

St. Anne's Vestry Meeting
March 11, 2018
Corrected and Approved May 6, 2018

PRESENT:

Rector, Rev. Ginny Wilder

Senior Warden, Donna Cowden ('19)

Junior Warden, Martha Murphy ('20)

Treasurer, Gerry Link (ex-officio)

Clerk, Julie Meiburg (ex-officio)

Vestry: Brook Davis ('19), Ian Davis-Huie ('19), Ray Leonard ('18), Addison Ore ('20)

Guests: John Lockwood and Rod Roberts

1. OPENING: Ginny Wilder opened the meeting with prayer.
2. FORMATION: All present paired off to compose SWOT lists for St. Anne's to compare and add to the Strategic Planning Committee's SWOT lists. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats, and is frequently used when initiating a strategic plan.
3. FUZZY FRIENDS' PROPOSAL: John Lockwood, as Coordinator of the Fuzzy Friends Pet Food Pantry, presented a proposal to restructure the Pantry to accommodate its growth over the past two years. The Vestry received the report for review. The vestry will make a decision regarding the proposal at the April 8 meeting. Congratulations were extended to John on the growth of this ministry and need that it is meeting.

The Vestry recognized that the Social Justice Committee had a lot of social justice outreach activities, but that the Fuzzy Friends Pantry is uniquely a community outreach. The Vestry members discussed defining social outreach and community outreach.

4. FINANCIAL REPORT: Gerry Link Treasurer, presented for review and approval.
 - February 2018 Financial Report was received as follows:
 - Revenue for February – Pledge payments in February totaled \$23,226 as compared to the February projected budget of \$24,410. Non-pledge/loose plate income/miscellaneous income totaled \$1,578 below the February projection of \$2,625. Restricted revenues totaled \$2,439 for the month as compared to a projected budget of \$1,292. Revenue from all sources in February totaled \$27,243 against a monthly projection of \$24,410. This was a nice increase over January.
 - Expenses for February – Expenses for all purposes in February totaled \$22,555 against a monthly projected expense budget of \$24,290. Revenue exceeded expenses by \$1,512 as opposed to a negative figure last month.
 - Items of Note * Property and liability insurance expense was nearly \$1,000 over what we had budgeted for February, but should balance out by year-end. * The Church's contributions to the HSA accounts for Ginny and Mark occur in January and February, after which those will be

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completed for the year. * In spite of the cold month of February, utilities were \$350 less than budgeted for the month.

- The week of March 5, 2018, the Church opened a new account at BB&T. The change of banks will cause a change in procedure for depositing monies. The new procedure was reviewed.

5. INVESTMENT STRATEGY:

Gerry Link presented the Moore Ad-Hoc Committee report and recommendations as a follow-up to the February 2018 Vestry decision to invest a balance of Mrs. Moore's estate with Woodard and Company Asset Management.

- Currently, \$500,000 is invested with Common Trust Fund of the Diocese of North Carolina, and a revenue stream from this investment will be generated for 2018 through the investment of these funds.
- In addition, St. Anne's holds \$171,000 in a money market account at Truliant Federal Credit Union. The Ad-Hoc Committee proposes that \$171,000 be invested with Woodard and Company Asset Management [Woodard] into a Conservative Balanced Fund Structure of 30-40% equities and 60-70% fixed assets using funds of their choosing which would best meet St. Anne's short-term and long-term objectives. Of the 60-70% fixed assets, 5-10% of them are to be in cash or cash equivalents (as outlined on page 3, Investment Objectives, of the St. Anne's Episcopal Church Investment Policy Statement – Attachment A) to make funds available for immediate liquidity as necessary. **The Vestry moved, seconded and approved the Ad-Hoc Committee's recommendation as presented.**
- A final distribution from the estate of approximately \$50,000 is expected in May after final incomes and expenses are settled.
- **The Vestry moved, seconded and approved the adoption of the entire St. Anne's Episcopal Church Investment Policy Statement written by the Ad Hoc Advisory Committee on the Moore Estate for future investments.**

6. FEBRUARY MINUTES APPROVED:

The minutes of the February 11, 2018 Vestry meeting were approved with the following correction in the list of members present, p.1:

Ian Davis-Huie is in the Vestry Class of 2019.

