

DRAFT

St. Anne's Episcopal Church, Reston, Virginia

Minutes of the Regular General Parish Meeting February 5, 2017

The meeting was held following a 10 am Celebration of St. Anne's service which combined the regular 9 am and 11:15 am services, with the meeting replacing the sermon. The service opened with a procession of 37 banners representing parish service activities.

Prior to the start of the meeting, it was determined that a quorum was present.

The Rev. Dr. John C.N. Hall, rector, called the meeting to order at 11 am and opened with a prayer asking God to be present with those who take counsel for the renewal and mission of St. Anne's. He noted that renewal and mission would be key words for the church going forward, and they would require courage and God's grace to accomplish, but he knew that "God will never call us to do something that God does not equip us to do."

The meeting agenda and references for the meeting were given in a PowerPoint presentation. Agenda items included appointments, minutes, elections, trends at St. Anne's, 2016 financial reports, 2017 financial reports, planning, growth and involvement and recognitions.

Appointments and Minutes

Fr. John noted that this was his first meeting at St. Anne's, and the format would be somewhat different from past meetings. He announced that the minutes of the 2016 meeting were available on the parish website. He explained that rules governing the meeting would be those of the Canons of the Episcopal Church, the Canons of the Diocese of Virginia and the By-Laws of St. Anne's. Those rules require that a person wishing to speak or vote in the meeting must be a member of record at St. Anne's, an active communicant, a pledging member and at least 16 years of age. He said he was aware that some in the congregation might not meet those criteria, and it would be up to each individual to determine whether it was appropriate to speak or vote. He invited anyone with questions about membership to speak with him.

Elections

He announced that there were five openings for membership on the vestry, four for three-year terms and one to complete a one-year term. He noted that it had been somewhat difficult to find candidates for these openings, and he hoped in future years there would be more candidates than vacancies. In answer to a question, he explained that candidates for vestry are recruited by outgoing vestry members in consultation with the rector. The candidates: Lorraine Cross, Ellen Hoffman, Anne Juran, Dorry Kee and David Muha.

Fr. John opened the floor to nominations, and, their being none, nominations were closed, and the five candidates were elected by acclamation. The meeting agreed that it would be left to the five new vestry members to determine who would serve the one-year term. Tim Bellman was elected by acclamation to serve a second term as youth representative to the vestry. Sheila Sandford was elected to serve on the Endowment Committee.

Trends

The next section of the meeting was devoted to presentation of statistics describing who we are and trends affecting the parish. Fr. John noted that St. Anne's was started at the Lake Anne Coffee House on February 23, 1969, and will celebrate its 50th anniversary in two years. The parish ranks in the top 4% of Episcopal churches in average Sunday attendance and is 18th out of the 181 churches in the Diocese of Virginia in giving. The median Sunday attendance of churches in the diocese is 58, whereas attendance at St. Anne's is 320-ish. The average giving at St. Anne's is \$3,102, compared with \$2,980 for the diocese. In 2016, the top 10 donors to St. Anne's represented almost 25% of all giving.

He then displayed a graph showing baptized membership, Sunday attendance and pledging. He noted that the church's baptized membership is shown at 1,350 but is more likely in the area of 960. He also noted that the church had lost pledges when people have moved away and during the years of the recession, and the number of pledges had not returned to pre-recession levels. He concluded the trends section of the agenda by saying that St. Anne's is static in the number of members and giving, and attendance has been sliding, but recognizing these trends offers the church an opportunity to grow the community and claim the future.

Before moving on to the financial reports, he noted that work is being done on cleaning up the church membership list and establishing procedures for an accurate count of Sunday attendance. He also said that going forward, monthly financial statements would be posted on line. He called on Senior Warden Jim Vollman to discuss the financial reports.

2016 Financial Report

The financial report for 2016 is as follows:

	Budget	Actual
Total Income	\$1,081,054	\$1,101,719
Total Expenses	\$1,115,925	\$1,101,260
Net	(\$34,870)	\$ 459

Noting that the parish's mortgage holder requires the church to maintain a balanced budget, he explained that keeping expenses within income was achieved by re-classifying dollars from the capital outlay fund to cover maintenance costs.

In discussing parish finances, he noted that a major problem is the increasing cost for medical insurance for the church's six employees. This cost has risen from \$36,320 in 2012 to \$100,795 in 2016. The church pays 80% of health insurance costs, and individual staff pay 20%.

