



*Sharing Christ's Love*

3 Chevy Chase Circle  
Chevy Chase, MD 20815

**Vestry Meeting Minutes  
Nov 15th, 2022**

**ATTENDANCE**

†	Susan Awad – '24 <i>Senior Warden</i>	†	Carrie Clark Carlson – '24	†	Rev. BJ Buracker <i>Interim Rector</i>
†	Eric Fedowitz – '23 <i>Junior Warden</i>	†	Liza Cole – '25	†	Rev. Matthew Kozlowski <i>Associate Rector</i>
†	Michael Petrucelli – '24	†	Catherine Eshelman – '25 <i>Assistant Clerk</i>	†	Lois McDonald <i>Parish Administrator</i>
†	Mark Pelesh – '24 <i>Treasurer</i>	†	Cynthia Bryant – '23	†	Teri Ballou <i>Communications Manager</i>
	(To Be Determined) <i>Assistant Treasurer</i>	†	Robert Roop – '25		
†	Chris Robinson – '23 <i>Clerk</i>		Rev. Mac Stewart <i>Priest Associate</i>		
†	Lori Shore – '23	†	Nick Thompson <i>Prager Metis</i>		
†	Jennifer Sirangelo – '25		Mark Pape <i>Assistant Jr Warden</i>		
A CROSS indicates that the individual was present, while an empty box indicates absence.					

**EXECUTIVE SUMMARY / ACTIONS AT A GLANCE**

<ul style="list-style-type: none"> <li>☒ A quorum was present</li> <li>☒ Review and approval of minutes</li> <li>☒ Treasurer's report</li> <li>☒ Wardens' reports</li> </ul>	<ul style="list-style-type: none"> <li>☒ Rector's report</li> <li>☒ Reports from Clergy in attendance</li> <li>☒ Old and new business</li> <li>☒ Closing prayer and adjournment</li> </ul>
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**DETAILS OF THE MEETING**

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**Prayer for Wisdom, Guidance and Grace**

**Fr BJ Buracker**

A quorum being present, Father BJ Buracker called the meeting to order at 7:03 PM. Fr Mathew led with an opening prayer.

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**Scripture Reflection**

**Fr BJ Buracker**

Father BJ Buracker led a discussion on Proverbs 3:3-8 and followed with two prayers (a Prayer for Guidance and a Prayer for Self-Dedication).

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**Presentation of Minutes**

**Chris Robinson**

The minutes from the Sept 20th, 2022 regular Vestry meeting, from the Sept 20th, 2022 Vestry Executive Session, and the Oct 15<sup>th</sup>, 2022 Vestry retreat were presented for approval. Drafts of these three sets of minutes, as well as the attachments, had been circulated in advance of this meeting. After a motion duly made and seconded, the members of the Vestry voted unanimously on the following:

**RESOLVED:** That the minutes from the Sept 20th, 2022 regular Vestry meeting, from the Sept 20th, 2022 Vestry Executive Session, and the Oct 15<sup>th</sup>, 2022 Vestry retreat are hereby approved at this meeting, and the Vestry directed that such minutes be placed on file along with the Parish records of the other meetings of the Vestry. These minutes will be made publicly available.

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**Treasurer's Report**

**Mark Pelesh**

1. **Review of Prager Metis financial information** – Mark shared the Oct 31<sup>st</sup> 2022 *Consolidated Statement of Financial Position (e.g. Assets and Liabilities), Consolidated Statement of Activities (e.g. Revenues and Expenses), and Consolidated Detailed Revenue Comparison (e.g. 2021 vs 2022) reports ('ASC Consolidated Financial Statements 10312022\_Nov 22 Vestry Mtg\_Atch 1')*.

