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From: Chris Haring

Sent: Monday, August 01, 2016 8:05 AM

To: vestry@lists.carolinechurch.net

Cc: edwjb@optonline.net

Subject: [Vestry mailing list} Investment funds

Dear Vestry

Please see attached correspondence, which I recommend printing due to its length. I request that the Clerk attach the letter to the minutes of the next Vestry meeting.

While my distress with learning of the Vestry's actions has been replaced with a sense of sadness, I must detach myself from anything related to finances. Please find another parishioner to accomplish those tasks, effective immediately.

July 31, 2016

Dear Vestry

In reconciling the June UBS statements, it was apparent that the Vestry had approved closing all but Fr. Jim's Fund, and folding those monies into a single new generic account. While I would hope to have been consulted on this matter, you had no obligation to do so. Now that I have had an adequate time to consider this, as well as examine the June minutes, I'm compelled to put in writing why I feel this was a serious mistake, both on the merits of the decision and the total disregard the Vestry has shown for its own By-Laws.

First, there can be no argument that we are spending well beyond our means in the operation of Caroline Church. An operating reserve of over one million dollars a little over a decade ago is now gone. Increased costs and decreased ledging over that decade have reached the point that pledging barely supports the cost of a full time Rector, much less other salaries and expenses of the church's operation. This is simply unsustainable. We are now doing what was virtually unthinkable a decade ago: drawing from our principal. This is a seriously addictive step, as evidenced by the changing time line to resolve this over the past seven months. When we passed the 2016 budget, we spoke of making further cuts in one year, and promised ourselves to review the budget at mid year to see if further cuts (or perhaps restorations) were in order. That one year plan quickly became two years, and at the annual meeting there was talk of a three year plan. Now it's a five year plan. Everyone seems to agree that further cuts may well be needed—next year. We have developed a culture of pushing unpleasantness off into the future. Let the money run out when another rector and vestry are in charge.

It's understandable why consolidation was recommended: Having the entire three million to draw from, rather than just from a Remembrance Fund about half that size, delays depletion of the fund. But the other funds had very specific purposes that now seem secondary. Canon Richard feels that his mission needs to continue, and cuts certainly interfere with that. But at what cost to the future of Caroline? Budget Committee member Len Calone wisely pointed out that it took us about 12 generations to build our funds; they will be gone within one generation at this pace.

Second, have you considered the impact of eliminating these funds, especially Churchyard and Building? Let's focus on Churchyard. Most cemeteries have some kind of trust or perpetual care fund to ensure that the grave sites will be maintained into perpetuity, regardless of the status/existence of the present ownership. Largely due to the generosity of the Melville family, we had a fund that served that same purpose without some of the regulatory constraints imposed by state laws. It generated enough income to carry the general maintenance of the cemetery and build some value that is used for capital projects (such as the fencing replacement a few years ago). It was a fund—perhaps the only one at Caroline—that was sustainable. We were assured that our ancestors' grave sites would be maintained and there will be a place for ourselves—and our children—when our time comes.

That assurance is now gone. Multiple Vestry persons have family interred in the churchyard. Were they considered? Any verbal assurance you may have been given about this may have been well intentioned but, as they say, the road to hell is paved with good intentions. The change has little to nothing to do with ease of administration and clarity; it's about having a bigger pool of money from which to pull principal, delaying the day the money runs out by a decade or so. But that day will come.

Would you inter a family member in a place that had no dedicated fund for the long term care of the site? My family just celebrated my mother's 90<sup>th</sup> birthday. It is her wish to have her ashes returned to up here (where she lived and raised her four children) to be interred at Caroline. She hopes that some of her children will be laid to rest beside her. I now can't in good conscience do that, and have to look for a place to lay her to rest where the next generation will also have a place. I don't think that this is a dramatic overreaction. We are now using those funds to help pay our current expenses and letting someone else deal with this issue later. That three million will be gone in a scant twenty-five years at this rate, or some other unanticipated change in our society may cause Caroline Church to cease existence. It is your obligation as financial stewards to see that monies are set aside for the continued maintenance of the grave sites into the future. That money needs to be put back and restricted for the use the Melville family—and all the other parishioners who paid to bury their family members—intended.

Third, while advisors may recommended this move, it is the Vestry's obligation to approve or disapprove the recommendation—and to do it in accordance with the By-Laws. It is your responsibility to know those By-Laws, not the advisors or Investment Committee's. I refer you to Article III, Section 1 of your By-Laws:

“The Vestry shall establish and maintain the following funds and accounts, and other such funds as the Vestry from time to time may deem necessary for the efficient operation of the Church.”

The Section goes on to list Operating, Remembrance, Churchyard, and Rector's Discretionary as required funds. The word “shall” in the above-quoted text is mandatory in nature. Those funds may not be abolished. When particular funds are mandated, commingling them is not permitted. While the question of whether or not these actions were ill-advised is a matter of opinion, the question of whether or not they violated the By-laws is not.

Fourth, the minutes state that this move was done based on the recommendation of Caroline's financial advisors. Nothing is mentioned about the Investment Committee. Did they

recommend this? I refer you to Article III Section (2)(G). An other “shall” in that section. I’m told the Investment Committee did not meet on this. That makes two By-Law provisions with which that this action is in conflict. I also note the inconsistency in the minutes on the vote: how can that vote be 11-0-1 when those minutes show only ten voting members present?

I hope you will reconsider this ill-advised move. Take steps now to ensure the reservation of Caroline Church for future generations, even if it causes pain. At the very least take steps to ensure the reservation of the cemetery that holds so many of our predecessors. You have a month off and I hope you use that time to prayerfully reflect on the long term impact this decision will cause for the sake of a short term “solution” to a problem we have allowed to occur.

Chris Haring