

St. Mary's Parish
Minutes – Vestry Meeting
November 17, 2008

The meeting convened at 7:00 p.m. at the home of Karen Lowry after a time of sharing and fellowship. In attendance were John Ball, *Rector*; Paul Koch, *Senior Warden*; Brenda Bassford, *Junior Warden*; Vestry Members Richard Abell, Karen Lowry and Jenny Rust; Joe Storey, *Treasurer*; Christopher Wilkins, *Director of Christian Education*; and Gib Baily, *Financial Officer*.

After a period of mediation led by Christopher Wilkins and a prayer led by Fr. John Ball, the minutes of the October Vestry meeting were reviewed and approved without revision. Karen Lowry moved that the minutes for the October meeting be approved as submitted. The motion was seconded by Jenny Rust. The motion to accept the minutes as submitted was approved unanimously.

Gib Baily, the parish Financial Officer, presented the following report on the status of church finances through the end of October. He began by indicating that October was another difficult month because a deficit of <\$7,602.08> was seen during the month, raising to <\$42,595.64> the deficit seen in the operating budget for the first ten (10) months of 2008. He indicated that, based on the experience in recent months, he believed that a deficit of approximately <\$30,000.00> would be seen in the operating budget in 2008, and that the deficit could even approach a level of <\$35,000.00> if the current downward trend continued. He indicated that four factors were contributing to the projected deficit – he indicated that, based on current trends, parishioner-related income (pledge giving, plate giving and NPRG giving) would fall approximately \$18,000.00 below levels assumed in the operating budget approved by the Vestry for 2008, that income for fund-raising activities would fall approximately \$3,000.00 below estimated levels included in the operating budget approved by the Vestry, that office-related expenses continued to run above allowances and that an over-run of approximately \$4,000.00 was anticipated in this area, that an over-run of approximately \$2,000.00 continued to be seen in the area of utilities; and that the initial deficit of approximately \$3,000.00 approved by the Vestry for 2008 had never been addressed. He noted that pledge income (account #4001) through the first ten (10) months of 2008 fell approximately \$30,000.00 below the comparable total for the first ten (10) months of 2007. Gib provided a spreadsheet which summarized pledge income on a monthly basis for all of 2006, all of 2007 and the first ten (10) months of 2008. He made the point that the trends shown in the table were important, rather than the levels of giving themselves and that pledge income for the first ten (10) months of 2008 fell in every month of 2008 from the comparable month a year earlier except for June and that pledge income for the ten-month period was nearly 20% below the comparable ten-month total for 2007.

He then referenced the status of the special fund supporting the DCE position and indicated that an over-run of approximately \$1,000.00 was seen in this account during October, increasing to approximately <\$3,500.00> the over-run seen in this account through the end of October. He indicated that an over-run of deficit of approximately <\$6,000.00> was projected to be seen in this account by the end of 2008.

Finally, Gib summarized the status of the parish endowment funds through the end of October, focusing mostly on those general endowment funds available to support deficits in the church operating budget. He indicated that these endowment funds had lost approximately \$33,000.00 of their total value, 11.5%, of their total value during this period. He indicated that the value of approximately \$260,000.00 seen in these unrestricted endowment funds at the end of October included approximately \$50,000.00 already restricted within the non-operating accounts (by the Smith family bequest and the advance from the college which would be drawn down in the coming year) and would be further reduced by a total of approximately

\$40,000.00 once the deficits in the operating budget and in the DCE fund were covered for 2008. He indicated that, at current rates, this left less than \$200,000.00 in general endowment funds to cover deficits in the operating budget in 2009 and above the current level projected for 2008. Joe Storey commented that the Investment Committee had just met and had recommended that the parish “stay the course” for the time being. He indicated that Barbara Beliveau, a member of the Investment Committee and a member of the faculty at St. Mary’s College of Maryland, had taken on the duty of reviewing the investments held by the church and setting priorities to selling off endowments as needed in the coming months.

Finally, Gib provided a summary of the net profits from the Fall Dinner. With the outstanding bills taken into account, it appeared that the net profit from the dinner would closely approximate the target of \$7,500.00 included in the operating budget for 2008. The Vestry expressed great appreciation for Ron Smith’s work and for the efforts of all those who contributed to the success of the Fall Dinner. It was noted that the process seemed very well organized.

