

**APPROVED**  
**MINUTES OF THE EXECUTIVE COUNCIL MEETING**  
Conference Call  
March 19, 2016  
Waycross Conference Center

**Elected & Appointed Members in attendance:** Laurel Cornell; Michael Galvin+; William Hughes; Max Nottingham; Allen Rutherford+; Susan Steigerwald; Sean Sullivan; Suzanne Wille+; +Cate Waynick.

**Ex-officio Members in attendance:** C. Davies Reed+; Marsha Gebuhr; Bruce Gray+; Debra Kissinger+; Tom Wood; Sally Cassidy.

**Amendment to January Minutes:**

Allen Rutherford+ as Chair of the Congregation & Community Life Committee asked that the following amendment to the January minutes be added: that in the discussion regarding the alcohol policies that Executive Council thought it a good idea that Bishop Cate had agreed to send out an official notification to the clergy asking for them to initiate a study of the Policies Resolution.

This did not get done, but Bishop Cate has made another note and a letter will go out to the clergy and the amendment has been added to the January minutes.

Sean Sullivan moved to approve the January minutes as corrected, Max Nottingham seconded, **Passed unanimously.**

**Commission Reports:**

**Administration & Budget:**

Tom Wood gave the following **Treasurer's Report:**

**Treasurer's Report - Executive Council – March 19, 2016**

**Financial Statement**

February statement shows a deficit of \$27,369.00 as noted. This is not out of line at this time of the year and in fact has been worse in years past. Several congregations have yet to make an apportionment payment but there is usually a catch-up period. The Treasurer (and others) becomes concerned when defaults exceed three months.

**Investment and Finance**

The February minutes of the Investment and Finance Committee are attached. Next meeting will be in April. It was a busy meeting. Most importantly, I&F has asked the Treasurer to discuss the merits of self-funding the diocesan capital loan program as opposed to the current procedure that is administered by a banking institution (currently Chase/JPMorgan). At this stage, the committee is looking for EC's thoughts on this idea, not to approve an actual procedural document. I&F will develop a such a document for consideration if the Executive Council so wishes.

Submitted by Thomas Wood

Diocesan Treasurer

March 14, 2016

**Tom presented the following Investment & Finance Minutes:**

# Minutes

## Investment and Finance

### February 22, 2016

Present:

C. Davies Reed+  
Steve Fales+  
John Denson+  
Tom Honderich+  
George Plews  
Max Nottingham  
Norm Callahan  
Tom Wood, Chair  
Canon Bruce Gray – Staff  
Canon Marsha Gebuhr – Staff

Absent:

Chip Chillington+

Guests:

Justin Haskin

Meeting called to order at 2:00 pm

1. Justin Haskin reviewed 4th quarter performance of the diocesan investment funds. The results were positive for the quarter, but not by much with the Unrestricted Fund yielding 2.8% and Special Funds Growth and Special Funds Balanced yielding 3.2% and 2.4% respectively. Again, Special Funds Growth was better because of a larger cash holding. Balance Fund not as good because of recent activity in the fund. Activity so far this year has not been good at all with a loss of \$1,514,530 through February 18<sup>th</sup>.
2. Justin submitted a document outlining the procedure for donors who wish to make gifts of stock or other investment accounts to their congregation or other diocesan programs. Document approved with Justin and Marsha to work out the details. The Treasurer submitted a document intended to help donors of stocks or mutual funds, etc. to understand the process. Members caught some errors and the document will be edited and presented at the next meeting.
3. A chart was distributed showing possible levels of return from the Unrestricted Fund for the 2017 budget for consideration.
4. Committee discussed the current low-cost diocesan loan program presently administered by Chase/JPM bank. The committee expressed a reluctance to continue to work with Chase under their new rules. The options are: A) find another bank; B) self-fund these loans. To change banks would be a real hassle for the Administrator and would take a fair amount of time to accomplish. It was noted that all diocesan loans were self-funded before the current program was adopted. The committee asked the Treasurer to present the idea of returning to self-funding capital loans to Executive Council and determine if the council would like the Investment and Finance Committee to develop such a program for Executive Council consideration.
5. Concerns about the Church Investment Group were raised. The diocese loaned this group \$25,000.00 as seed money but we have never received any financial statements or records of activity. While we are to receive interest on the loan, it is only payable upon termination of the loan. The group was

formed to aid dioceses with small investments to expand returns through expanded asset holdings. We are not sure how well it is working and will do some investigation.

