

**ST. ALBAN'S PARISH, WASHINGTON. D.C.**  
**VESTRY MINUTES – 21 July 2009**

**Attendees: Clergy and Staff:** Scott Benhase, Tim Boggs, Jered Weber-Johnson, Ron Hicks, Douglas Dykstra; **Jr. Warden:** Jim Sottile; **Vestry:** Nathalie Bramson, Ruth Cline, Bill Edgar, Andrea Farr, Chuck Holmes, Keith Jones, Danette Gentile Kauffman, Richard Parkins, Ann Ramsey-Moor, Eve Zartman-Ball; **Youth Member:** Oliver Eid; **WSA President:** Joanne Brainard; **Diocesan Delegates:** Paul Brewster, Bill Hall; **Secretary:** Jim Tate.

**Opening Prayer by the Rector**

**Announcements and Minutes:** Keith Jones moved, and Richard Parkins seconded approval of the minutes for May 2009. Andrea Farr moved, and Danette Kauffman seconded approval of the minutes for June 2009. Both sets of minutes were passed by unanimous consent. Jered Weber-Johnson was welcomed to St. Albans.

**Treasurer's Report:** Jim Sottile provided a mid-year financial summary of operating activity of 2009 (January 1<sup>st</sup> – June 30<sup>th</sup>) and provided summary comments (attached). St. Alban's will likely end 2009 \$30,000 over budget. At this time, income is about \$30,000 under budget and expenses are \$802 less than budgeted. The reported May deficit has been corrected to reflect a \$7,946 surplus.

As Jim Sottile reported at the last meeting, natural gas expenses have been moved to a one-year fixed contract resulting in a rate reduction from \$1.43 to 73 cents per thermal unit. However, the future change in gas expenses will not be reflected in this budget. The variance that will persist is the General Contributions item that will likely be \$20,000 less than budgeted. Scott Benhase reported that through control of expenses and due to bequests, the operating fund will be in the black by the end of the fiscal year. Tim Boggs recalled that there had been no first quarter pledge reminder issued. The mid-year reminder is going out in the near future.

Richard Parkins asked how the bequest monies would have been used if they had not been used to meet the mid-year deficit. Scott Benhase replied that the ongoing practice has been to use bequests to keep the operating fund in the black. He wants to move away from this practice through implementation of the resolution to be considered later in this meeting. Keith Jones moved, and Nathalie Bramson seconded a motion that the Treasurer's report be accepted. The motion was passed on voice vote.

**Report on Allocation of Undesignated Bequests and Reserve Fund Distributions:** Tim Boggs reported on today's meeting between himself and Jim Sottile. They have rewritten the formulas for distribution and allocation of bequests and permitted distributions from the Reserve Fund as a result of suggestions made by the Vestry at its June meeting. Revised resolutions addressing these issues were presented for Vestry consideration (attached), together with the original resolutions from the June Vestry meeting.

### **New resolution- re-allocation of undesignated bequests:**

WHEREAS a sum of \$600,000 for the reserve fund is deemed comfortably sufficient to cover major and / or unanticipated facilities repairs and replacements, and

WHEREAS recent undesignated bequests have been directed 10% to the Operating Fund and 90% to the Reserve Fund, in order to build the Reserve Fund to the appropriate level, and

WHEREAS the Reserve Fund has surpassed \$800,000 as of June 30, 2009,

THEREFORE let it be RESOLVED that of the above total, \$600,000 remain in the reserve fund, with \$200,000 additional to be held in the Reserve Fund for the imminent building of the handicapped ramp, and the balance in excess of \$800,000 shall be transferred to the Endowment Fund in partial repayment of the loan from the Endowment Fund to the Capital Campaign Fund, and

THEREFORE let it be RESOLVED that upon receiving undesignated bequests in the future, 10% shall be allocated to the Operating Fund, and if the balance of the Reserve Fund as of the end of the calendar quarter immediately preceding said bequests is less than \$600,000, 90% of the bequest shall be allocated to the Reserve Fund until its balance equals \$600,000, with any remaining bequest balance being allocated to the Endowment Fund. Should the balance of the Reserve Fund equal or exceed \$600,000, 90% of said bequests shall be allocated to the Endowment Fund.

Keith Jones moved and Richard Parkins seconded that this resolution be accepted.

