

**St. Anne's Parish
Vestry Meeting Minutes
Tuesday, April 14, 2020**

Clergy and Vestry Members Present

Rev. Manoj Zacharia
Linda Adamson
Thea Chimento
Al Collins
Betty Creighton
Carrie Dana-Evans
Mark Grimes
Kev Hays
Katherine Hilton
Jason Houser
David Huggins
Sharon McElfish
Townsend McNitt
Sarah Morse
Paul Pope
Susan Thaxton

Non-Vestry Members Present

Howard Buskirk, clerk
Bill Honey, Investment Committee
Santo La Torres, Investment Committee
Ann Ziegler, Outreach Committee

Welcome and Introduction of Guests

Vestry met through a Zoom call because of the COVID-19 pandemic. Manoj+ opened the meeting at 7:02 p.m. with a prayer from a collection by the Rev. Theodore Parker Ferris. Mark asked the Vestry members how they are doing in light of the continuing shelter-in-place order.

Investment Committee Report

Investment Committee Chair Bill Honey updated the Vestry based on a call with investment firm Vanguard and discussions by members of the committee to on the current market situation. The committee proposed reallocating the investments in one of our Vanguard accounts from all short-term fixed-income money-market funds to a mix of equity and fixed-income that is more in-line with the rest of the Endowment and our fiscal policy. Per our fiscal policy, the target is to keep 65% in equity investments and 35% in fixed-income or bonds, Bill said. The committee has also taken into account that Parish needs to keep enough in the operating fund to support church operations, the Preschool for the Arts at St. Anne's and the cemetery,

he said. Lastly, the committee would like take this opportunity to start investing in socially responsible index funds. These funds track broad market indices but exclude companies in certain industries such as gambling and tobacco. The committee believe these funds will better align our investments with our mission.

The committee and the Treasurer are doing modeling to make sure there is enough liquidity to support operations through the end of the year, Mark said. "We feel good at this point about the amount of money that we are retaining in highly liquid investments," \$594,000 in a money market account, he said. "The money market account is virtually cash," he said. "There is little real investment risk in the money market investments." The committee isn't trying to time the market or when the market will bottom out, he said. "The committee is looking at the long term, and we feel like it's appropriate for that to be invested in a mix of equity and debt (or fixed-income) instruments," he said. The returns on socially responsible funds have historically been comparable or better than, other funds, he said.

Mark opened a discussion about making the investment changes. He noted that the Treasurer, with the committee's recommendation, can make the changes without Vestry approval, he said. "Given that this is unusual times, I'd like to see the Vestry give her specific authority and direction," he said. The Vestry doesn't need to specify the particular funds in which the money will be invested, he said.

Linda said the change is "appropriate."

Kev asked whether the Parish has done a five-year projection of where the budget will be as a result of changing the investment strategy. This would increase risks but should increase our return, Mark said. Money market accounts are returning about 1% interest, maybe less, he said. Equity funds over the long term have been returning 7-10% per year, last year they grew nearly 30%, but they have already declined by that much this year. The current expectation is 6-7%, he said. There are too many assumptions that have to be made to project returns, Mark said.

Susan summarized, saying the Parish has a Vanguard account of \$1.2 million which is invested in short-term money-market funds. The Parish has \$400,000 in its operating fund, she said. By making the shift in investment, the Parish would bring these investments in-line with our fiscal policy and retain \$1 million in "accessible cash" if it is needed, she said. Even if the budget gets very tight "we can still make this investment change" and "still have adequate cash on hand to get us through whatever we're about to weather," Susan said.

Mark moved that the Vestry authorize and direct the Treasurer to take \$650,000 from the Vanguard operating account and invest it in equity funds, 70% in U.S. equities, 30% in international, in socially responsible funds to the extent possible, with the balance to be left in money market funds. The motion was seconded by Linda and approved on a unanimous vote. Mark thanked the Investment Committee for its work.

Outreach Committee

Outreach Chair Ann Ziegler presented the Outreach grants the committee has approved for the year. The committee looked very closely at all of the applicants, and met with other parishes to discuss outreach approaches, Anne said.