6. A letter was received from Terry Sutter, Senior Warden at St. Christopher's, Carmel with thoughts on self-funding of capital loans and was distributed.
7. Ron Newlin of Trinity, Indianapolis has written more than one article about church financial issues. One of articles was distributed. Ron will speak to us at our next meeting.

Meeting adjourned 4:30 pm.

Submitted by Thomas Wood  
Treasurer and Chair

Tom spoke on the following procedures:

## Thoughts on procedures whereby diocesan entities can procure low-cost loans to finance capital projects

### History

At some point in the distant past the diocese self-funded loans through the Revolving Loan and Grant Fund. I am not sure in what amounts, but I know that Trinity, Bloomington had a sizable loan for property in the late 1960's and early '70s. In time it became apparent that large projects would exhaust this fund.

In 2002, Richard Halladay+, then Canon to the ordinary, established a program with Bank One (later to become JPMorgan/Chase) to service low-interest capital loans whereby the diocese would assign collateral up to \$5,000,000.00 from the Unrestricted Fund to cover any defaults. The Standing Committee and its "Budget and Finance" sub-committee approved these loans. It was a pretty loose operation.

In 2007 when the governing structure of the diocese was reformed to have both a Standing Committee and an Executive Council, it became apparent that each body had different responsibilities in approving loans – EC the amount; SC the right to take on debt. The newly formed Investment and Finance Committee adopted procedures for loan applications that would address the needs of each body. Rules for encumbrance were established providing due diligence for applications to both the Revolving Loan and Grant Fund and the Low-Cost Diocesan Loan Program administered by Chase/JPM. The committee also established parameters for the Revolving Loan and Grant Fund that placed caps of \$10,000.00 for grants and \$100,000.00 for loans. While the RL&G fund is administered solely by the Investment and Finance Committee, the process for encumbrance is the same.

In the past the bank recognized our process for due diligence. After all, they had full backing for these loans. But under new banking rules for the 'too big to fail' banks, they must carry out their own due diligence which essentially replicates ours and causes congregations to do everything twice. And in the case of Chase/JPM there are other implications that the committee find to be somewhat onerous.

### Looking forward

The options are laid out in the minutes of the Investment and Finance Committee with the inclination that self-funding these loans may be in the best interest of the diocesan family. As it was noted, if the Executive Council is so inclined, the committee will develop a document for EC consideration.

There is something to be said for third party administration and that still needs consideration. Meanwhile, I believe it is safe that if a policy for self-funding is adopted, the encumbrance and due diligence procedures will remain unchanged. Likewise the \$5,000,000.00 cap (or close to it) will remain. The cost (interest rate or income return to the diocese) will be based on similar formulas. Renewable terms, payments procedures, loan caps, flexibilities, penalties, etc. are yet to be determined.

Action (if so warranted)

The Investment and Finance Committee moves that the Executive Console grants the committee its approval to draft a procedure for self-funding capital loans for diocesan entities. A document to that effect will then be to be submitted to the Executive Council for consideration.

**All agreed on the following:**

**Between now and our March meeting 2 things hopefully will happen:**

- 1) members of the EC who wish to can be sharing with each other (through the list serve) their thoughts on this policy on the use of alcohol.**
- 2) our clergy and other parish leaders will be reminded that this is on the horizon, they will be urged to become somewhat familiar with the Gen'l. Convention Resolution & that after EC March meeting the EC will be in touch with them & EC will communicate with the household what they will be looking for in the way of input from parishes. We hope that input will arrive before mid-summer so the C&CL Commission has the ability to work with it.**

Allen Rutherford+ moved to adjourn this meeting and Bill Hughes seconded. **Passed unanimously.**  
Bishop closed the meeting with prayer.

Respectfully submitted,



Sally Cassidy