Following this presentation, the Vestry agreed to prepare a written report to the congregation, summarizing the situation in which the parish finds itself and offering the opportunity for parishioners wishing and able to make a contribution to alleviate the deficit to do so. Gib volunteered to complete the initial draft of the letter and to distribute it by Wednesday, November 19th. It was hoped that the letter could be mailed no later than Monday, November 24th. Richard Abell made the point that it was important to distribute the letter prior to Thanksgiving because delaying release of the letter until the following week would be disadvantageous to the parish because attention turned to Christmas and end-of-year bills with the coming of December. It was also suggested that the letter offer the opportunity for those who wished to do so to make contributions to build up the endowments of the church.

Following this discussion, Fr. John made the point that opportunities existed for parishioners to fund the cost of the repairs to the windows in Trinity Church now that the costs were known and that he felt an effort to solicit gifts in this area should be undertaken. In reviewing the status of the endowment funds, both Richard Abell and Fr. John stressed the importance of ensuring the discrete split of the endowment funds, ensuring that designated gifts to the Parish Hall Fund and for the maintenance and long-term care of the cemetery were restricted to that purpose. Finally, Fr. John indicated to the Vestry that he intended to transfer a portion of the funds from his discretionary fund into the general fund of the parish in order to reduce the growing deficit. In conclusion, Joe Storey indicated that he had been approached by a parishioner who offered to make a sizable unrestricted gift to the parish – it was agreed that the gift could be used to alleviate the crisis facing the parish in 2009, whether the gift was received prior to the end of the 2008 or after the beginning of the new year.

Fr. John announced the formation of the Finance Committee charged with providing guidance to the Vestry on the financial matters of the parish. Members of the Committee include Joe Storey, *Church Treasurer*; Paul Koch, *Senior Warden*; Brenda Bassford, *Junior Warden*; Barbara Beliveau, *member of the Parish Investment Committee*; Cary Braun; and Gib Baily, *Financial Officer*. One additional member will be named to the committee by the Rector. Meetings to look at the current situation and prepare budget options for the consideration of the Vestry at its meeting on December 15th were set for Thursday, December 4th, and Wednesday, December 10th.

In discussing the letter to be distributed to the parish, Vestry members made the point that the deficit being seen at the present time involves a drop-off in giving rather than an over-run in expenses. In looking at other alternatives to address the shortfall, Richard Abell proposed holding a “Deficit Donation Party” (Jenny Rust provided the name). It was agreed that individuals would be identified who were behind in their pledges for 2008 and that they would be contacted to determine if they would be able to fulfill their

pledges prior to the end of 2008. It was agreed that an effort would be made to determine why individuals had fallen behind in their pledges – financial hardship, illness, travel, disaffection, or for another reason. The Vestry expressed concern that individuals might feel that they were only being contacted because they were behind in their pledges, so it was determined that the contacts would be crafted in such a way as to identify why people might be behind in their pledges and that the concern was for those matters that might be affecting individuals ability to fulfill their pledges. In this regard, it was agreed that two letters would be sent prior to Thanksgiving – a general letter to be sent to all of the parishioners outlining the current crisis facing the parish and a specific letter to be sent to those parishioners currently behind in their pledges.

Fr. John then presented a summary of the results of the first day of the pledge drive, Sunday, November 16th. He indicated that every person attending Ridge Chapel that morning made a pledge, with one exception, and he indicated that he was very pleased about that. Fr. John indicated that only nine (9) pledges were received from parishioners attending the service at Trinity Church, and he felt that there was some confusion at Trinity over whether pledges were to be turned in on November 16th or on November 23rd. He indicated that a total of 24 pledges were received for a combined total of \$89,338.00, which included a total of \$5,680.00 dedicated to the support of the DCE position. Fr. John announced that the highest pledge received was for \$16,800.00 and that the lowest pledge received was for \$100.00. He indicated that 13 pledges represented increases and that four (4) pledges were received for 2009 from parishioners who had not made pledges for 2008. He indicated that six members of the Vestry had pledged and that, when combining these six pledges with pledges from the Rector and the Treasurer, these eight (8) individuals had pledged a total of \$41,770.00 (nearly half of total amount of pledges received) and that all eight pledges for 2009 represented increases over the levels pledged for 2008 – Fr. John was very grateful and appreciative of this fact. It was noted that the three members of the Vestry not yet submitting pledges should submit their pledges in the very near future.

Following this report, it was agreed that “thank you” letters would be sent to all parishioners making a pledge, and that the Rector and the Senior Warden would co-sign the letters. It was also agreed that, if pledges were not received by November 23rd, follow-up telephone calls would be made during the last week of November to determine if individuals intended to make pledges. Richard Abell noted that, while it was helpful to call people known to the individual Vestry member making the call, there were disadvantages to calling family members or closest friends, so care needed to be taken in determining which members of the Vestry called which parishioners. It was thought that each Vestry member might have to make five or six calls to follow up on outstanding pledges.