Summary:

- a. Mark introduced Nick Thompson, our new liaison from Prager Metis
  - b. Current observations: Revenues = \$1.85M, Expenses = \$2.2M, with a current budget deficit of \$439K
  - c. 4<sup>th</sup> Quarter has historically been the strongest quarter, so things may improve
  - d. Pledged giving continues to lag, but non-pledged giving and plate giving is up
  - e. YTD Revenues is up
  - f. Pre-school revenues are strong
  - g. The deficit is down from Sept 2022
  - h. Expenses still tracking to exceed the budget, resulting in a large deficit this year
2. **Treasurer's Report** – Mark provided the Treasurer's report and, in addition to the above, reported the following:

- a. Mark met with Prager Metis on Nov 1<sup>st</sup> for a deeper dive into revenues and expenses.
- b. Employee Retention Tax Credit: Mark is considering applying for and Employee Retention Tax Credit. Working with Prager Metis to figure this out. This will be a one time benefit for us, but if we get it we will not likely get it this FY. Will know more by next Vestry meeting if this is an option.
- c. Mark discussed and recommended an annual draw from the Endowment and Investment Fund, and reports this is consistent with the 2016 Policies and Guidelines adopted by the Vestry at that time. Below is a summary of Mark's presentation, obtained from an Oct 31 2022 email from Mark to the Vestry. Susan and Mark will meet with the Endowment Committee and will bring back a motion at the December Vestry meeting for a vote.

“At the Vestry Retreat, the subject of the Endowment and Investment Funds arose at several points as we considered the financial condition of the Church and the degree to which assets in the Funds are available for various purposes. In light of our discussion, I have reviewed the relevant governing documents myself. I have attached these documents for your review -- the Parish Bylaws and the All Saints Church Endowment and Investment Fund Policies and Guidelines. The points that I will summarize are simply the result of this Vestry member's understanding of the key documents. I am not offering a legal opinion or advice, or proposing a course of action.

Here is my understanding of the key points:

- In 2016, the Vestry collected assets that had been donated to the Church and placed in a foundation, and developed a plan to dissolve the foundation and invest and manage those assets.
- Pursuant to its authority to manage the Parish (Bylaws, Article III, section 9) and its power to establish committees (Bylaws, Article IV, section 1), the Vestry passed a resolution that established (1) a Fund to be known as the Endowment and Investment Fund and (2) a Committee to oversee the Fund. (Enabling Resolution. p. 3, lines 16-18; p. 4, lines 28-31). The Fund was divided into four sub-funds: the Perpetual Memorial Fund, the Investment Fund, the Columbarium Fund, and the Music Fund. (Enabling Resolution, p. 3, lines 16-18). The Committee was to recommend to the Vestry a professional investment manager, with Marshfield one of the options. (Enabling Resolution, p. 4, lines 33-37). Marshfield was thereafter chosen.
- The Committee was to consist of five members appointed by the Vestry with three-year terms staggered to achieve continuity. The Rector, Senior Warden, and Treasurer were to be members of the Committee ex officio. (Enabling Resolution, p.4, lines 38-47).
- Under the Resolution, distributions from the Fund were to be limited. The overall purpose was to develop the Parish's ministries beyond what is possible from annual operating funds. (Enabling Resolution, pp. 3-4, lines 19-21). Distributions were more specifically to be for (1) capital improvements, (2) additional outreach ministries and grants, (3) seed money for special one-time projects, and (4) purposes specifically designated by donors. (Enabling Resolution, pp. 3-4, lines 19-24). Distributions may not be made to the Parish's operating budget, except to fulfill one of these four purposes. (Enabling Resolution, p.4, lines 25-27).

