

**Parish of St. Mary and St. Jude
Town of Mt. Desert
2014 Annual Meeting Part I
January 26, 2014**

47 members of the parish were in attendance. (6 members by phone)

The Rev. Caroline V. Hines called the meeting to order at 10:28 AM with opening prayer. Caroline welcome the Rev. Jane E. Cornman as our new rector.

A motion to approve the May 26, 2013, Annual Meeting Part II minutes was made by Sally merchant and seconded by James Clunan. The motion passed unanimously.

Warden's Report by Maude March

Looking back on 2013, it's been a busy and challenging year in the Parish.

Caroline Hines came to us as our Transitional Priest in Charge when Patricia Robertson retired in May.

Caroline took us in hand and helped us navigate the summer months with humor and plain good sense. She helped oversee the final phase of St. Jude's landscaping project. She has plunged into the problems with the Parish Hall and helped move the renovation process wisely and with all due speed. With all this she has taken care of our spiritual needs. Every week we come away from church renewed and ready to take on the hard work of Life.

Our Discernment Committee, with unparalleled dedication and focus, found and presented our new Rector, the Rev. Jane Cornman. Axie, Arthur, Beth, Don, Ephron, Jean, Kathy, Lesley and Steve deserve medals and halos for their hard work. The result of their efforts has brought us Jane Cornman and her family. We are indeed blessed.

St. Jude's landscaping was finished, making parking convenient and access safe and visually pleasing. Arthur Keller deserves a second halo and medal for shepherding this project. He worked with the town and architect, gently prodding, reminding and keeping everybody on target. The result is that the little church now looks and feels like the beloved place it is.

Our Building and Grounds Committee was very active. We discovered serious structural problems with our Parish Hall. We will be dealing with this in the coming year. E.L. Shea Inc. building contractors have been chosen to do the work. Joe Renault has been instrumental in this process, we are lucky to have his expertise and experience to help us. This will be a major commitment of time and treasure. We need to proceed thoughtfully and make sure we are all behind this effort.

The Vestry has worked to keep the business of the parish going smoothly. They will be working on plans to help make our financial position sustainable. In summation this has been a year of ups and downs: the high point of calling our new Rector, Jane and the low point of discovering structural problems with the Winter Chapel. Nevertheless the highs out- numbered the lows by a long shot. We have grown as a parish, numerically as well as spiritually. Facing our challenges in the coming year will give us the opportunity for new dedication to our mission of being a "Spiritual Home for all generations".

If I could leave you all with a New Year's resolution it would be: Be grateful for our Parish and all it does for us. Be aware of the needs of our Parish community and what we can do for it.

Nominating Committee Report and Elections

Presented by Maude March

Elected to Centennial Fund Board by Vestry:

Arthur Keller – 5 year term

Nominees:

Proposed Delegates to Convention:

Linda Lewis

Maude March

Sydney R. Rockefeller

Beth Renault

Motion by E seconded by Dan

Proposed Alternate Delegates to Convention:

Jackie Lowe

Sheila Pulling

Joe Renault

Linda L Dorothy

Proposed Stroud Fund Committee:

Jackie Lowe

Phyllis Partridge

A motion to approve the proposed delegate, alternates and Stroud Fund committee members was made by Maude March and seconded by Phyllis Partridge. The motion passed unanimously.

Presentation to Danny Larson

Last centennial fund report is included in the annual report. Dan started in 1990 as a trustee. The fund has doubled in the last 20 years from \$2 million to \$4 million. This fund helps to take care of the parish's buildings and grounds and rector/rectory. All buildings have benefited from the fund. One important thing is the description to the work of the parish, David Scull's wish was it would be used for the buildings. Dan reported that there was \$150,000 that can be used for the work on the parish hall. He has been pleased to be able to serve the last 20 year.

Maude March presented a clock to Danny from the Parish in thanks for his dedication to the Parish and the Stroud Fund.

