

## **Executive Council Standing Committee on Finance**

**Salt Lake City, UT**

**February 13-15, 2020**

### **Minutes of the Meeting**

Attending the meeting: Anne Hodges-Copple; Cornelia Eaton, Patty Downing, Mally Lloyd, Diane Pollard, Holli Powell Sturm, Anne Kitch, Zena Link (by phone), Andrea McKellar, Mike Ehmer (Chair, PB&F), Patrick Haizel, Kurt Barnes, Nancy Caparulo, Margareth Crosnier de Bellaistre, Cecilia Malm, T.J. Houlihan.

Mally called the meeting to order at 2:02 PM Mountain Time. The agenda was approved as presented and Patty offered a prayer.

The Minutes from the October 2019 meeting were moved, seconded and accepted as presented without opposition.

The session began with personal sharing after which time reactions, thoughts, and comments were invited concerning the presentation made by the Native Americans in the morning's plenary session. Cornelia, as one of the presenters, described her experience as empowering and she shared a number of personal stories along with her view of the way things need to move forward. Many reflections were shared as a result.

FIN-070 (TF #1213), FIN-071 (TF #1214), FIN-072 (TF #1215), FIN-073 (TF #1216), were considered, moved, seconded and approved; moved, seconded and approved for the consent calendar.

FIN-074 (TF #1217 – Rio Grande endowment) was considered at very great length which spurred a conversation having to do with the DFMS either refusing to accept an investment or, after a term of holding an investment, handing the funds back to the investor. Ultimately it was agreed that a legal representative should be consulted about the possibilities. The resolution was moved, seconded and carried; moved, seconded and approved for the consent calendar.

The following resolutions were moved, seconded and approved without opposition and approved to the consent calendar as well: FIN-075 (TF #1218), FIN-076 (TF #1219), FIN-077 (TF #1159.01), FIN-078 (TF #1220-#1228), FIN-079 (TF #1229 – #1256), FIN-083 (TF#1257), FIN-085 (TF #1258), FIN-086 (TF #1259).

During a short break, Egan Millard of ENS joined the meeting.

FIN-080 (Liberia special draw) was considered and discussed. Andrea will dig into this request and make a list of questions that would apply to clarify the requests. It was decided that the resolution would be revisited the following day.

FIN-084 (Cuba request) and FIN-088 (Nicaragua withdrawal request) were moved, seconded, and carried; approved as well to the consent calendar.

### Treasurer's Report

Kurt reviewed the report he had posted to the committee's Extranet page. He presented numbers through November owing to late arrival of expenses from various departments at the church center. Since Finance wouldn't see the year-end numbers until June, Kurt will send the year-end report in late March and a Zoom meeting will be set up for the committee to discuss it. Back to the report – there was nothing anticipated out of the ordinary regarding income at the year-end. It was noted that the annual appeal income had not been included but will appear in the Program section of the report. In the expense area, the PB's expenses for mission to the world will be above projections. Kurt explained how the budget is kept in balance and how conversations occur around the need for shifting money.

EMM grants are still coming from the government. The application/funding applications have been extended; business is ongoing. Holli asked for clarification about the accruals in the liability page (medical benefits and vacation time). Ultimately, the balance sheet is strong.

The existing long-term debt facility matures in 2021 and will be renegotiated with US Bank. Kurt does not anticipate any difficulties with that. Short-term reserves are above required levels.

Investment performance was reviewed. The net return was 22%, making it difficult to speak against the 5% draw. Requests to expand the draws from trust funds when the return is so healthy must be resisted. Looking at the next budget, a 4.5% draw will [hopefully] be used. Co-investing is healthy. Kurt doesn't much like emerging markets but the Investment Committee likes that market sector, so exposure is made there.

Anne H-C asked why, when things are solid, can't the 5% continue, especially with regard to church planting. Kurt's response focused on preservation and helping our children and grandchildren down the road. Mally added that budget-makers wouldn't want to have to raise the assessment to compensate for a shortfall from investment income. Twenty-five per cent of the budget revenue comes from trust income. Patty recalled the horrors of 2008 budgeting and the need to keep that experience in mind.

The asset allocation earnings net of fees was reviewed in detail. The investment policy statement looks annually at the asset classes necessary to get near or at the 8% target. EC will review the updated IPS in June after the Investment Committee has updated it. Kurt explained the recommendations around Private Equity investment, and the reason(s) why the church will not invest in that sector. The IPS identifies a percentage range permitted around each asset sector. A request was made to share the Pavillion report. While it was agreed that the report could be shared, it was noted that there will be a comparison added concerning out ranking against a peer group of investors.

