

Executive Council Standing Committee on Finance

April 20 - 23, 2022

Minutes of the Meeting

Attending: Mally Lloyd, Kurt Barnes, Patty Downing, Cornelia Eaton, Anne Hodges-Kopple, Anne Kitch, Zena Link, Andrea McKellar, Diane Pollard, Holli Sturm; from the staff, Patrick Haizel, Brian Murray, Mark Stevenson; via Zoom, Julia Alling, Joanne Brockway, Cecilia Malm, TJ Houlihan; from the GCO, Gay Jennings, Rebecca Wilson. Regrets: Margareth Crosnier de Bellaistre.

Mally called the meeting to order at 2:20 PM EDT. Holli offered a prayer.

Motion was made seconded and carried to approve the agenda. Minutes from January and March meetings were moved, seconded and approved as presented.

Housekeeping matters were reviewed and finalized. Check-in was accomplished across the room and with those on Zoom.

Gay Jennings was on hand to ask for a budget adjustment for the HOD line so the PHOD can cover extra expenses for the upcoming GC to cover the hiring of a public health officer on contract for safety purposes. She noted 868+ deputies totaling 950 people will be in the same room for many hours for days on end. The Michaels approve (Curry and Barlowe). At 10 weeks out from GC, 140 deputies have reduced in number (since their elections) owing to long COVID, death, election to bishop, etc. She pointed out the differences in the HOD and HOB, mostly in the ranges of diversity and relationship.

Gay wants to create an atmosphere of trust and safety for the members of the HOD, especially considering the loss of deputies. Information sheets are being developed for members of the house. Risk tolerances vary widely. 50% of the deputies are new to the house and another 20% are there for only a 2nd time. She is asking for \$50K for the safety of the House of Deputies provide consultation and research to manage health concerns. An in-depth conversation about this followed including the need to provide complete transparency. Allowing this may provide peace of mind in a time when COVID has eroded people's confidence in so many ways. And GC immediately follows July 4th when chances of spread are elevated.

George Wing (from Mission Within) joined the meeting at 2:57 to address the Constable Grant questions about supporting so many staff programs. He recalled the emailed questions from this committee concerning a perceived favoring of staff projects over others. George has served 10 years on Province VI CCAB matters. He referenced his response to Mally's questions and talked about his experience with prior grants. George chairs Constable and Roanridge committees and was clear that there was no prejudice against IB applications. In 2021 staff applications received 1/3 of the money granted to IB applications. The total provincial grants for 2022 is heavier on the staff side. He discussed the various factors involved in applications/applicants for these

grants and talked about the evaluation form they use to determine grant-worthiness. His response was very comprehensive and a good historical review. November 15 will be a new deadline for applications this year. Notices are sent out by the public affairs office to all dioceses. Provincial administrators are responsible for disseminating the information more broadly. Press releases go out a number of times as well. The TEC website lists grants and scholarships available. George pointed out the multi-level structure for diocesan grants.

Motion made, seconded and carried to send the MW resolution (MW061) back to the committee with FIN approval.

After a break at 3:23 Mally reviewed the committee work ahead.

Grants Discussion

Anne H-C went through the report of the Grant Committee. She cited the 6 program areas supported by the grants and noted that there is no process for arranging and tracking the data, no mapping. The question arose as to whether TEC and EC should be in the granting business. A lot of information was gathered from people interviewed on the grants/process. The committee talked to several people about mapping and reporting.

Anne identified the need to plan a “bootcamp” for new chairs/deputies/staff to train to the work. There is a need to obtain new ideas for technical fixes, take a deeper dive and take a wider look at what is needed. Questions remain: Should we stop? How could we do it better with changes in personnel, fresh eyes? The committee looking at this area suggests the possibility of a TEC grants officer (despite the ‘no new staff’ mandate). Further questions: Is the staff right-structured to do this work? If an analysis were to occur, who would do it? Would it be an external organization or one from in house?

Anne observed that there is no mechanism that tells the stories to share with the world or to teach people within the programs how to do that. An organized entity is needed to do that work. Ann Hercules does the brunt of the work in the granting area. Anne H-C pointed out the multitude of aspects of that work. She advocated for a ‘bootcamp’ on how to solicit and evaluate grants. The committee only looked at the last triennium and hope that the implementation of Sales Force at the church center will help collect and sort historical information.

