Executive Council Standing Committee on Finance

May 5, 2020

Minutes of the Tele-Meeting

Attending the meeting: Anne Hodges-Copple, Cornelia Eaton, Mally Lloyd, Diane Pollard, Holli Powell Sturm, Anne Kitch, Zena Link, Andrea McKellar, Gay Jennings (President HOD), Byron Rushing (VP HOD), Mike Ehmer (Chair, PB&F), Patrick Haizel, Kurt Barnes, Nancy Caparulo, Margareth Crosnier de Bellaistre, Cecilia Malm, T.J. Houlihan, Geof Smith and Mary Kostel. Excused: Patty Downing.

The meeting was called to order at 5:02 PM EDT. Anne Kitch offered a prayer. Brief check-in was achieved and technological issues [mostly] surmounted. The agenda was approved and Mally thanked everyone for attending, especially the guests.

The PPP loan matter was discussed. Kurt had submitted an application right after it was made available. Two working groups were set up by the PB to deal with the moral, financial and PR implications for accepting a loan. Both groups believe the loan should be accepted.

Kurt talked about this matter in some depth. Essentially having the loan will make easier an approach to anticipated waiver requests at the end of this year. Kurt’s focus is that of protecting the DFMS as much as possible. We do not have to accept the entire $3 million. The stock market volatility is not an immediate impact. Annual appeal monies continue to be a positive factor. Lenders will forgive the loan if funds are spent on payroll and compensation. In the last four weeks no real effect is seen because of the way the budget is constructed. Kurt reviewed expected income components. He also discussed the protection of the trust funds. Management has identified savings and considered accepting the loan to protect the staff - compassionate management.

Discussion about the recommendation the committee will make to EC included these comments:

- TEC has more financial capital and resources to draw upon than smaller businesses; we have some fallback while others do not and will have to go out of business; we have time to plan for future funding
- We should take the entire loan to give us freedom later on to do things that will be helpful to dioceses and congregations; our rejecting the loan does not guarantee that another, smaller entity will receive money. We can do what is right and honorable in the future.
- Appreciates ambivalence over the issue. This loan covers payroll for 8 weeks in order to qualify for forgiveness.
- No reason to believe that the system is going to work out for the neediest in our society. Historically, in times of uncertainty, funds did not reach the most vulnerable people – e.g., Katrina, 911, thee recession, other disasters.
- If we can demonstrate that we will do good with the money, that is important.
- There are more deserving people who are not receiving funds for their application. TEC has other resources. This money is intended for emergencies now. We can be a leaner organization. There is lack of logic in accepting the money.
- Monthly staff costs are $1.4 million.
• If we accept the money, we need to be very clear about what we will be doing with it and we have to be intentional about what we actually do.
• In future, we need to think about the communities that the church serves and their struggles to feed the poor and continue to be church.
• We have a moral obligation to use the money appropriately.

Knowing that income will decline in some months, taking the money gives a choice of helping dioceses in need when they need it; it will prevent greater, negative decisions eventually.

The viewpoints were looked at in depth. Mally talked about doing the most good. The poorest and least connected to the financial community are not getting help. Can we do more good putting money back in the system; can we get money to the people who really need it? Who can better administer the money? If we don’t take the money, what is a back-up plan? Where can the money do the most good?

Options concerning the recommendation to EC were articulated as:

• Don’t take the loan. It is intended for immediate relief for the under-resourced.
• Take the loan and enhance the church’s ability to do its mission to take care of staff, support granting programs that we have, use time to consider how to move forward.
• Take the loan and park it to use it intentionally to serve underserved communities and those more adversely affected by COVID with appropriate management of cash flow.

It was agreed that difficult choices lie ahead. We want to continue the grants already approved that were anticipated to be paid in multiple parts. Block grants support staff in dioceses that are helped through the TEC budget. A vote was taken to accept the loan or not. For – 6. Against – 3. In terms of using the loan it was suggested that Kurt’s proposal be used - to set it aside with appropriate management of cash flow for programming or support for marginalized communities.

It was moved that we advocate acceptance of the loan with intent to continuing support through our mission of the most vulnerable people. Seconded. Clarified. Vote carried without opposition.

Since FIN has much work to do on the budget, it was agreed that the committee would meet again by Zoom on May 12th and 19th to get through the work. Gay will join if her calendar is clear. Patrick will make sure the Zoom it set up. Committee time needs to be defined also for June’s EC meeting.

Holli concluded the meeting with prayer. Bishop Anne provided the blessing.

Meeting was adjourned at 6:28 PM.

Respectfully submitted,
Nancy Caparulo
Staff support to the committee