A look was taken at Socially Responsible Investing. The work approved in October is ongoing. CCSR was asked to recommend how TEC should approach the IPO of ARAMCO. It was examined what underwriters might be involved in the IPO and parent companies were asked to

provide their Human Rights policies and they all responded. All responses were favorable. They were also asked if there were any obligation to boycott Israel and the answer was no. Some said they would like to continue the conversation. Kurt will follow up. ARAMCO will remain on the no-buy list.

There has been difficulty in conversations with gun manufacturers. CCSR is participating in dialogue in partnership with ICCR, especially about safeguards. With regard to Board Diversity, Kurt is scheduled to have a conversation next week with First Cash on the subject.

Economic Justice Loan Committee will meet in March. There will be a lot of money to re-deploy.

#### Development Office (DO)

T.J. and Cecilia were on hand to report for the DO. The annual appeal exceeded the goal and brought in \$300K. An annual appeal manager has been hired, Julia Alling, who will work remotely and visit 815 regularly. The office is feeling confident about meeting the \$1 million goal for the triennium.

The goal for the Cuba clergy pension appeal has been exceeded. The Absalom Jones appeal will be going out in a month or so. Fundraising goals for EMM are being met. That area is in an in-between space; 18 thousand refugees are anticipated for 2020 resettlement. Agencies that are resettling cannot survive on that number. Latter Day Saints charities has been supporting refugee resettlement and may provide some help. An additional opportunity exists in another area that would involve several agencies working together on an RFP. There are refugees still in the process that EMM continues to assist. Anticipated are step-down grants from the government but there are ongoing needs in the refugee communities.

Cecilia has been spending time on The Way of Love. Navajo Area Mission was handed over to Navajoland, where Cecilia assisted. The result of that change was that they did twice as well as was done previously through the development office. Now, they are working on major donor development and endowment development. Cecilia and Cornelia are both working on the groups involved to create endowment that will support ministry in the long-term. They are now searching the donor list for possible donors at a higher level. The Navajo people are involved in the work and Cornelia had positive things to say about the web appeal. She added that they are focusing on building relationship while building community.

The HBCUs (Historically Black Colleges and Universities) celebrated Absalom Jones Day today. Ron Byrd has helped through the Black Ministries desk. As of today, \$10K has been raised in the Absalom Jones appeal. They hope to best in 2020 the \$35K made in 2019. Cecilia has been working with Voorhees College to help bring out people from the community to attend the PB's visit in April, who might support the college in the future.

Anne H-C discussed the work that the HBCU Committee has been doing with St. Augustine's. There is a new chaplain there now, Hershey Mallette Stephens. Anne wondered what ways there might be of supporting that chaplaincy. Kurt added that this Sunday there will be a commemoration of historically black colleges at the National Cathedral, not tilted toward

Episcopalians but all HBCUs. Anne pointed out the very poor benefits provided the faculty and staff of these colleges and how improving that will help the stability of the schools.

Stephanie Spellers, Sarah Stonesifer, and Jerusalem Greer joined the meeting to talk about their work on Sharing Way of Love (WOL), a campaign that is doing well. They are doing creative campaign materials; dedicated web page and online giving are in place. Gift acknowledgement and letters were developed. They've received a \$50K gift toward the campaign and additional requests are pending for \$350K in addition to the \$200K that has already been raised. An event in New York was very fruitful and another in Atlanta holds some promise. Three more events are planned, one for DC, one in NYC, and another in June in the PB's residence in NYC. There will be 7 events with the PB in 2020. Cecilia spoke highly of the development team involvement in trying to identify people at the top of the giving pyramid over the next three months.

Sarah talked about setting priorities with the DO so that there are no conflicts with the pools of funders for various projects. Cecilia described the new pool of funders, who might not have been excited by other giving opportunities. The pool of participation has been broadened with the WOL. Questions arose regarding the big campaign being mounted by Episcopal Relief and Development. Sorting through that is an ongoing activity.

Stephanie said they would provide the timeline that extends to the end of 2021 for this work. Essentially resources around the WOL and the New York revival top the list of priorities, then the TV pilot and the traveling video series. Based on the priorities, funding is not stretched beyond capacity. If \$1.1 million is not reached by September, there are ways of adjusting the work to fit the funds available.

The revivals in DC and Atlanta were successful with excess of 2,000 attendees in both places and many more people attending online. Jerusalem talked about ongoing work that has resulted from the excitement generated by those revivals.