Treasurer's Report by Lauri Fernald

2013 Financial Report and challenges ahead.

I would like to thank the finance committee members: Maude March, Nancy Monfredo, Arthur Keller, Steve Mahoney, Morris Kellett and Rev. Caroline Hines. Also the behind the scenes people: Kerry Kenney and Pat Shellnut the bookkeeper.

Review of 2013 and Budget for 2014

Across the top of the statement are 2012 audited numbers, the Jan.-Dec. 2013 unaudited numbers, 2013 budget and 2014 budget.

Under Ordinary Income we have the operating dividend that comes from monies that we have with the dioceses which is from the sale of St. James in Somesville.

Designated Funds (restricted) - this is monies given for a specific purpose.

Other operating income is difficult to budget for and the year 2013 we came out slightly under budget. Facility donations down and Misc. income which come from family foundations is up.

Our unrestricted offerings includes pledges, special donations, unpledged offering and loose offering. For 2013 we did not meet the budget numbers that were budgeted. We were down on total unrestricted offerings as well so we took that in to consideration when we did the 2014 budget also keeping in mind the first year of a new rector. So we anticipate total income to be \$198,825.

Expenses were pretty much on budget in the administrative expense section. The variance in the internet expense was for the work associated with overlapping bills and every time we make changes on the website.

The Buildings & Grounds sections of electricity, oil and propane were on target. Repairs and Maintenance were off slightly due to a new hot water tank for the parish house.

Property tax was slightly off budget and the building insurance was greater than what was estimated in the budget. In 2014 we increased it slightly.

Diocesan Contributions section shows that our assessment is slightly down from last year and we have eliminated the seminary aid we previously gave.

Employee benefits 2013 we were under budget due to change in clergy. 2014 we calculated for new rector with her salary. Health and life insurance is double due to rate increase and family versus single or couple rate.

Restricted expense area includes \$19,490 for the search. The line that is for the designated fund expense is designed for a pass thru for contributions. This line is corrected when we have an audit.

Under salaries you will see the moving expense for TPIC of \$4,469 and new rector of \$15,000 as well. Salaries in 2013 were close to budget. In 2014 we have added cost of living increase for full time administrative assistant. Also in 2014 the housing expense for St. Jude's will increase due to Rev. Hague living here for the summer and a new rental for August has been secured for Rev. Wheeler.

Worship for 2013 was under budget and was decreased for 2014 with any additional need being taken from designated music fund.

Year end for 2013 we were over budget an additional 19,305 making our loss before our endowments - 99,127. In 2014 we anticipate and even greater loss of -122,994.

This brings us to the final page under other income. Our release from endowment in 2013 was as anticipated \$71,000 and for 2014 \$75,452. In order to balance the budget we budgeted 1,000 from, altar guild fund and music fund. We budgeted 8,000 from the Foulke Fund to cover the housing expense for summer rector which is within the guidelines of that fund. The balance will come from the Leadership Fund that was slated to take \$13,860 for 2013, but actually took \$28,127 to balance the 2013 year end

actual. For 2014 we are budgeting \$38,542. By year end the leadership fund balance will be approximately \$106,950, so within 2-3 years if we continue to draw from this fund it will be depleted.

2013 Balance Sheet

Attached is the 2013 balance sheet and this is the year end unaudited numbers. If anyone has any questions afterwards please feel free to see me. I did want to mention two items. First the numbers that are listed on page 2 in the equity section have been audited for 2012 and 2014 will be.

The second item is the numbers for yearend that we have received from Wind River Capital Management. They manage 3 funds for us. They are as follows:

Foulke Fund-Market Value as of 12.31.13 is \$178,166
This provided annual income of \$5,747 with a yield of 3.2%

Doane Endowment Fund- Market Value as of 12.31.13 is \$1,730,882 which provided \$60,414 with a yield of 3.5%. Overall return was approximately 10%

Stroud Fund-Market Value is \$1,126,449 as of 12.31.13 which provided \$42,795 with a yield of 3.8%
Overall return was approximately 15%

What this all means that we spent more than we had in income. If you factor in the capital gains we do not go into our principle, but we have to figure out a way to decrease our draw on these existing funds. We need to allow the funds to keep the principal intact because of inflation and because of the volatility in the market.