7. CONGREGATIONAL MEETING ON MARCH 18:

Ginny reviewed the agenda for the congregational meeting on March 18, and the Vestry included some additional announcements.

- New Website Update – Martha Murphy
- Contracts Policy – Donna Cowden
- Moore Fund Update – Hoppy Elliott and Paige French
- Strategic Planning Update – Ginny Wilder
- Congregation Directory Update – Donna Cowden
- Holy Week Services Announced – Ginny Wilder

Ginny will ask Deanna if she is able to help with childcare during this meeting.

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8. DIRECTORY UPDATE:
Donna gave a brief update about the new congregation directory. This update will be shared at the congregational meeting on March 18.
9. COMMITTEE MEETINGS:
- Building & Grounds – Donna presented the following Building & Grounds report.
 - The Committee contacted five pest control companies for bids to help with mice in the building. All of the companies control pests, but do not plug gaps to keep rodents out of buildings which is what they believe to be the problem. The Committee decided to plug the gaps themselves and determine over the next several months if that is sufficient.
 - The Committee sought the Vestry's approval to obtain bids for priority projects. Funds for these projects will come from the operating budget. **Martha moved, Addison seconded and Vestry approved the request to obtain bids on the following projects:**
 - Gutters (replacing, replacing downspouts, adding gutter guards, snow breaks on the roof)
 - Patching parking lot
 - Insulating the attic
 - Upgrading the lighting in the fellowship hall and adding ceiling fans
 - Strip and wax floors
 - Cleaning, repairing and painting the sanctuary siding
 - Hiring an arborist to assess health of trees
 - The Committee members will rebuild the two drawers in the kitchen.
 - Outreach – Donna presented the Outreach Committee report.
 - White Privilege: Let's Talk program has been completed by the pilot group. People involved in the talks will share their experiences with this program during the April 8 worship service. Ginny shared that the gospel for that Sunday is the doubting Thomas story, which has a good tie into the fact that many people doubt the existence of white privilege.
 - Joy Prom is on April 13 this year and will be held at Calvary Day School. St. Anne's will make small bingo prizes for the event. Outreach will provide additional details.
 - Parish Life – Donna announced, the Wednesday night potlucks resume on April 11.
 - Welcoming Committee – Addison announced, the Committee meets next Sunday, March 18 before the service.
 - Personnel – Ray has asked Hoppy Elliott to assist in updating the Personnel Policy Manual.
10. VESTRY VACANCY:
Pateah East has resigned from the Vestry due to changing family commitments and responsibilities. She was in the Vestry Class of 2018. **Carmen Caruth was elected to fill the vacancy.**

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11. **CONTRACTS POLICY:**
The Vestry received the proposed Policy for Contracts for Improvements, Alterations, Renovations and Repairs, and Procedures for Bidding Contracts for Improvements, Alterations, Renovations and Repairs. Upon presentation and review, **Donna moved, Ray seconded and the Vestry approved the Contracts Policy and Procedures for Bidding (Addendum B to these minutes).**

12. **VA THEOLOGICAL SEMINARY HONOR:**
Ginny announced that she has been elected as President of the Alumni Association Executive Committee (AAEC) at Virginia Theological Seminary. Her term as President is from July 1, 2018 to June 30, 2019. The AAEC has five meetings throughout the year, which Ginny will officiate. These meetings are held during the workweek and will not affect any church holidays or weekend service commitments Ginny has to St. Anne's. It is quite an honor to serve in this capacity. In addition, the Very Rev. Ian S. Markham, Ph.D, Dean of the Seminary agreed to visit St. Anne's and speak in the pulpit on a date to be determined. The Vestry extended their congratulations to Ginny.

13. **UPCOMING EVENTS:**
 - Congregational Meeting - **March 18**
 - Palm Sunday and Holy Week - **March 25-31**
 - Easter Sunday - **April 1:** Only one service at 11:00 am on Easter Sunday. Congregation members will be asked to provide finger food for the coffee hour after that service.
 - **NEXT VESTRY MEETING - April 8**

14. **CLOSING:** Ginny Wilder closed the meeting with prayer.