Stephanie and Jerusalem talked about the WOL materials and the program. Stephanie particularly about the collaboration between her office and that of the development work. The New York Revival will be helped by the Diocese of Long Island and they've decided to do it in Brooklyn. It will be a smaller revival in person (2,500 – 5,000 people) with potentially hundreds of satellites around the globe. DFMS is working on the MOU with the Diocese of Long Island and the ELCA. The New York Synod has just elected a new bishop, who is enthusiastic about the plans. October 25 is the date targeted. Jay Wiseman will be the consultant event producer. A national recording artist will do music production for the event. Jerusalem expanded on the satellite focus being a vehicle for so many places that could not afford to mount a revival and a great way to engage the whole church. People who have already hosted have offered to be satellites. Anne H-C observed the number of millennials living in Brooklyn and the need for a larger venue or a marketing program that will appeal to that age group. Patty observed that the national election will be the following week. The revival will be simulcast in Spanish, French, Chinese, and ASL.

Multi-media Marketing is another part of the strategy. Venga Media is a major marketing firm in NYC is participating in the marketing planning. They will supplement what is provided to the DFMS communication department.

The SWOL working group has been formed to strategize for 2020 and 2021. Many plans are in the works including an event in November of 2020 focused on formation for children and youth. Funding through the SWOL campaign will be used for this work. The podcast has been redesigned to include special guests and shared stories.

The session concluded at 6:35 PM and reconvened again at 7:40 PM with a check-in exercise concerning money memories.

#### Assessment Review Committee (ARC)

The ARC began its work in 2015 with a whole review process of diocesan giving and education of the dioceses about an upcoming system of waiver granting. Mally reported that this has been a very successful program where the Assessment was reduced to 15% and participation in the full asking was increased. ARC would like FIN to request from EC a more specific waiver process moving forward. Mally outlined the suggested plan about that and suggested a method be devised for staff to enforce the policy. The treasurer's office (TRO) would be the depository for waiver applications. An online process is desired. A possible process was discussed in detail.

Another waiver was requested for 2019 from the Diocese of Alabama, which is pledging at 15% for 2020; 2019 pledge was 12.8%.

The Diocese of Rio Grande indicated they will have a plan to reach 15% in the next triennium. Their pledge came in at 6.2% with no articulated current plan to increase during the remainder of the triennium. Conversations over time have been awkward, the result being they will not be allowed grants for 2020.

Albany was late to the process but has not responded after additional materials were provided to them.

Dallas was denied a waiver because of the way they split their giving between the TEC budget and other entities.

Florida's diocesan council moved to meet the 15% Assessment, but their Convention voted it down. They have not applied for a waiver nor will they.

Springfield has said all along that they will not apply for a waiver. The application process is closed, ARC having done all it could to achieve 100% compliance. These 5 dioceses will not be eligible for grants and loans. Mally asked for a motion to accept the waiver for Alabama for 2019; it was moved, seconded and approved without opposition.

ARC will continue to work until GC 2021. Mally outlined the process stipulations and the follow-up plan for the dioceses that have received a waiver and for monitoring nonpayment of a commitment. The ARC feels strongly that failure to pay also means no grants or loans going

forward. The review of outstanding payments will take place this month in the TRO. Grants in the pipeline can be suspended until payment of 2019 commitments is known.

The Province IX tax structures have been somewhat researched. Information is beginning to come back that may allow for granting some relief for those dioceses.

ARC has asked ENS to do research about dioceses that saved significant money from the drop in the Assessment. Where are the new programs or how is the money being used? The Assessment was lowered in part because of input from the dioceses and ARC is curious to know what has happened in the dioceses formerly pledging 21% and now are at 15%.

The session recessed at 8:30 PM and reconvened on Valentine's Day at 11:00 AM in an executive session with Governance and Operations (GO) until noon, when Church Planting grants and Roanridge grants from Mission Within were considered. With regard to Church Planting grants, there was concern about a \$20K seed grant to the Wild Church that seemed to be a repeat of October's actions. This was to be clarified before approval.

FIN-087 (sale of Guam property) was reviewed, moved, seconded, and approved without opposition. It was also approved also for the consent calendar.

Looking at Roanridge, a motion was made to accept the grants with the caveat that money cannot be sent to Cuba unless and until they are made a diocese. Approval for Honduras was pulled until clarifying information is received regarding the CETALC grant they received in October 2019 (the Executive Committee of EC will consider this at its next meeting, if necessary); seconded and carried without opposition.