Thanks to Lauri for her dedication and service to our parish as treasurer.

Rector's Address and Discussion by the Rev. Caroline V. Hines

Questions: Stewardship look into planned support in wills.

How did you like the brochure that went out with the pledge card, please let them know if you liked this better than just the letter that used to go out?

Annual Meeting Address

You just heard Lauri's financial report. And if you've been reading the Harbor Chart you're aware that we're not in great financial shape. We have a number of challenges:

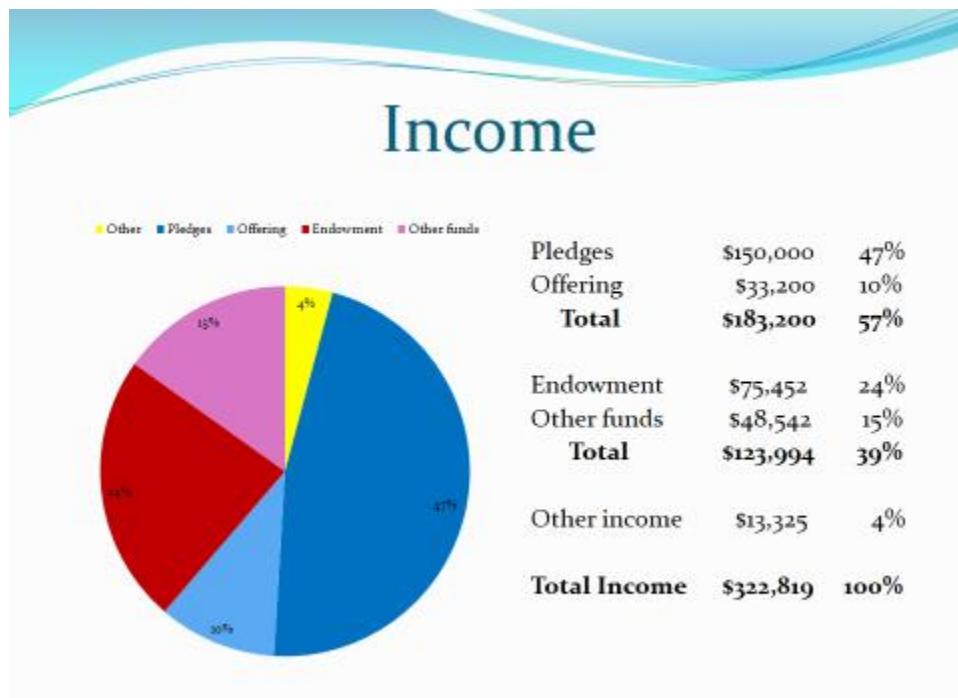
Just about every year you have needed to dip into the Leadership Fund to balance the budget. Sometimes you need a few thousand dollars, sometimes you need more. This year we needed 28,000. Our budget for 2014 projects a draw of \$38,500. The Leadership Fund currently has 144,500 in it. It is not going to last forever. At the present rate, we can only hope for about three more years.

Ideally a parish supports itself through its pledges, or through its pledges and the earnings from its endowment. We are fortunate to have a large endowment. Last year we drew \$71,000, and in 2014 we expect to draw over \$75,000. But we are drawing **5%** of the endowment each year, and standard practice is to draw no more than **3%**, though it's not uncommon for churches to draw at a little higher rate.

