

St. Luke's Episcopal Church, Sister Bay
Special Meeting of the Vestry,
Jan. 17, 202
MINUTES

Due to the pandemic, the meeting was conducted virtually via Zoom. The meeting convened at 1 p.m.

Attendees were Mother Barb, Betsy Rogers, Karen Malzahn, George Hughes Carol Ann Osinski, Paul Neuman, Pete Thelen, Carol Heil, Susan Hoffert, Trudy Jischke, Lori Holton

The meeting was held to only one topic—the Wright Estate gift. St. Luke's was the recipient of an \$827,521.65 from the trust of Sarah Wright. It is undesignated; however the trustee's letter included the following statement: "Sarah would want your organization to carry on its good work.

Because the new members of the Vestry will be part of discussions on how we employ decisions regarding this gift, the candidates were invited to attend.

Rector's report

This was an unexpected gift—Sarah died in 2017 and Mother Barb was not sure why it took so long for us to be receiving the money. We received no prior notification and no paperwork with the information. Barb talked to Parish member John Hauser and he referred her to his brother who works with trusts. Wisconsin does have laws regarding trusts but this is out of Minnesota so we are not clear on what laws do or don't apply. We do know we received 12 percent of the trust moneys. We did not receive a copy of the trust or an accounting page so Barb asked for both. She received three pages of the trust document (title, the page referring to St. Luke's as well as a number of other local nonprofit organizations receiving gifts and the final page. These include Habitat for Humanity, Sisters of St. Francis, Door County YMCA North, Ephraim Foundation, the Clearing, the Ridges, Peninsula Players and Door County Medical Foundation.

Barb called Michelle Notz, the administrator of Good Samaritan Society—Scandia Village, as they also received a gift. She referred Barb to the Good Sam administrator who handles such gifts. He told Barb that we are residual beneficiaries which is partly why the gift took so long. The trustees still need to close out the estate, pay any taxes due and conduct a final accounting. While there could possibly be a challenge, it is less likely for that to occur with a trust than a will. There could possibly be additional funds for St. Luke's but there is no indication of how much (or how little) that could be. The final accounting may take another four to five months.

Barb contacted Frank Maxwell and he had a similar situation when he was working on Washington Island so he has some familiarity with the circumstances.

She also called the Diocese and spoke with Diocesan Canon Matthew Payne. He suggested we immediately tithe from the full amount, put the balance into an investment account and have a discussion with the Vestry about needs vs. wants. He suggested the Vestry discuss any future building or operational needs, what we need to address going forward to assure our future existence and consider spitting the money into three investment accounts to accommodate:

- Internal needs
- Outreach
- Giving to the broader Church

He also suggested we not touch the principle but use only interest earning to fund any of these goals.

Barb asked the Vestry to consider whether we agree on the tithe, conduct a needs analysis and discuss where to put the money. Currently we have the Diocesan Common Trust and our Fidelity accounts. She also suggested consideration for the Door County Community Foundation.

Discussion

St. Luke members, upon receiving the notice of the gift have already begun offering suggestions. All members may give input but, Barb pointed out that it is the Vestry that has the fiduciary responsibility and will make the final decisions.

It was explained that we wouldn't give the foundation any money, only using it as an investment vehicle as we are doing with the Common Trust and Fidelity.

The group agreed we need to consider return on the investment, fees and whether the investment group is a nonprofit.

Barb spoke with Bret Bicoy, president and CEO of the Foundation. She feels there are good reasons to use the Foundation, such as the focus on Door County needs, the fact they are nonprofit and offer us the opportunity to pool resources with other DC charities to work on joint projects.

Over an 11-year-period, the Foundation had an average return of 7.7 percent. The fees are .7% on the first million.

The question was raised if we have the ability to ask the Foundation to give us our money so we can write a check for a donation rather than having the check come from them. Pete, who has prior experience with the foundation, said that we could.

Barb also pointed out the pitfalls of such a gift. It can be divisive when it comes on how to spend the money and it can cut our stewardship giving.

Betsy said that while we need to determine how to use the money, we still have to increase our overall budget so we can operate the Church and pay for a new rector. She pointed out we need to be clear to the parish about how we want to use the money and what continuing needs the parish has that cannot be solved by this one-time gift. We need to continue to encourage people to give as much as they can.

Lori pointed out that this may give us the opportunity to consider a Stephen Ministry. Other comments included scholarships, grant committees and expanding the Outreach Committee.

Barb pointed out that the \$10,000 budgeted each year for Outreach only allows for a bandaid approach. This gift may give us the opportunity to make structural changes to address community needs.

Recommendations

George cautioned not to spend anything until the final accounting is done and in the meantime continue to gather ideas from St. Luke's congregation. Until then there was discussion about where to put the money. It is currently in the Nicolet savings account. Carol Ann asked if there was a short-term account where it could earn more interest. Karen cautioned that putting it in our investment accounts would put our capital at risk, particularly in unsettled markets. And CD interest rates, for less than an 18-month term, are currently lower than what we earn in the savings account.

George pointed out that this gift also will be a tool for the Search Committee as they interview candidates. We will have a good chance to consider overall philosophies and approaches to giving.

We agreed to ask Matthew Payne to our February meeting for an overall explanation on such gifts and his opinions on how to respond. We will ask Brett Bicoy to come to the March meeting to give a presentation on the DC Community Foundation. We will also ask Doug Schwartz to sit in on both meetings to give us his professional opinions. Vestry members are asked to send Betsy their weekday availability for both months as we may have to move the meeting from Sunday to accommodate the speakers.

Betsy motioned that the Vestry commit in principle to tithe off the top of the gift once it is finalized. George seconded. Motion carried.

Karen asked the Vestry to think about setting up an account category in our budgeting for investment gains (a special St. Luke Fund) that would be funded by the investment returns during the previous fiscal year. Our fiscal year would be the first three-quarters of the current year plus the final quarter of the previous year so it would end on Sept. 30 every year. That way we would know all of our returns, including from the Diocesan Common Trust, in time for the fall budget process. These gains would be moved to our Nicolet checking account but be segregated from our regular operating funds. She indicated we would then always know how much extra money we have to spend in the

coming year so we can budget our spending more accurately. Right now we conservatively limit all forms of Outreach spending to \$10,000 a year in case our returns dip too low. She said the beauty of the new fund would be its flexibility. The Vestry would know exactly how much extra it had available for the next year and could allocate it for any combination of activities. This could include general outreach (such as the food pantry), capital building improvements (such as sealing the parking lot) and special projects (such as a Habitat house or partnering with other Door community groups for a big-ticket project) and would be customized every year. She said it is worth considering even with our current investment level—and that Sarah Wright’s legacy makes it more urgent—because it will give us more money to spend in the community instead of adding to our reserves as we are doing now.

Betsy asked the treasurers to write up their proposal.

Barb suggested we consult the policies and procedures to be clear on what we can and can’t do.

The next meeting will be in February; probably on a Tuesday. Again, the Vestry is to send their individual availability to Betsy.

Respectfully submitted

Susan Ford-Hoffert
Vestry Clerk