The Outreach Committee approved the follow grants:

Saint Luke's Food Pantry: \$2,000.00
Creating Communities: \$5,000.00
Friends of the Stanton Center: \$4,000.00
Start The Adventure In Reading: (Stair) \$5,000.00
Anne Arundel Conflict Resolution Center: \$5,000.00
CHERA, which promotes community health in Uganda: \$5,475.00
Total Funds: \$35,000.00
Total Spent: \$28,971.00
Funds Remaining: \$6029.00

Ann offered a brief update on each of the groups that received funding. She noted that the \$2,000 is on top of \$5,000 the St. Luke's Pantry is also receiving to pay for food and will buy two freezers and a computer needed to help the pantry run more smoothly. The committee focused on local organizations, she said. The Rev. Jessica Sexton coordinated the process, she said.

Susan asked if these were the only applicants. The committee reached out to other organizations and some were not interested in funding, Ann said. One group applied but was not funded, she said.

Mark said while it isn't clear the Vestry needs to approve the grants, he was proposing a we do so. Katherine moved that the Vestry approve the Outreach grants as presented in the Outreach Grant Report to be funded from the Outreach General Fund. Paul seconded the motion, a discussion followed, and it was unanimously approved.

Al said he would like to know more about the results from the donations. Paul said he would like to see "the success stories."

We need to be prepared, given the difficult economic times, for the groups to spend the money differently than what they have proposed, Susan said. "As the Vestry, we should be prepared to hear that and be OK with that," she said. We also need to "manage expectations" on what \$5,000 will do for any organization, she said.

Manoj+ said he is grateful for work the committee is doing. "I would like to see some metrics attached in terms of goals," he said. "Are we talking about short-term

changes or health or are we talking about macro-transformation for the good of the community. It's just a philosophical question that I have."

The committee has had discussions with other parishes on how combining resources might have a bigger impact on the community, Ann said. "It's going to take some time and effort and thought as to what does that look like. ... That's where you might see a greater metric on success."

We need to manage expectations of what kind of reporting you get for \$5,000, Susan said. Sometimes you have to just give the money and trust the organization, Betty said.

We don't want to be burdensome to these organizations, but would like to "tell the story of what we're doing and how it's being impactful," Mark said. We can do a better job of sharing the stories, Linda said. Townsend said there are many "wonderful" stories to tell.

Partners in Mission in Guatemala

Kevin updated the Vestry on the program. People in the village PIMIG serves are on lock down because of COVID-19 and can't travel within country, he said. The annual trip by the members of the Parish is in doubt because of the pandemic, he said. "What we will lose is the onsite conversation on what's going on," he said.

Mark asked if the latrine program will continue given COVID-19. Members of the community do all the work through a latrine committee, Kevin said. Visitors from the Parish don't engage in the hands-on work, he said. Meetings can continue through video conferencing programs, Linda said.

Dave moved that the Vestry approved the PIMIG budget as presented, Townsend seconded the motion, which was passed by a unanimous vote.

Rector's Report

New Sexton Paul Manning has started. The day before the Vestry meeting there was a torrential rainstorm and Manning has been inspecting areas on the PASA side of the Parish Hall. Staff is "busy at work trying to hold together the community in any ways possible," he said. Manoj+ asked for questions.

Betty said the weekly virtual services offered by the church have been "amazing" and congregants are happy with the services based on her Parish calls. The Parish has been webcasting a single service each Sunday at 9:30 a.m. starting March 15.

"You have not allowed us to drift," Al said. "It has got to be very difficult."

Manoj+ said when the church reopens the Parish may record the Morning Prayer portion of the 11:15 a.m. service to be streamed online. "We're envisioning what's happening in the future as well," he said. The Parish has several weddings scheduled starting in late April, Manoj+ said. "We're just looking at ways to navigate that given our social reality." Members of the Parish expressed their gratitude to Manoj+ on how the Parish has held together since the pandemic started.

"A year ago we were planning our move, and never expected this," Manoj+ said. "I quite honestly never expected our Parish to rise to this occasion. You have ... blown me away in numerous ways." Manoj+ said the focus needs to be on those who are the most vulnerable as a result of COVID-19.

It has been a challenge to do the virtual services and Manoj+ thanked the IT Committee for its help. "We're not the National Cathedral," he said. "We don't have the budget of the National Cathedral. None of us are professionals in that way."