The Annual Meeting of the Parish of St. Mary and St. Jude

Part I
January 26, 2014

SLIDE 2: This pie chart shows how our income breaks down. Our pledges and offering make up only **57%** of our total income. Our endowments make up 39%. Ideally our pledges and offering would be closer to 75 or 80%, and we would only rely on endowment funds for 15-20%. (Ideally 100%)



SLIDE 3: Here is a breakdown of the pledges we've received so far for 2014. Pledge Analysis - new, increased, etc.

Pledge Analysis - 2014

• To date, we have 118 pledges for a total of:	\$135,000
• 18 of these are new pledges, for a total of:	\$ 9,320
• 31 of these increased compared to 2013, for a total of:	\$ 8,772
• Total increase:	\$18,092
• 14 of these decreased compared to 2013, including one who moved, for a total of:	\$16,892
• Net increase	\$ 1,200
• 33 pledges received last year are not yet in, for a total of:	\$30,165
If all 33 of these pledges are received the total would be:	\$165,165

SLIDE 4: And this is a comparison of 2013 and 2014. There are still 33 pledges from last year that haven't been received yet. Even so, you can see that we've picked up a couple in the \$1000-1999 range, which is very good. Of the largest pledges, one of the 9 has moved, and it typically takes a lot of new pledges to make up for a large pledge.

Pledge Comparison: 2013 - 2014

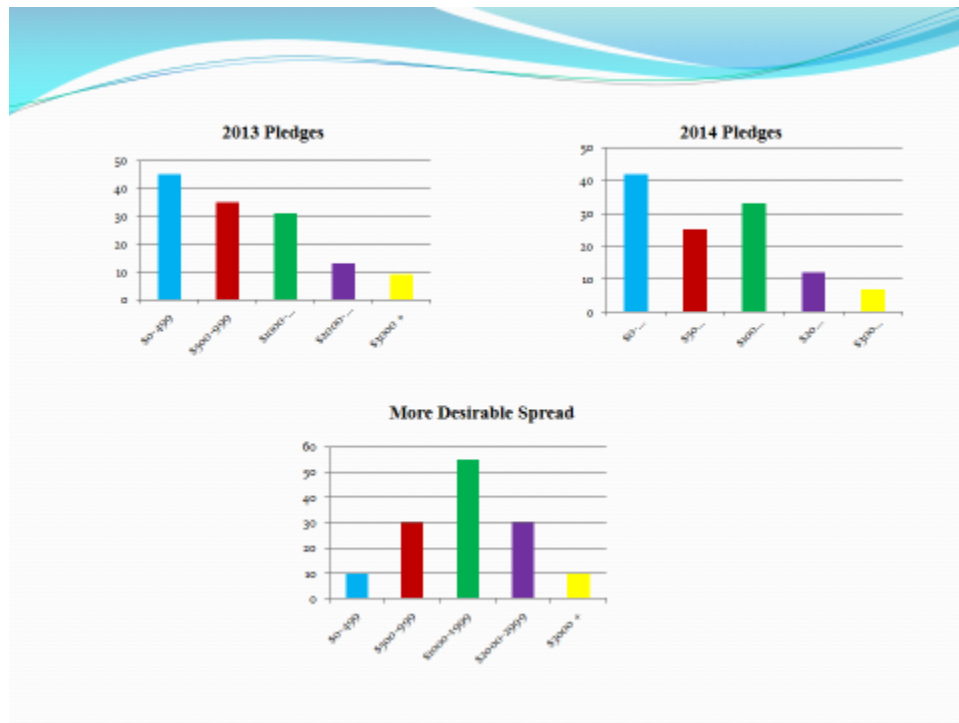
Breakdown of pledges by amount:

Amount of Pledge	2013 Number of Pledges	2014 Number of Pledges	New Pledges
\$0-\$499	45	42	14
\$500-\$999	35	25	1
\$1000-\$1999	31	33	1
Sub-Total	111	100	16
(\$66,068)		(\$64,200)	
\$2000-\$2999	13	12	1
\$3000+	9	7	1
Sub-Total	22	19	2
(\$95,292)		(\$70,800)	
Total	133	118	18
	(\$161,360)	(\$135,000)	

SLIDE 5: As you may remember from a Harbor Chart article this fall, last year only 9 pledges make up 40% of our pledges, and only 20 make up 59%.

