

**St. Francis Episcopal Church
July 16, 2024 Vestry Meeting**

The Vestry convened online via Zoom on Tuesday, July 16, 2024, at 7:30 p.m., Fr. Mark presiding. Members attending: Ms. Tendall, senior warden, Ms. Byam, Mr. Hunter, Ms. Hurdle, Mr. Maroulis, Ms. Oleson, Mr. Ruf, Dr. Schneider, Mr. Tester, Ms. Warren, and Mr. Whitlock. Also attending: Mr. Sean Smith and Mr. Les Smith.

Invocation

Fr. Mark led the invocation.

Bible Study

Mr. Ruf led a Bible study that focused on “Faith as the cause of our Salvation” and “As faith grows as, we should be compelled to show our faith in good works.” He read James 2:14-17, and Ephesians 2:8 - 10. He posed two questions: Can faith with no works save you? ‘and “Is faith without works of any use?

Consent Agenda

May Vestry Meeting Minutes

The Vestry approved the May 21, 2024 Vestry Meeting Minutes as submitted, with no changes.

Rector’s Report

Mr. Tester has agreed to serve as Treasurer, with Mr. Maroulis as his assistant. Ms. Warren has agreed to assume Mr. Tester’s Newcomers portfolio.

Floor Covering

Ms. Warren said the lowest flooring bid she and her committee received, from Distinctive Flooring, was the best choice – to cover St. Francis Hall with hard surface flooring without any carpeted areas. The hard surface flooring is vinyl composite flooring with interlocking pieces secured by an adhesive undercoating. The cost is \$21,848.00. This flooring is easier to keep clean than carpeting. The new flooring will not include the closets, offices, vestibule, and entryway. The vestibule and entry could be added to the new flooring areas for an additional \$900.

Legacy Fund

The Legacy Fund was established by the Vestry in February 2018. Vestry minutes from that time indicate that it was not intended to be an endowment as that term is used under Maryland law. Nevertheless, in connection with our financial audit for 2022, our auditor has determined that the initial gift to the Legacy Fund may be required to be treated as an endowment under Maryland law, Statute 1231, based on the language in the letter accompanying that gift to the fund. To date, there has only been this one gift to the Legacy Fund, and the Fund’s balance as of July 2024 is about \$198,025. The church is allowed to withdraw 5% each year from the Legacy Fund for operating expenses. This has not been done since the fund was created, but we have budgeted for a withdrawal of 5% for operations in 2024, which is permitted under the terms of the letters accompanying this gift to the Legacy Fund.

The wardens recommend that the Legacy Fund's operating documents should be revised to clarify that at least as to other gifts to the Legacy Fund, those gifts would not be treated as part of an endowment under Maryland law — those revisions, which would be clarifying, would be consistent with the stated intent of the Vestry in creating the Legacy Fund in 2018.

The Finance Committee will undertake this revision of the language and then consult with the initial donor to see if he agrees that the revised language is consistent with the original intent in making the gift. If there is agreement, then the current Legacy Fund would continue in its current form and would not be treated as an endowment in the future, but with the intent that the funds would be held for investment to provide for the long term needs of the Parish in future years. If there is not agreement, then the current funds in the Legacy Fund would be considered to be held as part of an endowment, and the Vestry would establish a second Legacy Fund that would be governed by the revised language and not treated as an endowment under Maryland law (although the stated intent would be to hold assets that are part of that fund for investment for the long term to provide for the future needs of the Parish).

The new language regulating the fund will need to be approved by the vestry (after review by the church's legal counsel). The Finance Committee has asked that if there are any future gifts proposed to be made to the Legacy Fund, they be deferred until the revised language has been reviewed and adopted by the Vestry..

Audit

Hosick & Co has nearly completed the 2022 Audit, which is the first audit in nearly twenty years. Hosick & Co. provided a guaranteed price of \$12,500 for the audits of both the 2022 and 2023 audits. It is our hope that the audit of the 2023 books will be much quicker and less demanding. Fr. Mark thanked Mr. Maroulis and Mr. Ruf for their invaluable assistance with the Audit.

Sound System

Mr. Sean Smith presented his "St. Francis Stream Team" report on the church sound system. He gave technical updates, data on livestreaming church services and activities, the sound quality streaming applications, audio/visual enhancements, and the software anti-virus status. He is trying to achieve a balance in the system's sound quality and has been working with lay readers and other speakers to ensure their voices carry well over the system. His report also included recommendations about additional speakers to the sound panels, upgrading the virus software, and having a back-up person to serve when he is unavailable. He is working on more specific proposals about additional speakers.

Lighting Renovations

The lighting upgrades around the campus have all been completed, except in St. Francis Hall, and Ken and Gaines Hurdle have been working with KW Efficiency to ensure that the terms of our agreement that should result in improved lighting are fully observed. They hope the matter will soon be resolved.

Mutual Ministry Review

Fr. Mark said the Vestry's Mutual Ministry Review provided helpful comments for him and his ministry. He noted that he believes the high cost of Your Part-Time Controller's work, which has required him and the parish administrator to assume many additional burdens to save funds, is unsustainable. Once the 2023 audit is completed, we need to seriously consider cheaper options.

Diocesan Survey

Individual parishes are asked by our diocese to contribute 10% of their budget as an assessment to support ministry at the diocesan and national church levels. St. Francis currently pays 5% of its budget as its diocesan assessment. Fr. Mark said increasing St. Francis's contribution would be difficult given the church's current financial situation, to which the Vestry concurred. He noted that the St. Francis' participation in diocesan activities is very limited. Fr. Mark also said our diocese is unusual in being able to rely on a very large endowment, the Soper Fund, for a significant portion of its operating costs. This fund has increased significantly in recent years due to the stock market's growth.