Fund balances as of 12/31/2016 are as follows:

Operating Fund	\$155,202
Endowment Fund	\$215,976
Capital Outlay Fund	\$ 15,025
Designated Funds	\$ 71,476

Father John called on Jim Jones for a report on the Endowment Fund. The fund was established in 2015, opened 2016 with a balance of \$165,797 and closed the year with a balance of \$215,976. He noted that the current balance is nearly \$225,000, and 136 members have made commitments to the fund. When the fund reaches \$250,000, it will be able to provide between 4 and 7% of its market value to the vestry for use in operating expenses.

He thanked Ray Walser, who completed his term on the Endowment Fund Committee

2017 Financial Report

Jim Vollman then presented the vestry's 2017 budget.

	Budget	Current Pledges	Difference
Pledge Income	\$907,800	\$715,392	(\$192,408)
Other Income	\$255,151	\$255,151	
Total	\$1,162,951	\$970,543	(\$192,408)

He noted that in addition to the operating expenses reflected in the budget, the church had a substantial amount of deferred maintenance, and for that purpose the vestry was requesting approval of the following resolution:

"The congregation of St. Anne's authorizes the Vestry to incur up to \$400,000 in additional indebtedness as part of a mortgage refinance. The additional debt is to be used to complete such capital improvement and major repair processes as the Vestry shall identify and approve."

He explained that the Vestry is proposing refinancing the mortgage to get a lower interest rate and obtain funds for the following projects:

Replacement of the HVAC System

Exterior and interior repairs and painting

Repair and seal parking lot

Replace water heaters

Replace floor and ceiling tiles in preschool and Great Hall

Replace pew upholstery and flooring in nave

He continued that the current mortgage is \$1.28 million at an interest rate of 4.75%. Treasurer Lisa Van Hoecke noted that refinancing offered the possibility of a lower interest rate, but that it would probably add five to six years to the payoff period. Jim Vollman noted that the parish is currently spending more on patch up maintenance than it does on debt service on the mortgage.

In discussion of the resolution it was noted that a number of years ago, the parish had engaged in a capital campaign to pay off the second mortgage and had set aside the funds saved for mission and outreach and creation of a capital outlay fund. A capital assessment undertaken in 2013 had pointed out that the vestry needed to put \$40,000 in the capital outlay fund, but this had not been done. Members of the congregation questioned what the vestry is going to do to prevent the need for refinancing to happen again, and whether the vestry's proposed budget for expenses included any "sacred cows." Members also asked what could be done to get more people to pledge, especially those who had been consistent pledge givers in the past.

Members of the vestry assured the congregation that the expense budget did not have any "sacred cows" and that additional pledge funds would have to be raised to meet the goal of \$907,800 or all expense categories would be looked at for possible cuts to balance the budget.

The resolution was approved by a show of hands. Jim Vollman explained that in addition to approval by the congregation, it also had to be approved by the Diocesan Standing Committee and the Bishop. Submitting the proposal to the diocese would be the next step, but the process could take several months.

Planning, Growth and Involvement

Fr. John then described plans for planning, growth and involvement as the parish moves forward. He stressed the importance of several areas, including strategic planning, clarity of vision and mission, more vestry connection to and leadership in parish activities, an external audit looking at 2016, financial care and stewardship, frequent clear financial reporting, including monthly posts on the website and Sunday bulletins, posting of vestry minutes on the website and transparency in all things. He outlined plans to have the annual stewardship campaign begin in August and be completed by the end of the year.

He then displayed an organization chart showing everything we do as a parish using the acronym SWEEPS – stewardship, worship, evangelism, education, pastoral care and service, plus finances, and said committees would be formed for each of these areas.

Recognitions

He next recognized the service of a number of people including the staff (Rev. Laura Cochran, Tim Barwick, LJ Donnell, and David and Susan Allen), Treasurer Lisa Van Hoecke, Pledge Secretary Angie Gray, Chair of the Search Committee Suzi Jones, outgoing vestry members (Katrina Alexander, Anna Mary Coburn, Scott Gilson), and retiring Senior Warden Jim Vollman and Junior Warden Sheila Sandford. Fr. John presented gifts of thanks to the wardens. These individuals received standing ovations from the congregation.

The new vestry members were asked to stand, along with continuing members of the vestry.

Fr. John closed the meeting at 12:30 pm with thanks to everyone for their patience and with a prayer for the church, following with the dismissal.

Respectfully submitted,

Carol J. Hurlburt