Katie Nakamura came to discuss the Wild Church, UP Michigan. Its grant had not passed EC last October. Question arose because it appeared there had been applications for two grants for the same project. They were applications to support the same leader in a new community. On further review, it was agreed that the applications were not for the same position, so the Roanridge application was re-activated. There was a good conversation around new leadership and stretching it too thin in a given context. Motion was made to send the resolutions back to Mission Within with FIN's approval.

FIN-080 was revisited. Questions concerning the request were aired. A number of items requested (with trust funds cited) caused concern because the use of the funds did not meet the donor restrictions of the trusts in many instances. Kurt explained that he and Margareth have tried repeatedly to emphasize the need to maintain the earning capacity of their funds (i.e. their seed corn will be gone). The request was referred back to the Standing Committee for further clarification and FIN's recommendations. David Copley will have this in his portfolio when he visits Liberia in March. By way of further explanation, this request represents a 27.6% draw above the 5% draw they receive and a special draw was approved for them in October 2019. Kurt will share this conversation with both David and the bishop. Mally will include the information in her report along with the historical concern about repeated, large draws, and requests that do not meet the restrictions of the trusts. Margareth pointed out two funds that are for the bishop's discretion that might be approved. It was thought in part that, since it comes as a

package and follows an established pattern, perhaps a denial would be appropriate. Another opinion was articulated and more discussion followed. Ultimately, it was moved and seconded to release \$10,500 for the bishop's discretion from the two trusts established for that purpose. Motion carried without opposition. This was not placed on the consent calendar.

The balance of the morning's session was spent with the last group of check-ins concerning money memories.

Application guidelines for waivers were to be presented to EC in the form of a resolution, which was moved, seconded and carried without opposition. The meeting was recessed at 1:00 PM.

The committee reconvened at 2:00 PM with consideration of Creation Care grants. A look was taken at the Carbon Offset Pilot Program request. There was sufficient confusion within the committee that it was returned to Mission Within for clarification. The seed grant proposals were then reviewed. It was moved to approve and send back to the committee with a request for clarity about the reasons for the request; seconded and carried.

The request for a \$20,600 grant for Plainsong Farm was considered. Holli recused herself from this matter as she has a professional relationship with the organization. Motion was made and seconded to approve for Mission Within to move forward. Motion carried with one abstention (Holli).

Finally, the reallocation of Ecojustice funds was looked at and discussed in some depth. It was moved and approved to send back to the committee with FIN's approval.

Patty discussed the budget process that has been put in place with the treasurer. Budgets will be requested to arrive in April 2020. Kurt had asked the staff for specific information. The Jesus Movement budget design will be retained. The directors have been asked to submit and discuss their budgets to the Canons that monitor their areas. Canons, chiefs and Kurt will decide on how the spreadsheets will appear. Patty added that a prompt will be sent to all in order to get the numbers. The budget draft will be presented to EC in June and it is hoped that it will be as accurate as possible. Lack of response(s) will result in decisions made by EC. Patty asked of FIN how they intend to get the data in the areas they have signed up to cover. Request was made to have a budget presented with several years' history included. Mally suggested blocking out personal time to do that kind of research adding that the transition of the 5 Marks of Mission budget to the Jesus Movement was very complicated and a difficult narrative to walk through.

Mally had been approached by Mission Beyond staff members to participate in a phone call to better understand their programs. The conversation fell outside of the budget process and Mally believes that the best way to approach this matter was to redirect them to the approved process. There followed a discussion about honoring and maintaining boundaries. After April 20 it will be known which FIN members are looking at what sections of the budget.

Andrea had worked on a video that asks for budget feedback from the wider church. Survey monkey is to be used to send it out after the first draft is completed. FIN sent one last time after the October meeting. The aim is to be transparent. Timing is important and the only focus is

feedback: please let us know what budget requests you have put in your bluebook report – because FIN will not see them until the Bluebook is published at the end of the year.

Mike talked about the budget task force that is looking at the whole budget process to make it more transparent and more open to input from the wider church. At GC it is too late to consider very much. He described a number of ways that have been discussed to move the process ahead. Recommendations include making PB&F smaller because it is a very large group. Ultimately, it is hoped that PB&F would put the budget together, taking it out of FIN's realm, but the Canons and Rules of Order are not in sync about the process as it is. The timeline for budget development is also under consideration as is establishing the priorities of GC so that budget allocations can be made to them. An education piece would have to show how the new process differs from the current one. Discussion continued well beyond this observation. Mally suggested presenting a totally radical proposal for changing the process, which may go down in flames but would have generated a good conversation more widely about the topic.