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St. Anne's Episcopal Church – Investment Policy Statement

INTRODUCTION

The purpose of this Investment Policy Statement (IPS) is to establish a clear understanding between St. Anne's Episcopal Church (Church) and all investment manager(s), advisor(s), broker(s), financial planner(s) and all other financial advisor(s) involved in the direction of the Church's investment assets (hereinafter referred to as "Investment Manager(s)"). This Investment Policy Statement will:

- Establish reasonable expectations, objectives and guidelines in the investment of the Church's assets
- Create the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Church, including:
 - describing varying risk postures for the investment of the Church's assets
 - specifying the target asset allocation policy
 - establishing investment guidelines regarding permissible securities and importance of diversification of assets
 - specifying the prohibited investment practices
 - specifying the criteria for evaluating the performance of the Church's invested assets and of any associated Investment Manager(s)
- Define the responsibilities of the Church and the Investment Manager(s)
- Establish effective communication protocols between the Church and the Investment Manager(s)

INVESTMENT PHILOSOPHY

The Church's investment philosophy follows North Carolina law and the Uniform Prudent Management of Institutional Funds Act in N.C.G.S. Chapter 36E (UPMIFA). Key provisions of the UPMIFA include:

- Management and investment decisions about an individual investment security must be made not in isolation but rather in the context of the fund's portfolio of investments, as a whole

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- Fiduciaries are expected to use all reasonably available strategies to improve the risk/reward relationship of the portfolio and manage the funds with the care an ordinary prudent person in a like position would exercise under similar circumstances
- Under most circumstances, invested assets must be diversified
- Fiduciaries are expected to spread portfolio investments across asset classes to enhance performance and reduce risk
- The possible effect of inflation must be considered as part of the investment strategy. As a result, use of equities is permitted to allow the possibility that the portfolio's growth will outpace inflation
- The expected total return from income and the appreciation of investments must be considered
- Unless a specific limitation is stated in the gift instrument that transfers property to the Church (ie. will, trust), the Church may appropriate for expenditure or accumulate so much of invested assets as the Church determines is prudent for the uses, benefits, purposes and duration of the gift, subject to the intent of the donor expressed in the gift instrument, if any
- As specified in the UPMIFA, provisions on how a release or modification of restrictions on management, investment or purpose of the funds may occur must be considered in accordance with applicable law

The portfolio as a whole is more important than an individual security. The appropriate allocation of capital among asset classes (stocks, bonds, mutual funds, exchange- traded funds, cash, etc.) will have far more influence on long-term portfolio results than the selection of individual securities. Investing for the long term, ten (10) years or more, becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.

One way to reduce portfolio risk is to increase diversification of the portfolio and to also create substantial diversity in how asset classes are expected to react under certain market behaviors. It is understood that periodic short-term losses are acceptable for the long-term gain. It is furthermore understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein, but fiduciaries are expected to act with the due care of a prudent person undertaking these duties.

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The Investment Policy Statement objectives and guidelines are intended to provide meaningful guidance in the management of the Church's investment assets and yet not be overly restrictive given changing economic business and investment market conditions.

INVESTMENT OBJECTIVES

The Investment Manager(s) appointed by the Church shall invest and manage investment assets in accordance with five (5) investment strategies. An Investment Committee shall recommend which investment strategy or combination of strategies is selected for investment of a particular bequest or other asset to maximize the Church's use of the funds in keeping with the donor's or other intended purpose and the desired time horizon for when funds are needed. The Investment Committee will review at least annually all costs associated with the management of investments.

Strategy A – Stable Value Fund Structure (Need to use funds in near term)

Certificates of Deposit, Commercial Paper, Money Market Funds, cash etc.

Strategy B – Conservative Balanced Fund Structure

Equity	Minimum 30% - 40% Maximum	Target	30%
Fixed – Income	Minimum 60% - 70% Maximum	Target	70%

Strategy C – Moderate Balanced Fund Structure

Equity	Minimum 40% - 50% Maximum	Target	50%
Fixed – Income	Minimum 50% - 60% Maximum	Target	50%

Strategy D – Intermediate Balanced Fund Structure

Equity	Minimum 55% - 65% Maximum	Target	60%
Fixed – Income	Minimum 35% - 45% Maximum	Target	40%

Strategy E – Aggressive Balanced Fund Structure

Equity	Minimum 65% - 70% Maximum	Target	70%
Fixed – Income	Minimum 30% - 35% Maximum	Target	30%

Strategies B-E may be constructed with up to 20 or more different mutual funds and/or individual securities, as deemed applicable. Each strategy may be based on the same funds but a different mix is used to accomplish the specific risk return objective.

