items such as:
- Dual efforts (church/school) working not in coordination: City of Rockville, realtors, search for head, and related budget issues
- Closing Prayer. The Rev. Dr. Robert Phillips

Respectfully submitted – Rob Follit

