

## **Update from Father Hugh about situation in CEC**

On Sunday we will be holding an official parish meeting to vote on the resolution which has been previously posted. The wording of the resolution is : "It is resolved that we recognize that the process of blending the congregations of Christ Episcopal Church and St Mark Lutheran (ELCA) Church in Norwich is not going to happen at the present time. The regular shared services and other formal agreements that have been in place will come to an end on the 31st of August 2018."

By passing the resolution we will bring our blending process with St Mark to a close. We still plan to share in ministry together, to support one another's events and on occasions to worship together. I don't anticipate much discussion about that, as we will simply be recognizing formally what we have already effectively agreed.

I will then close that part of the meeting, and we will have an update and informal discussion about the future of CEC going forward alone. In this second part of the meeting we cannot vote on or pass resolutions as there has been no official warning of them, but we will be able to share information and discuss it.

The Diocese of Connecticut has adopted a rule effective January 1, 2016 that if any church withdraws more than 25% of its endowment over a 3 year period, the diocese has the power to take control of that church's endowment, and release it to the church at a sustainable rate (currently 5% of the fund balance). The endowment remains the property of the church, but its use is restricted, in order to conserve the funds for future generations. Our church has already exceeded that total withdrawal limit just in 2016 and 2017. Bishop Ian Douglas has decided not to wait for the 3<sup>rd</sup> year, but informed us that the diocese will enforce that rule in our case. It cannot do so officially until it is approved by the Diocesan Mission Committee on Sept 8, 2018. After that changes will have to happen.

We will be required to transfer our endowment to Donations and Bequests, probably by the end of September. It will remain the property of the parish. It will still be subject to any restrictions on the use of funds already in place. Money will then be released to us by the diocese at a rate of 5% per year. The Diocese will not review every expenditure; it is up to us to stay within that constraint.

Our endowment balance will be approx \$760,000 at August 31. So a 5% draw is approximately 38,000. That means we have to reduce our expenses by over \$100,000 in 2019.

So from the end of September we will face big changes. We will not be able to fund our current operations. In particular, we will not be able to sustain the posts currently held by Hugh, Jesse and Dawn. Exactly how we will proceed is still unclear, but we will have to move to having a part-time priest and a part-time musician, and even that may be difficult to sustain. The Finance Committee and the Vestry are currently considering how best to approach this, and are in discussion with the Diocese about the timetable for the changes.

Hugh James, August 10, 2018