Church Services

Fr. Mark said that the staff has been in conversation with many parishioners about the possibility of retaining 10:00 as the time for the main service during the school year. Many older parishioners support this idea, and the younger families that were surveyed were indifferent about it. One possibility could be to try a 10:00 service in the fall for a limited duration (say until the beginning of Advent). There was no major opposition to allowing the service time at 10:00 among the vestry.

The Vestry discussed whether it would make sense to schedule the Adult Forum before 10:00 service. Fr. Mark said that Adult Forum attendance has declined since the pandemic, and the staff have already scheduled some fellowship events that had previously happened on Saturdays to the post-service time on Sundays. The final decision about the timing of services is the rector's, and he will continue to consult with others and make a decision soon.

Motion to Approve the Consent Agenda

Dr. Schneider made a motion, seconded by Mr. Whitlock, to approve the Consent Agenda. The motion carried unanimously.

HVAC

Mr. Ruf, Mr. Stanton, and Mr. Whitlock have reviewed the HVAC engineer's design. The HVAC project received two acceptable bids (out of five bids): Bradleigh Mechanical bid \$560,000 with a 5% fee, and RSD bid \$715,000 with a 20% fee. The committee preferred the RSC bid, but they could not justify RSC's bid, and awarded the HVAC project to Bradley for \$563,000. Mr. Ruf said that Bradleigh has done satisfactory work for the church in the past, but they had been discontinued as the HVAC maintenance provider several years ago. The reasons for that decision have been discussed with them at length. They expect that the boiler replacement in the church can be begun immediately, but the school's boiler work may have to be delayed.

Motion to Approve the Award of the HVAC Project to the Bradley Company

Tom Whitlock made a motion, seconded by Ms. Warren, to approve the award of the HVAC bid to the Bradley Company for \$563,300, with a bond for \$111,000, for a total bid of \$575,000. The motion carried unanimously.

Motion to Approve Award of the St. Francis Flooring Project to Instructive Flooring Company

Mr. Hunter made a motion, seconded by Ms. Warren, to approve the award of the St. Francis Flooring Project to Distinctive Flooring for \$21,848.00. The motion carried unanimously.

Election of a Treasurer and Assistant Treasurer

Fr. Mark nominated:

- Mr. Kenneth Tester as Treasurer of St. Francis Episcopal Church Potomac Parish
- Mr. Tyler Maroulis as Assistant Treasurer of St. Francis Church Potomac Parish

In his role as treasurer, Mr. Tester will assume the level of oversight and responsibility currently held by Mr. Maroulis on the accounts of St. Francis Episcopal Church Potomac Parish at PNC Bank and Charles Schwab, as well as the same role within our bill paying system. Mr. Maroulis will be removed from his current levels of oversight and responsibility with our bank accounts but may retain lesser roles in the system as seems best to the rector and treasurer to facilitate effective oversight.

The nominations were seconded by Mrs. Tendall.

The nominees were elected unanimously.

Motion to Award the Contract for the 2024 Church Audit to Hosick & Co.

Mr. Hunter made a motion, seconded by Mr. Tester, to award the 2024 Church Audit to Hosick & Co. The motion carried unanimously.

Motion to Freeze the Legacy Fund from Additional Contributions

Mr. Ruf made a motion, seconded by Ms. Byam, to freeze the Legacy Fund's additional contributions until the Fund's legal status is changed from an "endowment" to a "legacy" fund under Maryland Statute 1231. The motion carried unanimously.

Motion to Withdraw 5% from the Legacy Fund Balance as of December 31, 2023

Mr. Maroulis made a motion, seconded by Mr. Hunter, to withdraw 5% from the Legal Fund's balance as of December 31, 2023. The motion carried unanimously.

Organ Renovation Final Payment

The church organ's blower has failed, and the builder cannot complete the digital voicing of the instrument, the final step in the renovation, until the blower is replaced. Mr. Widmann is soliciting bids, and expects the work on the blower to cost less than \$10,000. Once the blower is installed and the digital voicing completed, Mr. Widmann will solicit bids for the remaining work on the pipes and windchests, which can be funded gradually in coming years. The final payment on the organ will be completed after the digital voicing is completed.

Financial Report

Mr. Maroulis, church treasurer, presented the June 30th financial report. The church has seen a reduction in assets of \$138,000 due to large capital expenditures. There have been significant savings in contract accounting because of the work done by Fr. Mark and Shanti Nanan. Once the HVAC Phase 2 has been completed, much of the church's discretionary reserve funds will be depleted, and we will need to search for new sources of funding for major projects.

Employee Retention Tax Credit

The church applied for an Employee Retention Tax Credit in 2022, but has still not received word from the IRS about the application. Recent communications from the IRS have indicated that many applications will be denied. We should at least know soon about the status of our application.

Motion to Approve the Financial Report

Mr. Tester made a motion, seconded by Ms. Tendall, to approve the June 30th Financial Report. The motion passed unanimously.

Motion to Adjourn

Ms. Tendall made a motion, seconded by Mr. Whitlock, to adjourn the Vestry Meeting. The motion carried unanimously.

Adjournment

Fr. Mark led the Vestry in the closing prayer:

Keep watch, dear Lord, with those who work, or watch, or weep this night, and give thine angels charge over those who sleep. Tend the sick, Lord Christ; give rest to the weary, bless the dying, soothe the suffering, pity the afflicted, shield the joyous; and all for thy love's sake. Amen.

Respectfully submitted,

Les Smith
Clerk