Kurt asked to change the date in FIN-090 (waiver application process) to August 30. This was approved and the change made to the resolution.

CCSR proxy voting (FIN-081) was taken up. These are posted on the web. Kurt explained the background of this resolution. There is a comparison made of where changes were made recently. The resolution was moved, seconded and carried without opposition.

FIN-082 (fundraising guidelines) was then considered. This was the first update in a number of years and involves staff and officers. Kurt explained it in detail. The executive leadership team (PB, COO, Kurt, Canons, Michael Barlowe) has reviewed these policies many times. The resolution was moved, seconded and carried without opposition.

Diane talked about the CCSR meeting and the upcoming 50<sup>th</sup> anniversary. The committee wanted to do something of a celebratory nature at the next GC and to share with the convention what TEC has accomplished over time. Michael Barlowe has spoken with Diane and assured her that funding for a video production can be covered in the budget.

Gay Jennings joined the meeting. Egan Millard also joined the meeting.

Diane has spoken with Church Pension Fund, the Episcopal Church Foundation, Trinity Wall Street, and the Diocese of Western Massachusetts, all of which are on board to support the effort. ICCR is planning a lot of celebration for their 50<sup>th</sup>. The FIN committee has heard about this, a celebration is a non-budgeted item, and this is an area where there does not seem to be any conflict. A memorandum will be circulated to the appropriate places. Payments/gifts may be directed to Patrick in the GCO. The Foundation and Western Massachusetts have said they will each contribute \$2,500.

Campus ministries grants were moved and returned to committee with FIN's approval.

EJLC had no report at this time.



Kurt discussed an observation made, specific to Honduras, that the Roanridge and CETALC grants are not the same. It was agreed that clarification of the two applications would be necessary.

It was learned that GO will be presenting a resolution that all requirements for Cuba's readmission have been met. The Cuba committee has asked for \$53K to fill in what they will no longer be receiving from the United Church of Canada. Mally and Kurt have conferred about this. They have known for 3 years that the funding would be ending. They have presented a budget without that amount. It was agreed that a resolution would not go to EC today. Gay suggested additional education for Cuba about the process to apply for funds. She also wanted to have a clearer picture of their funding sources. Margareth added that Glenda McQueen had suggested a visit to clarify these things. Zena, who had served on the Cuba task force, said they were well aware some time ago of the loss of the Canadian funding. T.J. talked about the responses the DO encountered for the pension campaign from people who had already given to Cuba in some other way and were curious (sic) to know why they were being asked again.

Introductions around money memories were done from 4:30 PM to 5:00.

### Mid-Term Evaluation

What was good? What would we like to change? How are things going? What's working well in FIN?

- taking the time to ask important questions; working well as a committee; respectful disagreement
- process with other committees is working well; meeting with others and having opportunity to ask questions; relationships yield a level of trust and respect for one another
- becoming more adept at the dashboard; suggestion was made that there is a quick view (elsewhere) that integrates the agenda to links in the files that would help people keep organized

FIN would like to encourage other committees to have interim meetings to insure they get their work done when EC begins. Discussion covered the effects of tardiness for the entire EC process and of possibly having a committee Zoom meeting 2 weeks before EC's meeting. As FIN moves into the budget process, parameters need to be set about getting information to FIN two weeks prior to a meeting, at which time FIN would have a zoom call. Reminder: there should be a Zoom call to look at the year-end finance information.

All-Council relationships: good conversations around white supremacy and racial justice; speakers have been very effective. Missed having the treasurer's report actually delivered orally rather than simply being posted to the Extranet - because people tend not to spend time with that format.

However, there was no opportunity for table check-ins at this meeting. Morning prayer today, the Spanish was not equal to the text of the English. Wish there were more time in plenary for

conversations around the larger issues. Opening remarks by the PB and PHOD and closing remarks are valuable to the whole of EC as they provide a much broader picture.

The committee moved into executive session at 5:26 PM and adjourned thereafter.

A session was reconvened on Saturday morning, February 15, 2020 at 8:45 to discuss further the proposal from the Diocese of Honduras for a Roanridge grant. There are three theological centers in very rural areas of Honduras and the thrust of their application is for theological strengthening of Episcopal workers in those places. The Honduras CETALC grant focused on urban ministry and is seminary-based. Motion was made and seconded to approve inclusion of Honduras' proposal for 2020 in the Roanridge grant cycle. After a little more discussion, the motion carried without opposition and the meeting was adjourned at 8:55 AM.

Respectfully submitted,  
Nancy Caparulo  
Staff support to the committee