The Investment Manager(s) shall establish asset allocation guidelines for the Plan's five investment strategies that are in keeping with the purpose for which the investments are being maintained. The asset allocation shall be subject to

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continuous review by the Investment Manager(s) and will be adjusted by him/her when necessary. The IPS shall serve as the basis for performance evaluation.

The Investment Managers) shall have full discretion within the scope of the investment guidelines set forth in this statement. Any changes in investment policy will be in writing, approved by the Vestry, and will be communicated to the Investment Manager by the Investment Committee.

PERMITTED ASSET CLASSES

1. Cash and cash equivalents
2. Fixed income – domestic bonds, government or corporate
3. Fixed income – non- U.S. bonds
4. Equities – U. S Large Companies
5. Equities – U. S. Small Companies
6. Equities – non-U.S. – Developed Countries
7. Equities – Emerging Markets
8. Equities - Real Estate

PERMITTED SECURITY TYPES

1. Mutual funds – stocks, bonds, money market funds
2. Individual stocks, as long as traded on the New York, American or NASDAQ exchanges
3. Individual bonds of investment grade or better, traded on a major U. S. exchange
4. Managed Separate Accounts
5. Exchange Traded Funds
6. Certificates of Deposits
7. Commercial Paper

FURTHER INVESTMENT GUIDELINES

1. The securities of any one company should not exceed 10% of the total market value
2. No more than 20% of the total should be invested in one industry
3. Fixed income maturity restrictions are as follows:
 - a. Maximum maturity for any single security is 30 years
 - b. No more than 20% of the aggregate portfolio may be invested in securities with maturities greater than 10 years
4. Money market funds selected shall contain securities whose credit rating at a minimum would be rated investment grade by one of the major rating agencies
5. Commercial paper ratings shall be rated at minimum A1/P1 by at least one major rating agency

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6. Foreign-denominated securities are limited to 25% of the market value of the portfolio, including American Depository Receipts
7. The investments shall be held in custody by an institutional custodian
8. Sub-funds may be established for specific purposes (i.e. multiple gifts)

RESTRICTIONS

There shall be no investment activity in the following:

1. Short sales, margin purchases or borrowing
2. Private placements or other restricted securities (not freely marketable)
3. Commodities
4. Derivatives
5. Puts, calls or other options
6. Warrants, except as part of the purchase of another security
7. Venture capital
8. Hedge funds
9. Restricted stock
10. Futures transactions
11. Municipal bonds
12. Oil and Gas Limited Partnerships
13. Collateralized Mortgage Obligations

Gifts of non-income producing real estate and tangible personal property such as jewelry, gold, and gems shall not be held as investments, but converted to acceptable forms of investments, as soon as practicable

No specific restriction is placed on portfolio turnover, though the portfolio should not be managed for short-term gains or generation of fees

The Vestry may further restrict security selection based on ethical investing criteria, as deemed appropriate, in accordance with guidelines as set by The Episcopal Church for socially responsible investing including:

- Companies that derive 20% or more of their revenue from alcohol, tobacco, weapons, or gambling are excluded from the portfolio
- Companies that contribute to repressive policies in developing countries, and companies with a history of substantial damage to the environment are also excluded from the portfolio
- Reasonable attempts are made to select some companies that have family friendly policies, promote energy conservation, use environmentally sound means of production, train and advance physically or socially-disadvantaged people and support charitable giving

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USE OF BENCHMARKS

The Investment Manager (s) will select appropriate benchmarks for the investment strategy or a blend of such benchmarks, which are reasonable and customary in the industry, corroborated by an independent source such as Morningstar.