Discussion then turned to the rationale for continuing to use a separate fund to allow for designated gifts to support the DCE position. Richard Abell pointed out that this decision was not consistent with the hopes of the Vestry when the structure of the budget was initially envisioned for 2009. It was indicated that this issue was raised and discussed at the September Vestry meeting, and that the change was made to ensure that funds intended to support the DCE position would be used for that purpose since there was the possibility under the present situation that funding for the DCE position might not be continued otherwise into 2009. Karen Lowry expressed the concern that giving to support the DCE position might not be forthcoming to the extent hoped because Christopher Wilkins was no longer visible to the congregation on most Sundays and that his lack of visibility on Sunday mornings was a disadvantage in seeking funding for his position. Fr. John responded that, while it was regrettable that Christopher Wilkins could no longer be present on most Sunday mornings, that he was present on Sunday mornings when he could be present and that he hoped to be present more often in December and on into the new year. Fr. John emphasized that Christopher Wilkins was working closely with the Sunday School coordinators and was supportive of their efforts, ensuring that the Sunday School program was running smoothly and effectively even in Christopher’s absence on Sunday morning. Fr. John indicated further, with regard to Christian formation

offerings for adults, that Christopher Wilkins was available extensively during the week and provided a variety of week-night and Saturday offerings to meet the needs of adults. It was felt that, while the programs were working well, it was not optimal for Christopher to be absent so frequently on Sundays.

Discussion then turned to the budget planning for 2009. The plans were reaffirmed that the 2009 budget would be the focus of the Vestry meeting on December 15th. Joe Storey will serve as the convener of the Finance Committee until a permanent chair can be named. Gib indicated that, in this view, the budget for 2009 would be driven by available income rather than driven by expenses. With this thought in mind, he indicated that the Finance Committee would need three critical pieces of information in preparing budget options for the Vestry to consider at its December meeting – (1) what level of deficit would the Vestry find acceptable and be willing to approve for 2009; (2) what level of endowment income would the Investment Committee feel was prudent to transfer to support the operating budget in 2009; and (3) what were the Vestry's funding priorities for 2009 – music, youth, worship/liturgy, Diocesan contribution, etc. Joe Storey agreed to work with the Investment Committee to make this determination prior to the first meeting of the Finance Committee on December 4th. The Vestry members agreed to schedule a special meeting of the Vestry on Monday, November 24th, to address the first and third issues raised above. Gib made the point that the Finance Committee should be given priorities rather than mandates because of the severity of the crisis – options would be developed for the Vestry to review which funded the Vestry's stated priorities at the highest possible levels. In this regard, it was agreed that the budget process was simplified because the issue of funding for the DCE position was separated from the discussion of general budget priorities. Paul Koch made the point that this budget process would be difficult because the Vestry faced very difficult decisions and there were no easy solutions, no "low hanging fruit", available at the present time. Fr. John reviewed the make-up of the operating budget, and essentially divided costs into three areas –

- first, salaries and benefits for the Rector and the Parish Administrator;
- second, fixed costs for utilities and maintenance; and
- third, funds for ministry (youth, Christian formation, outreach, the Diocesan offering and music).

Discussion then turned to the Vestry areas of responsibility. It was announced that a severe leak had been found in the roof in Trinity Church, and that preliminary estimates were that repairs would cost approximately \$12,000.00. It was agreed that a final decision would not have to be made on this matter until after the beginning of 2009. Fr. John indicated that he felt encouraged by improvements in the church choir in recent weeks and by the ability of the congregation to incorporate the new Seminarian in its worship services. He also indicated that he had received favorable input on the weddings and baptisms which he had performed recently. At the same time, Fr. John again expressed concern over the decline in attendance at the Sunday morning services.

Finally, Fr. John reminded everyone that it was nearing the time when a committee would need to be formed to nominate new members for the Vestry. After some discussion, it was agreed that all members of the Vestry whose terms were expiring were eligible to be re-nominated for full three-year terms except for Jenny Rust, who is completing a three-year term this year and must go off the Vestry for one year. It was agreed that the Rector and the Senior Warden would meet to form a Nominating Committee.

Following this discussion, Karen Lowry moved that the meeting be adjourned. Jenny Rust seconded the motion, which passed unanimously. The meeting was adjourned at 9:55 p.m.

Respectfully submitted,

George B. Baily, Jr.