

## Executive Council Standing Committee on Finance

October 5, 2022

### Minutes of the Tele-Meeting

Attending: Andrea McKellar, Kurt Barnes, Patty Downing, Diane Pollard, Anne Kitch, Timothy Gee, Patrick Haizel, TJ Houlihan, Cornelia Eaton, Scott Haight, Dinorah Padro, (interpreter), Joanne Brockway, Julia Alling, Margareth Crosnier de Bellaistre, Gabriela de Castro (interpreter), and Gina Angulo.

Andrea called the meeting to order at 4:03 PM ET and Cornelia offered a prayer.

After the agenda was moved, seconded, and approved as presented. Andrea welcomed everyone and set forth a plan for self-introductions across the committee.

Kurt introduced the members of his staff: Margareth, TJ, JoAnne, and Nancy, all of whom are resources to the work of FIN. Patrick clarified his GCO role as liaison for Michael Barlowe.

Andrea reviewed “Who we are as a JSC.” FIN oversees the triennial budget and its development (a function that will be changed after General Convention (GC) actions), oversight of funds, development and mission funding, review diocesan reports. Andrea viewed the by-laws around FIN. This JSC reviews grants and scholarships coming from other committees and reviews and proposes revisions to the budget.

The new Budget Committee will change the budget development process and will report to EC. By-laws need to be changed to accommodate the new committee and the shortened time frame. Questions about the budget were invited. The new Budget Committee hasn’t been populated yet but will have one representative from each JSC and will reflect the face of the church.

Andrea then called upon FIN members who have served the committees reporting to FIN to give a picture of those functions.

- The Audit Committee looks at liability issues, using a wide lens on the financial picture. It recommends the DFMS auditors and scrutinizes internal controls and money management.
- The Assessment Review Committee created the process by which waivers of assessments can be offered if a diocese cannot meet 15%; there are penalties unless a waiver is granted. The committee recommends waiver approvals. They began a partnership with Province IX to discuss clearer understanding of matters on the ground in each diocese there and to compile more data for making compassionate and prudent decisions on waivers.
- CCSR (Committee on Corporate Social Responsibility) recommends positions and corporate resolutions that the Church can take (e.g., gun control, climate change, human rights, board diversity, etc.) They work collaboratively with the Church Pension Fund (CPF) in order to mount dialogues with companies. Divestment is strongly avoided, if possible. The CCSR reports through FIN. The work plan is shared with Mission Within. Diane explained how conflicts of interest can arise from time to time.

- Investment Committee monitors the asset allocation that allows the church to achieve its budgetary needs and maintain the purchasing power of the trusts. A 5% draw is typically used based on a 5 year rolling average total return that requires at least a 7% annual return on investments. There are approximately 16 portfolio managers and one custodian bank. IC reviews and evaluates managers for the trust funds, \$200 million of which support the budget. \$250 million are assets co-invested from churches, dioceses and other Episcopal entities, without fees.
- Economic Justice Loan Committee (EJLC) funds are used to fund community development loans in communities in need through not-for-profit CDFIs across the country. Loans are typically \$200-400K over 3 years at low interest rates. In the history of the program there was one default when the committee acted as its own underwriter. The fund was established and has been maintain at \$7 million.

The Agenda for Phoenix was looked at briefly. A member of the GCO is going to do TEAMS training. Andrea will copy information in Teams and by e-mail until everyone is up and running and comfortable with Teams. FIN will likely need a meeting Monday night after dinner. Kurt will do a deep dive in treasurer's report. The committee will approve payout rate, look at the 2023 budget, look at CCSR advocacy plan, approve the custodial trusts. There will be an orientation on investments and the audit as well as discussing the portfolio losses incurred in 2022 as they relate to the 2024 budget. Travel Guidelines need to be reviewed and amended.

It was noted that EC should look at the masking protocols used to see if they should be changed. Committee chairs are meeting regularly and will discuss this matter.

Margareth introduced resolutions for a co-investor's Trust Fund accounts for Zion Episcopal Church in Vermont.

- FIN-003 – TF1317
- FIN-004 – TF1318
- FIN-005 – TF1319
- FIN-006 – TF1320

Questions asked and answered. The DFMS does not benefit from the co-investments but provides the opportunity as a service.

The resolutions were moved en bloc and moved to place on the consent calendar, seconded and carried. It was observed that the Executive Committee of Executive Council (ECEC) had approved these trusts already.

Business having been concluded, Andrea adjourned the meeting at 5:31 PM.

Respectfully submitted,

Nancy Caparulo

Staff support to the committee