SPENDING POLICY

For those assets invested in Strategy D & E, the Investment Committee may recommend a current annual distribution rate policy of three to five percent (3%-5%), depending on general economic conditions and expected performance of the target asset allocation funds. The annual distribution, calculated using the current distribution rate, is based on a rolling three (3) year market value average of invested assets utilizing the 12/31 calendar year valuation date. It is the job of the Investment Committee to ensure that this recommended distribution rate is prudent based upon the investment returns to ensure that the assets are earning a greater return, on average, than the amount being distributed. The Vestry will ultimately set, approve and modify the annual distribution rate. The distribution rate will be reviewed periodically for appropriateness and adjusted accordingly, as necessary.

INCOME RECOGNITION

Income, realized gains or losses and unrealized gains or losses are allocated at least quarterly to each invested account based on its market value relative to the total market value of investments, if pooled, at the end of the previous quarter.

COMMUNICATIONS AND PERFORMANCE MONITORING

The Investment Manager (s) is responsible for timely and regular reports, and shall be expected to prepare a quarterly report (on a calendar year basis) for review by the Investment Committee. The report should summarize the investment performance and transactions occurring during the period. It is anticipated that the Investment Manager (s) will be available to meet with the Investment Committee at least annually to review the performance of the account, unless otherwise directed. The Investment Manager (s) is responsible for communicating to the Investment Committee all significant matters pertaining to the investment of the funds. Any substantive change in the investment strategy(ies), asset mix, and other matters affecting the investments shall be communicated to the Investment Committee in writing for approval prior to the enactment of the change. Any significant changes in the structure and financial condition of the Investment Management organization, including changing investment professionals within the Investment Management organization or those assigned to the Church should be communicated to the Investment Committee within thirty (30) days.

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On a timely basis, but not less than annually, the Investment Committee will meet to review the Investment Manager (s) performance in accordance with the determined investment strategy (ies), established benchmarks and adherence with this Investment Policy Statement.

The Investment Committee will report to the Vestry quarterly with summary details regarding the Church's investments in general, and specific to identified donor gifts.

TERMINATION

The Church reserves the right to terminate its relationship with any Investment Manager (s) upon thirty (30) days written notice, provided, that the Investment Manager (s) will be entitled to its earned fees as detailed in the written agreement between the parties.

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St. Anne’s Episcopal Church – Policy and Procedures on Contracts

**St. Anne’s Episcopal Church Policy
Contracts for Improvements, Alterations, Renovations and Repairs**

St. Anne’s Episcopal Church (“the Church”) shall not enter into any contract to improve, alter, renovate or repair the premises of the Church of a value in excess of \$500.00 except upon the following conditions:

1. Prior to consideration of any project, the Vestry invite bids by reputable contractors who are not members of the Church to perform the services.
2. The bidding process for the project shall be conducted, as nearly as practicable, pursuant to the *Procedures for Bidding of Contracts for Improvements, Alterations, Renovations and Repairs*, as amended from time to time.
3. Upon receiving the bids, the Vestry shall investigate each proposal, and approve that bid which in the Vestry’s judgment best meets the needs of the Church, considering financial, structural and aesthetic factors.
4. Upon approval, the Vestry must enter into a written contract with the contractor.
5. The Vestry shall not enter into any contract of a value in excess of \$500.00 for improvements, alterations, renovations and repairs of the Church with a member of the Church.

**St. Anne’s Episcopal Church Procedures for Bidding of
Contracts for Improvements, Alterations, Renovations and Repairs**

The following guidelines shall apply, to the extent practicable, to the bidding process for any contract for improvements, alterations, renovations and repairs of a value in excess of \$500.00:

1. The Church shall solicit at least three (3) reputable contractors to submit bids for the work to be performed. In doing so, the Church shall specify the work to be done, the expected starting date and deadline for completion (if any), and any other specifications for the project.
2. Upon receiving the requisite bids, the Vestry or its delegate shall close the process.
3. Bidders shall provide their state and local license numbers, references, certified bonding and proof of workers’ compensation insurance coverage.
4. Upon the Church’s approval of a bid, a written contract shall be executed which shall include the procedure for changes or modifications and default and termination clauses.

The above procedures are guidelines, and may be modified as necessary or practicable, in the sole discretion of the Vestry.