Discussion and questions followed. There is a goal to have a grant map that can be widely used. Who does DFMS serve? Should it be congregations? The lessons, learnings, outcomes are not appropriately shared, so it is hard for the people working with the grants to think globally and with vision. They are too locked into the technology issues to get into the visionary, creative work. Good background information is necessary to have the creative discussions about what is next. The stories are key. Dioceses are not functioning in this area as they should.

The first client of TEC is the diocese. A school of thought is that TEC should only do things the diocese cannot do for itself. Curricula writing is an issue. New church is happening at the grass roots level, creating new life and there are new communities having fantastic experiences that

should be shared with the whole church. Who holds a diocese accountable? It was suggested that TEC is operating on structures that are old and may not serve well.

During a short check-in Amanda Skofstad and Kirk Petersen joined the meeting.

Treasurer's Report

Kurt talked about the status of EMM, specifically parolees (refugees) from Ukraine. The Development Office will raise funds to support affiliates in the neighbor-to-neighbor activities. Refugees come thru the Refugee Act and the bulk of money from TEC receives comes from the State Department. The loan program falls under a 1980 law that requires a payback. Parolees are not required to take a loan to cover travel costs to the USA. EMM activity is break-even. Loan income collection, however, yields income to the budget, 25% of the repaid loans.

Kurt talked about the investment managers, the nature of the management of the trust funds, and the long-term results of active management (as opposed to passive index funds). TEC portfolio generally out-performs the index. Managers are hired to out-perform in their areas. IC looks at all aspects of investment and has decided to maintain the established asset allocation. All have agreed that the economy is doing well, even in Europe. Emerging markets, which are commodity oriented, are doing well but generally are underperforming. Looking at economics, March 2022 equities picked up, led by developed economies where there was confidence that central banks would keep inflation under control.

Kurt's report was discussed. Total assets at yearend 2021 were \$600 million (trusts). Kurt explained co-investing in the portfolio. \$292 million are available for the budget; \$161 million is board restricted. If EC or GC wanted to take capital, that is the number they could draw from. Conant and Roanridge Grants were created by EC and could be raided by EC if necessary.

Development (OOD) Report

TJ and Julia went through the OD report beginning with the appeals in place. *Bless* exceeded the 2019-2021 goal by \$347,121. The EMM goal was \$150K and \$65K was raised for general purposes and \$208,139 was received for Afghans. *Absalom Jones* goal was \$75K for 2022 and \$148,158 has been realized (today at \$165K) for Voorhees and St. Augustine's University. Donors have increased in number and some large gifts have been received. More people are giving as sustainers and some large gifts have been received from Uber, Air B&B that are significant and important to the work of EMM. *Sharing the Way of Love* has been on hold with the pandemic.

The annual appeal doing very well. In 2017 less than \$100K was raised and now the appeal is nearing \$600K. OOD is sharing information to let donors know what is going on in the church and continues to engage with donors and parishes. There is now an E-newsletter distributed.

The OOD went all out for the Good Friday Offering this year. Posters were created with information on the centennial. As a result, planned gifts have been received along with stock donations and IRA distributions. A joint celebration is planned at GC with Diocese of Jerusalem.

They have hired a web developer specifically for planned giving, resources, matching gifts, etc. An advisory committee of 18 people from across the country met 3 times in 2021 and will meet 4 times this year. They provide feedback on goals and strategies and subsets of the larger group will work on specific topics this year.

A *Shield Society* was developed for the sustaining givers (monthly gifts). A *1789 Society* is in development for planned giving. New wonderful photography.

Events in NYC are being planned for Bishop Curry in October and November, public health permitting. There is a forum planned on annual appeal and EMM. A new, big annual fund donor has come forward at \$25K level and another EMM donor at \$100K. There is increased foundation support and Cecilia is able to travel more to do face-to-face work, which is always more productive. She emphasized that organizational giving is helpful in getting more organizational dollars.

The GCO is developing text giving for use during worship at Convention.

2021 Budgetary Results

Discussion looked more closely at numbers that were either more or less than expected and then turned to making a decision about dealing with the budget surplus and approach Gay's request for Public Health assistance at GC.