Facilities Report

Jason said there was lots of rain on April 13 and it points to the need to improve the gutter system on the Parish Hall and was soliciting a proposal, he said. PASA took the brunt of the storm, he said.

Jason said while the Parish is "making do" on the recording of services with limited equipment, we would like to explore improvements. He noted that there may be a time when people aren't willing to return to church even after things reopen. He is working with Spira AVL on different options for livestreaming. A fire pump control system has been on backorder and is expected to be installed in coming weeks, Jason said.

Treasurer's Report

Susan reported on finances through March 31. The Parish is already seeing a significant impact on giving from the church being closed, but thanks to a good January and February that at that point was still doing better than budget on revenue and expenses.

PASA lost a few families in March and the summer camp is "up in the air" and deposits may need to be refunded, Susan said. "Their financial situation, all things considered, is good right now," she said. The cemetery's financial situation is stable with nothing to report.

Susan reported on the effects of the pandemic on overall donations. Giving is down sharply in April so far, Susan said. It's important "to figure out what the right communication is to encourage people to continue giving to the church given the circumstances," she said. Giving patterns have been inconsistent. Twenty-nine

families are now giving electronically who weren't before, tied to the shuttering of the church, she said.

On the expense side "we run pretty lean" and there's little room to cut costs, Susan said. Ministry expenses will come down a bit, but most other expenses are static, she said. St. Anne's can get a 10% reduction in its monthly payment to the Diocese of Maryland, retroactive to January, which translates to \$1,400/month, she said.

"We're not dire, but I'm not going to be Polyanna about it either," Susan said. "Every nonprofit and for-profit is in a very uncertain situation right now and we're no different." Susan said the Parish has a good story to tell in terms of how important the church is at a time of crisis. "We do need to be cautious. We do need to pay attention to this." The Vestry needs to think about what the next six months will look like in its fund raising.

"That's huge" that more pledges are being made electronically, Betty said. People have to adapt to not putting money in the collection plate, she said.

Manoj+ said some congregants have supplemented their giving because of the COVID-19 crisis. One parishioner slipped an envelope into his office with an extra donation, he said. There have been "marks of generosity" but we need to remember those who are unable to contribute because of changes in job situations, he said. "God works in different ways and through different people," Manoj+ said.

Mark said, if the reduced giving continues as this rate the Parish would take a hit of roughly \$250,000 because of the pandemic. "We're in a stable position but we are definitely seeing a drop in giving," he said. "We do not want to lay anyone off" but employees are "by far the biggest expense that we have" and the only meaningful way to reduce expenses, he said.

The Executive Committee approved emergency authorization on April 7 to apply for a \$228,000 Payroll Protection Program loan under the CARES Act, which was approved by Congress in March. If no one is laid off and salaries aren't reduced, a portion of the loan amount can be forgiven, he said. Mark said Parish filed the day after money was made available because of huge expected demand. Because most PASA teachers aren't paid during the summer, only about half the total may end up being forgiven, but it remains a very low interest loan, he said. Manoj+ thanked Mark for spearheading the loan application.

Paul offered a motion that the Vestry approve the emergency action of the Executive Committee to direct and authorize the officers to apply for the Payroll Protection Program loan that was made available under the CARES Act. Linda seconded the motion and it passed unanimously.

SKUNK Works

Carrie and Kev said they formed the bulk of team for the program, which is focused on attacking institutionalized poverty in Annapolis. The group has already had numerous Zoom meetings and met with Annapolis Director of Planning and Zoning Sally Nash, Carrie said. "There is a lot of enthusiasm," she said. "Things are different because of COVID. We're trying to figure out how to work through that."

Approval of Minutes and Closing Prayer

Betty made a motion that the Vestry waive the reading of and approve the minutes for March, which was approved by a unanimous vote.

"We need to be very prudent about what we do," Mark said in closing remarks. "At the same time, there are a lot people who are in need right now and will be in the coming months. To the extent there are opportunities for us to make a meaningful impact, I would suggest that we be willing to take some risks."

Thea led a closing prayer from the New Zealand book of Common Prayer. The Vestry meeting was adjourned at 9:11 p.m.

Respectfully submitted,

Howard Buskirk
Clerk of Vestry