The typical situation in a congregation looks more like a bell curve. You have a lot of small pledges, and not that many large ones. Furthermore, the largest pledges are made by people who are getting older. When they die or move or stop pledging for whatever reason, it will take 10 to 20 new pledges to make up one lost pledge.

Over the next five years or so, your challenge is to find a way to increase either your pledges or your endowment or a combination of the two.



BUILDING: And as you know, there are significant structural issues with this building.

SLIDE 6: The first is the sagging second floor. If you look at the bottom of the doors there you can see just how much the floor is sagging. This is not a difficult thing to fix, and not that expensive either.

Building Issues

1. Sag in floor of 2nd level

SLIDE 7: The structural engineer tells us that we need two sets of posts and beams, like the temporary set downstairs. One set will be where the temporary beam is and the other will be about halfway between there and the back wall. Then six concrete beams need to be installed in the basement to shore up the bottom floor. Those two measures will take care of the floor issue.



Second Floor Repair

- Install two sets of posts and beam in sanctuary:
 - one set where temporary posts and beams are
 - one set midway between temporary posts and beam and wall behind the altar
- Install six concrete pillars in basement

SLIDE 8: The second issue is the **roof**. You have seen the drawings: the fact that the original design is flawed; that the roof is slowing warping and sagging, and causing the walls to bow **outward**.

Some have asked if we couldn't just use tie rods - the iron rods that run from wall to wall and keep the walls from bowing outward any more. I asked Albert about that, and he said the tie rods would have to be too low - at a height of six or six and a half feet. \0

This is not such an easy thing to fix. There are two possibilities:



Building Issues

1. Sag in floor of 2nd level
2. Warped roof trusses
3. Side walls bowing out

SLIDE 9: Option 1 - involves repairing the roof and building new side walls
Option 2 - would be to remove the roof and rebuild it and the side walls



Roof Repair Options

Option 1

- Repair roof by “sistering” rafters
- Build new walls next to current side walls

Option 2

- Remove roof and side walls
- Rebuild roof and walls

SLIDE 10: We have learned that the electrical wiring is substandard. Some of it is downright dangerous. We have the old knob and tube wiring in some places, and sheath wiring in others (sheath wiring has the ground wire on the outside of the insulation). We have gotten three estimates from electricians for rewiring both floors of the original building - in other words, everything except the addition of the offices and bathroom.

Fortunately, Nelson Goodwin did a full building assessment and didn't find any other significant issues.

Before going on, if you'll turn to the Buildings and Grounds report on p. 9, second full paragraph, you'll see that we made a real effort to hire a local contractor - someone on the island. But only Hewes and Shea gave us proposals.

Building Issues

1. Sag in floor of 2nd level
2. Warped roof trusses
3. Side walls bowing out
4. Outdated electrical wiring

SLIDE 11: So what is all of this going to cost? Here's a breakdown based on the estimate we received from E.L. Shea. Option 1 and 2, Contingencies, etc.

Estimated Costs

• Option 1	\$124,000 - \$128,000
• Contingency	\$12,400 - \$12,800
• Total Option 1	\$136,400 - \$140,000
• Option 2	\$179,000 - \$185,000
• Contingency	\$17,900 - \$18,500
• Total Option 2	\$196,900 - 203,500
• Rewiring	12,560; 18,000-\$23,000; \$50,000 (Note: There is a \$14,000 allowance built into Shea's estimate for electrical)
• Engineer fees	\$7,600
• Architect fees	\$5,000 - \$10,000
• Total	\$156,600 - \$257,100
• Sidewalks	\$4500
• Kitchen	\$10,000 - \$130,000

SLIDE 12: We have been told that before we begin this project we need to develop a master plan for the building. How do we envision using this building in the years to come? Is it enough to fix the structural issues? While we are doing that work, are there other things that need to be addressed?