It was agreed that 20% of the surplus would go into short-term reserves (STR). A very detailed and in-depth discussion explored how to deploy the surplus. Many questions arose and many suggestions made. Mally observed that FIN's work is done except for formulating a recommendation for the disposition of the surplus. Among the many suggestions and observations were:

- apply the 80/20 rule to the remaining surplus
- don't drop the ball on grant mapping
- develop the right structures for the church that is emerging - TEC is doing well but many parishes are not
- what is the right organization to do the work we want to do?
- how to continue the healing work that needs to be done? There has been no emphasis on grief and fatigue.
- Do not lose sight of the justice work.
- the structure doesn't work – time and resources need to be devoted to do the hard work – the info gathering, the analysis, the implementation and not by volunteers
- with upcoming leadership changes it's not smart to fund a specific project

Eventually, Patty, Anne K and Zena agreed to work on a resolution, acknowledging the wounds and equipping the body to minister to it.

The meeting was recessed at 6:02 PM for the evening.

Thursday, April 21

Mally called the session to order at 2:00 PM with a quorum present and Margareth Crosnier de Bellaistre in attendance via Zoom. A brief check-in followed.

Margareth discussed FIN-180, 181 and 182, which were standard custodial resolutions totaling roughly \$500,000. These were moved, seconded and approved for approval and for the consent calendar. Cecilia spoke to the energy in Navajoland around their investment.

A thorough discussion ensued concerning the PHOD's request for budgetary funding in 2022 for a public health officer. Protocols for GC were looked at from a wider perspective. The HOB has been in touch with public health experts with that focus. Michael Barlowe joined this discussion and said the contingency planning group for GC has not finished its work. Michael is working with this group. He allowed as how there is no way to quantify the contingencies for GC and said it would be good to have some hard numbers to work with. It was agreed that Mally would meet with the PB, Michael Barlowe, and Gay to arrive at a way forward. We are all living in uncertainty across the board and don't want to jump to decisions before we know what the questions are.

Assessment Review Committee

Glenda McQueen on hand.

Holli reported on waiver requests: Navajoland increased its commitment to 7.5% and intend to continue to grow; the Diocese of Vermont asked for a waiver for 3 years at 10%, 12%, 14% and returning to 15% in 2025. Both of these requests were moved, seconded and approved.

Regarding Province IX, the committee agreed there would be no provincial waiver. Each diocese needs to apply for a waiver, but none have done so. With no requests, no action was possible. Puerto Rico had 3-year 0% waiver after hurricane Maria.

Province IX asked for block grant increases and assessments waived. Before ARC can consider relief, applications are necessary. The Province IX Synod agreed on the review of the block grants and six-year waivers, but the piece on the waiver has fallen through the cracks. ARC agreed to consider annual requests.

Discussion: applications need to come forward annually with the Audits. The consistency of doing that on an annual basis is important. A letter of request, the audit, a budget, and a diocesan report are required (three of those items are canonical). The deadline was January for the current year, but emergency requests will be accepted at any time. Because of miscommunication the dioceses will be alerted to make application by a certain date to be determined.

Motion was made and seconded to approve the waivers for Navajoland and Vermont. Motion carried with the resolution yet to come and agreement to place on the consent calendar.

David Copley joined the meeting by Zoom and Geof Smith did so in person followed by the press at 2:57.

It was noted that Puerto Rico never applied because after the hurricane they were given a waiver for three years. Kurt will speak with Bishop Morales and ARC will consider a late application.

Glenda talked about the positive feedback generated by the ARC/FIN conversations with the dioceses. She noted some changes: a new bishop in Ecuador Central will be consecrated on May 17; the Diocese of Colombia's bishop is retiring; churches are opening post COVID, but economies are still struggling; youth ministry is healthy, and the province is planning to have a youth event next year. There are Visa issues for deputations to GC from abroad. Michael noted the various difficulties encountered with visas and renewals. Anne H-C talked about the new bishop in Ecuador Central. Finally, it was reminded that Cuba does not need a waiver because its income is so low.