Discussion followed:

- Richard Parkins asked if the endowment monies were invested. Scott Benhase replied that the monies had been in stocks previously, but are now in CDs where they are earning about 1 – 2 percent per annum. Tim Boggs commented that the Endowment Fund is a magnet for future gifts.
- Richard Parkins asked what would trigger future withdrawals from the Endowment Fund. Tim Boggs replied “Vestry action.” Scott Benhase clarified that if annual withdrawals are within the 5 percent, no Vestry action would be needed. If over 5 percent it would require two successive Vestry approvals with notice to the Parish.
- Danette Kauffman asked how the 5 percent decision was made. Scott Benhase replied that it was part of the approval process for the annual budget.
- Keith Jones commented that if spending from the Endowment Fund can be done intentionally through the budget approval process he recommends there be Stewardship Commission guidance for this designated spending without relying solely on the Vestry. He asked for clarification on designated vs. undesignated bequests. Danette Kauffman concurred in the need for

- guidance on allocation of undesignated bequests. Ruth Cline commented that Frank Wade viewed St. Alban's as a non-profit organization and that the Endowment Fund got dispersed. Scott Benhase replied that this discussion was exactly the reason for the resolution under consideration at this time.
- JoAnne Brainard asked: "Why do we need an endowment?" Tim Boggs commented that endowment is the key way to ensure the church will live on. Scott Benhase replied that emergency circumstances or lean times can come up and St. Alban's needs to be prepared. But the Rector also warned that we need to not become dependent upon the endowment. For example Harvard, Yale, and the Cathedral in Minneapolis found that their endowments provided too great a portion of their annual budget and they could no longer support their operations and commitments when the endowment earnings fell. Paul Brewster commented that this is a promise to build the endowment for the expectation of using it someday. Nathalie Bramson commented that we need the endowment to safeguard a 150-year-old church. Bill Hall commented that from his previous experience on the Vestry, he found that Frank Wade's capital campaign didn't work as planned.

The resolution was accepted on voice vote.

#### **New resolution- re Reserve Fund Distributions**

**WHEREAS best practice for endowments such as that of St. Alban's Parish suggest that an annual distribution of four to five per cent is appropriate,**

**THEREFORE let it be RESOLVED that distributions from said endowment in any given calendar year shall be no more than five per cent (5%) of the three-year average value of the Endowment Fund as of the end of the immediately preceding calendar year.**

Chuck Holmes moved and Nathalie Bramson seconded a motion to accept this resolution.

Discussion on this resolution followed:

- Jim Sottile commented that an analysis of the Reserve Fund history shows that about \$126,000 per year of capital expense for repairs is required on average and the remainder of the Reserve Fund is used for unanticipated expenses and as a Liquidity Fund to cover expenses when income is light, such as in summer. He recommended a statement of principles for phasing out the use of undesignated funds to be allocated to Operations. The resolution plans that this year 10 percent of undesignated bequests will be allocated to the Operating Fund; in 2010 there will be 5 percent; and then in year 2011 zero percent of undesignated bequests will be allocated to Operating Fund.
- Keith Jones asked why vote now rather than wait until next month? Jim Sottile responded we are expecting large bequests in the near future and need to have the resolution in place to address these gifts.

- Nathalie Bramson commented that the committee apparently was being conservative with \$600,000 for capital improvements and not adjusting for inflation. Jim Sottile commented that future Vestries will need to revisit the \$600,000 amount regularly.
- Danette Kauffman recommended that St. Alban's needs rules of the road regarding specific, acceptable uses of the Reserve Fund. Without these guidelines, Reserve Funds could be used for other purposes, depleting the Reserve Fund below \$600,000. This would then trigger undesignated bequests to replenish the Reserve Fund, rather than being allocated to the Endowment Fund. Scott Benhase replied that he would make a recommendation to the stewardship committee to consider this.
- Richard Parkins said all of this needs to be understood by the Parish. Scott Benhase replied we will be reporting on this in the bulletin and in the church newsletter and he urged Vestry members to discuss this in conversations with parishioners.

The resolution passed on voice vote.

**Junior Warden's Report:**

- The handicapped accessible ramp slight redesign has been submitted.
- The Nourse Hall kitchen renovation work is expected to be done the first two weeks of August.
- The Satterlee Hall solar panels are expected to be delivered within 30 days. Installation should be complete by mid-September. An installation celebration is being planned for early fall.

**Rector's Report:** Scott Benhase announced need for youth leaders for the J2A program. It is a fulfilling ministry and a huge commitment. A leader may not be a parent of J2A youth. Jered Weber-Johnson, who is taking on responsibilities for video editing and production, said a youth program video is under development and will be available soon on St. Alban's website.

The Rector then distributed resolutions from General Convention and led a discussion of a few of the most prominent resolutions that were passed. He urged Vestry members to become familiar with them and speak knowledgeably with parishioners about them.

**Old Business:** None.

**Compline** was led by Eve Zartman-Ball.

James Tate, Jr., Secretary