So, the obvious question is whether we do something with the kitchen. We have a plan from several years ago, with drawings submitted by Sid Graves - this would be a complete remodel of the kitchen end of the 2nd floor, starting with this wall. It involves moving walls to open up the kitchen and passage ways from the parish hall to the kitchen. It's a beautiful plan, but the current price tag is about \$130,000. Sid, Albert and E.L. Shea all tell us that once we get into remodeling we will be dealing with a building permit and codes for a commercial kitchen, so it will be expensive.

However, it would be possible to simply add a dishwasher and perhaps replace any outdated appliances without needing a permit.



Master Plan for Building

- What to do about the kitchen?
- We have a plan from several years ago. The cost of implementing it now is estimated at \$130,000
- Or we could just update appliances

- What else is needed?

Questions, discussion and brainstorming

Buildings and Grounds Project Committee:

Lauri, Maude, Joe Renault, Tony Smith, Sid Graves, Caroline Hines, soon to be Jane Cornman, Albert Putnam, structural Engineer.

The temporary support installed in St. Mary's Chapel allows us to use the parish hall safely. Before the support no more than 20 people could use the hall at one time, but with the supports we can use the parish hall safely. The temporary are in place and permanent ones will be inside the walls. The supports will not be noticeable in the chapel. In addition to the wall supports there will be 6 concrete pillars in the basement.

Option 1:

Go to existing rafters and sister them (new rafter's right beside the old rafters) and build new interior walls inside where the existing walls are. Will shrink the room one about a foot and the window wells will be deeper. Ceiling will come way down to just where the slant changes. A light well will be installed on the front windows. Basically a post and beam building inside the building and keeping the outside of the building intact. Visually the chapel will not change but there will be wiring redone in the

chapel. Everything but the offices will be rewired. Shea has experience doing this type of work and is interested in doing either option. Hews is only interested in option 2.

Option two will make the space a bit different from what it is now. With option one it would stay the same.

There will have to be a capital campaign to raise money for the repairs regardless of which option is chosen.

There was a question about removing the partial chimney that is in the kitchen and why only the bottom part of the chimney was torn down. Kathryn Suminsby reported the chimney was left in the kitchen as there was a gas hot water heater that vented into it.

It was reported that the Centennial Fund has approved \$6500 for a media center to be installed in the parish hall to make a meeting space for vestry and committees.

Thoughts about building overall:

- Meeting rooms
- Audio Visual system
- Would there be a possibility to improvements be used for income similar to the neighborhood house.
- This would cost more to make the kitchen a commercial kitchen
- Flexibility for potential for church school for different age groups
- The Sunday school children would like their own space with comfortable seating, a place for crafts and an improvement for storage and janitorial closets. Some of this was addressed in the kitchen plan.
- Do a real demographic study on potential use of parish hall. For funerals, weddings, etc. and how much it would be used. Do not want to compete with the NHH.
- What will this parish look like in 5 years? Have more feedback from UCC to see how they are using their space.
- Do we need this building at all in its current configuration? Or should we tear it down and start over.
- Talk with St. Francis in Blue Hill as they have just done a Feasibility study. Claudia Smith would be happy to talk with us.
- With new technology can Skype with other Sunday school churches.
- Develop a survey to get out to the entire parish.
- Would like to do the work during summer when not in use.

Service of Leave Taking and Dissolution of a pastoral relationship was led by Vicki Wiederkehr, Canon Missioner for Transition and Ministry Development.

Celtic cross award recipient for January 2014 is Jean Fernald'

Presentation gift to Caroline, by Maude and Lauri.

The annual meeting part 1 was adjourned at 12:40 PM until May 25, 2014.

Respectfully submitted,
Kerry Kenney
Parish Administrator