COO Miscellany

Geof talked about communications in some detail. There is a National research afoot via IPSOS (a multinational market research and consulting firm) and a survey to inform communications efforts. A nationwide online ad campaign is planned. Communication will share information with other DFMS departments. He discussed the morning's video, which won an award. Public Affairs (Amanda) gets the word out to the secular media nationwide, which reaches a lot of people. In February 78 million people were reached. He emphasized that the PB is a moral voice in the country.

Creative Services – Geof enumerated ongoing work of multi departmental projects via video, graphic design, and social media, etc. There are 36 projects ongoing for OOD, evangelism, reconciliation, creation care, and ER&D. More than 145 PB messages were recorded and distributed. The studio at the church center is being used by colleges and universities as are others. ABC film crew is happy to use the studio with their equipment.

Website has been converted to Wordpress. Language services is managing translations in Spanish, French, creole, and Mandarin.

ENS works 7 days a week and now has 565K readers. Matt Davies does sponsorship work for ENS, creating a revenue source. In 2022 99% of ENS revenue is from sponsorship. Anticipated is \$500K against a \$400K budgeted. ENS staff are journalists while public affairs is PR, pushing a message. Audiences overlap. Public affairs helps craft “the message” for other offices.

Archives – The building has a leak in the roof and the landlord has agreed to replace it. Property tax appeal reduced the tax 50%. Archivist Mark Duffy retired on March 30. Two senior staff people are serving as interims. The staff likes their building and are about the work of the

Archives. The PB met with the Archives board about the search process as he takes the lead to find an interim. The lease on the archives building is up in 3 ½ years.

Implementation of Sales Force – The mapping of the grants process is the #1 priority in that project. Will take more than a year to achieve.

Motion was made at 3:34 and seconded to go into executive session to discuss tenants at 815. The session broke at 3:40 with Gay, Stephanie Spellers, Kurt (chaplain), the PB, and Egan Millard joining the meeting.

Truth-telling, Reckoning and Healing

Diane reviewed the work of this group and described it as long-range work that will not be attached to a time period, administration, or budget. She and Cornelia talked about the value of the shared stories and a look toward the future. Discussion about the report followed and acknowledgement of this lifelong work that must span generations. The recommendation of the committee is the creation of a coalition to carry the work forward. FIN will recommend to PB&F. The work will transcend the budget and it was agreed that the work should not be tied to a tithe. Several sources could fund the work. Many structures need to be worked out.

Work is to be done by a new organization and the cost will need to be revisited periodically. The piece missing is assessment, evaluation, reporting, and re-evaluation of funding. A big, long look was taken at where the fiduciary responsibilities, reporting, and evaluations lie. Find a way to work the best for all parties to move ahead in trust and partnership. It was agreed that it would be nothing like a GC “special program.” Noted: Cultural barriers still exist.

Kent Anker joined the meeting at 4:45 PM.

Stephanie Spellers was asked to discuss the disposition is of racial reconciliation/justice budget. She described an overlap between new coalition and the racial reconciliation work at the church center. A huge discussion followed about the rough spots, the messy center, the issues. The PB advised that this time be named a transitional period along with the work that happens within it. In the end, clarity is not only necessary, but essential.

Investment Policy Statement (IPS)

IC Report – Holli said the Investment Committee (IC) had met to learn more from advisors about the current market environment and review the asset allocation. No changes were recommended.

Kent was on hand to talk about the clarity needed concerning the authority of the IC of the EC. NY Prudent Management of Institutional Funds Act governs that. NFP boards can allow delegates to make decisions. The by-laws of EC create the IC, which develops the charter and EC adopts the charter and reviews it annually. The rules are laid out clearly. Kent pointed out that the first paragraph of the charter needs clarification and that if any changes are to be made, they should be made to the charter. UPMIFA requires the IPS. Kent suggested there is no need for a resolution at this time. Charter changes would be voted by EC in October 2022 because

there is no June meeting in 2022. Kurt and Kent will work this out and have GO address the jumble in the by-laws.

A lengthy discussion took place at this point about how to deal with the surplus. It was moved and seconded to approve FIN-184 (allocation of the surplus) after language perfection. Motion carried without opposition.

Committee Reports

EJLC – Margareth went over the new loan granted to a brand-new borrower. ENS reported on it. CCSR met last in October, but no action was taken at that time.

PB&F will Zoom its GC hearings and meet in person in May in Baltimore. Mally will work with the initial tasks of the committee.