- Additional procedures and restrictions were provided in Paragraph 14 of the "Plan of Operation." (Enabling Resolution, p.7, lines 137-153). To obtain funds consistent with the four purposes, the Vestry was to make a written request. But the amounts that could be made available were to be limited by a Spending Rule Policy stated in an appended document containing Policies and Guidelines. Under this Spending Rule Policy, funds available for distribution in any one year were "normally" to be 3 to 5% of the market value of the Perpetual Memorial and Investment Fund, using a three-year rolling average. However, more could be requested from the Investment Fund upon a two-thirds vote of the Vestry at two consecutive regular meetings for (a) one of the four purposes or (b) if the Parish is in "dire circumstances," i.e., its viability as a church is in jeopardy. (Policies and Guidelines, Section B, pp. 11-12, lines 248-285). Unexpended funds available for distribution in a given year will accrue and be available for distribution in subsequent years unless the Committee and Vestry agree otherwise. (Policies and Guidelines, p. 12, lines 262-264).
- The Fund assets are to be managed under the prudent investor standard, and the primary objective is to achieve a total return commensurate with the Spending Policy described above and to achieve growth in principle to keep pace with inflation. (Policies and Guidelines, p.9, lines 178-181). Elsewhere, the Guidelines again state that the investment portfolio was to provide for long term growth of principal and income without undue exposure to risk and to take into consideration that an annual draw of 3-5% of market value based on a rolling three-year average was expected. (Policies and Guidelines, p. 10, lines 193-198). Low, target and high allocations for equities, fixed income, and cash assets were outlined, but adjustments were contemplated. (Policies and Guidelines, p. 10, lines 203-213).
- The Vestry's Enabling Resolution and Policies and Guidelines delegated authority to and empowered the Committee to manage the investments in the Fund and to monitor distributions. (Enabling Resolution, pp. 4-5, lines 53-57). However, the Vestry retained, as it must, ultimate authority over the Fund consistent with its responsibilities to manage the Parish. Thus, the Committee could change the Guidelines but only "with the approval of the Vestry." (Enabling Resolution, p. 5, lines 56-57, 63-64). The Committee was to report to the Vestry quarterly and to the Parish annually. (Enabling Resolution, p. 6, lines 94-98). The Vestry could amend the Enabling Resolution on a two-thirds vote at two consecutive regular meetings. (Enabling Resolution, p. 8, lines 156-157). The Guidelines state that the "ultimate responsibility for managing the Fund resides with the Vestry." (Policies and Guidelines, p.9, line 172). And as noted above, the Vestry appoints the members of the Committee.

I have run my analysis by Todd Miller. It turns out that he and an attorney for the Episcopal Church Foundation drafted the Resolution and Guidelines. Todd agrees with my summary. He also points out that he had expected the Vestry would amend these documents as experience was gained with the Fund and its management. It seems that something different happened. The Vestry appears to have lost track of what the Fund was for, and the Investment Committee is functioning more autonomously than perhaps was intended. That's my perception, at any rate. Be all that as it may, my takeaways are that, under the current regime established by the Vestry in 2016, we do have access to the Fund, and that access is not limited to the "dire circumstances" scenario or just to certain one-time capital

projects.. The four purposes could defray some costs in our operating budget, as the Resolution contemplates. And, while we should never do so lightly and always should do so responsibly and prudently, we may make such changes to the regime governing the Fund as the needs of the Parish require so long as we follow the required procedures set forth in our governing documents.”

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**Stewardship Report****Jennifer Sirangelo**

1. Jennifer presented the Vestry with a report on the 2023 Stewardship Campaign (*11.14 ASC Stewardship Committee Report\_Nov 2022 Vestry Mtg\_Atch2*)

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**2023 Preliminary Budget and Discussion****Fr. BJ Buracker**

1. Father BJ presented a slide presentation (*Budget Process, Benefits, and Results*) highlighting a new process the staff has undertaken to prepare for the 2023 Budget discussion. His slides were focused exclusively on the Expenses end of the equation.
2. Presented several scenarios the Vestry should consider in order to balance the budget in 2023
3. Each scenario focused on different expense cutting efforts
4. Father BJ will next meet with Prager Metis to get their input
5. Father BJ will discuss this more in depth at the December 2022 Vestry meeting.

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**Senior Warden’s Report****Susan Awad**

Susan provided the following information:

1. Rector search: The Rector search committee currently has one strong candidate under consideration
  - a. Rector Search Committee will meet on Thursday Nov 17<sup>th</sup> to further discuss a way ahead

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**Junior Warden’s Report****Eric Fedowitz**

1. Great Hall Renovation project update
  - a. The work for the Great Hall Renovation project will begin Jul 1 2023 and will end Sept 1 2023
  - b. The project is capped at \$130K
  - c. The work will include refurbishing the walls, ceiling, flooring, lighting, and the stage.

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**Interim Rector’s Report****Fr. BJ Buracker**

1. BJ waived his report in light of the extensive budget discussion he provided.

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**Reports of Clergy in Attendance****Fr. Mathew Kozlowski**

1. Father Mathew reported 20 children have signed up for the Christmas Pageant this year.

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**Old Business**

None reported

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**New Business**

None reported

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**Prayer Requests**

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**Adjournment**

There being no further regular business to discuss, Fr BJ moved to adjourn the meeting at 8:57 PM, and provided the closing prayer.

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**Action Items**

**All**

There are no action items currently.

No.	Action Items	Lead	Date Assigned	Target Date
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