Audit – no new news.

Staff was excused at 6:07 and the meeting was recessed.

Friday, April 22

Mally reconvened the meeting at 8:30 AM with Morning Prayer. Present with the committee were Gay Jennings, Kathleen Moore, Rebecca Wilson, and Sean Rowe and check-ins were done briefly.

Additional funding for the HOD, resolution FIN-186, was the topic for action. The language of the resolution was discussed. Approval of the funding was moved and seconded. The motion carried with no opposition.

Gay gave kudos to FIN for its good humor, strategizing, and forward thinking.

A reflection was done through the committee on the Mutual Ministry Review.

Diane reported that CCSR is moving ahead with its celebratory film for GC. They are also planning a luncheon on July 7 at one of the hotels to show the film. Contributors have been robust. There is an 8-minute video available for booths to use. CCSR met and talked about what is going on in the world and how the church's money deployment says who we are as a church. On behalf of CCSR Diane thanked FIN for creating a place for them to have a voice. FIN now is seen as a partner and advocate for CCSR's work. It was agreed that there should be a plan in place to send video to the dioceses for their use after GC.

Mally noted the 2003 resolution establishing no-buy in military contracting companies and current opinions around whether or not that is being honored and whether the resolution is a good one. Much research is ongoing thru the Archives at Michael Barlowe's request. The

question arose concerning EC members sitting on boards of certain organizations. Those members should make themselves known when a conflict of interest arises.

More check-ins were done, Kurt Weisner joined the meeting, and courtesy resolution, FIN-185, was moved, seconded, and carried.

After a break, the budgeting process was reviewed at length. Questions arose about the huge surplus and better planning on actual numbers. FIN was charged to get more used to digging into periodic TRO reports and know what the actuals are. In a 12-year cycle where was the process consistently over or under budgeting? What worked? FIN members appreciated cover memos that highlighted specific areas and the narrative that helped understanding. Line-by-line reviews with starred lines that needed particular attention and small groups attending to specific budget areas were very helpful. That process fostered trust in the committee and allowed grace.

A048 proposes that PB&F ceases to exist and gives EC the task of doing the budget, thus eliminating the waste of duplicated efforts in budget development. All agreed about the value of having a FIN that does more review of the actuals, working with TRO. A048 calls for a new budget committee that doesn't meet at EC, that includes expertise from across the church. Item in the conversation included committees' reliance (or none) on staff for guidance on budget matters; ours is a culture that lacks evaluation and assessment that should apply to all committees; importance of understanding what the numbers mean; FIN hasn't done the other work of a finance committee having been bogged down with budget. A048 provides for the new budget committee to meet apart and send a representative to FIN. In October the 2023 budget will have to be approved along with the audit and the trust funds draw. Communication between committees needs to be better.

The Mission Beyond resolution on China was moved and seconded. After a review of the two-year grant and use of the money, the vote carried the motion and second to send the resolution back to MB, unchanged.

Last check-in on the meeting/multi-ennium was then done with a triennium review following.

Important and appreciated items include:

- The Province IX dialogue
- PPP decision work was valuable in its diversity
- Asked the hard questions about the Way of Love
- Two years for the next period is so short a time!
- FIN001 approved the 5% draw in Chaska . . . regularly appearing things make the work feel normal; there will be a FIN001 in October '22
- ARC is something to be proud of – reports and conversations have improved
- MMR did not celebrate the work of FIN.
- FIN worked hard to get where it got; including PB&F at meetings was important

- Whoever is invited to FIN should invite Mally to address the unknown information – Mally has saved the Extranet files and will pass them along on a thumb drive
- No time to process information, EC-wise, is frustrating
- Mally’s leadership is the reason FIN has not just been finance; she created an environment where there was comfort in taking risks
- FIN didn’t shy away from the difficult stuff

Kirk Petersen joined the session at 11:10.

A buddy system going forward was raised as were the importance of informed onboarding, the middle way check-in and having access to departing leadership. Mentoring, supporting, transferring knowledge early. Allow time to get to the documents. Be aware of newbies’ need for information.

Goodbyes and thank yous all around concluded the meeting.

Mally adjourned at a bit after noon and Zena prayed the group out.

Respectfully submitted,
Nancy Caparulo
Staff support to the committee