

APPROVED
MINUTES OF THE EXECUTIVE COUNCIL MEETING
Waycross Conference Center
March 15, 2014

Elected & Appointed Members in attendance: Kristina Baker, Bill Barfield+, Peter Bunder+, Laurel Cornell, Coral Hamlin, Steve Holt, William Hughes, Max Nottingham, C. Davies Reed+, Allen Rutherford+, Joseph Weaver, Evelyn Wheeler+, Suzanne Wille+, +Cate Waynick

Ex-officio Members in attendance: Kathy Copas, Marsha Gebuhr, Bruce Gray+, Debra Kissinger+, Tom Wood, Sally Cassidy

Bishop Cate opened the meeting at 10:05 am with prayer.
+Cate told us that The Rev. Drew Klatte passed away earlier this morning.

Minutes: Steve Holt moved to approve & accept the January 25, 2014 minutes of the Executive Council Meeting, C. Davies Reed+ seconded. **Passed unanimously.**

Committee Reports:

Administration and Budget:

C. Davies Reed+ moved the following line item adjustment 2014:

Expenses:

St. Timothy's Salary	Increase	\$442.00
St. Timothy's Pension	Increase	\$ 80.00

Income:

Area Ministries	Increase	\$522.00
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Adjustment due to a merit increase after the budget was finalized. All of this priests package is reimbursed now through Area Ministries Income.

Passed unanimously.

C. Davies Reed+ reported that the schedule for the 2015 budget is on track and the members of this body need to start thinking and praying about it.

Tom Wood introduced Mr. Justin Haskin, Investment Advisor for the Diocese for the past 9 years made the following presentation:

Episcopal Diocese of Indianapolis
Summary of Investment Consulting Transition Details

Grace Legacy Capital is honored to be recommended by the Investment and Finance Committee to become the investment consultant to the Episcopal Diocese of Indianapolis, providing institutional fiduciary advisory services to the Unrestricted and Special Funds. Grace Legacy Capital is a Registered Investment Advisor, subject to the laws and regulations of the Securities and Exchange Commission and the State of Indiana. Wells Fargo will continue maintaining custody of all Diocesan funds, and will perform this duty at the continued request of the Diocese. At no time does Grace Legacy Capital have physical control over any client accounts.

Grace Legacy Capital is an employee owned investment consulting firm, and accordingly operates independently from any parent organization or affiliated firm. This allows us to provide genuine fiduciary advisory services free from conflicts of interest.

Grace Legacy Capital is constructed to bring best of breed institutional consulting services to faith based entities and similar-minded investors. Grace Legacy Capital's core function is providing investment advice. Our expertise includes the following services provided to institutional clients:

- World class third party investment manager research
- Institutional quality asset allocation modeling
- Institutional quality performance reporting
- Institutional fiduciary implementation services
- Market and economic research generated by institutional providers
- Institutional quality research, due diligence, and placement of alternative strategies

Additionally, we recognize the importance of stability and institutional quality infrastructure within Grace Legacy Capital. Accordingly we invest in many tools and services which meet the highest demands of institutional clients. These include:

- Third party compliance monitoring
- Back office support (24/7) and implementation services
- Disaster recovery planning and continuity planning
- Professional errors and omissions insurance coverage
- Sophisticated trade rebalancing software
- Industry leading technology and client communication tools

Grace Legacy Capital looks forward to bringing the highest fiduciary standards to the Episcopal Diocese of Indianapolis.

Justin Haskin, President

Questions were asked and responded to by Justin Haskin.

C. Davies Reed+ for the Investment & Finance Committee moved the Executive Council authorize the transition of the Diocesan Investment Accounts to Grace Legacy Capital LLC, a registered investment Advisor while maintaining Wells Fargo as the custodial bank.

Motion Passed – 1 opposed & 1 abstained.

Tom Wood distributed the following Investment & Finance Report & the Treasurer's Report:

Minutes Investment and Finance February 24, 2014

C. Davies Reed+
Chip Chillington+
George Plews
Rees Olander (by conference phone)
John Denson+
Tom Wood, Chair
Canon Marsha Gebuhr – Staff

Absent:

Tom Honderich+
Canon Bruce Gray – Staff
Steve Fales+

Guest:

Justin Haskin, Wells-Fargo Advisors

Meeting called to order at 2:35 pm

1. The chair reviewed the Budget Committee's first meeting regarding the 2015 budget held on February 20th. Possible percent draws for budget support based on the most recent three-year average were distributed. Copies also distributed to the Investment and Finance Committee. The budget committee is wishing to hold the draw to 5.5%. This is approximately a one-eighth of a percent lower than the current year.
2. It was agreed that the committee should develop a document on regarding spending as a guidelines even though the final say on the appropriation of funds is convention.
3. It was pointed out that we need to follow through on the need for resolutions going to convention that include expenditures from the Unrestricted Fund be first reviewed by this committee with the committees opinion presented at convention along with the resolution.
4. The committee was made aware that the auditor for the Inter Church Center wishes that body to have its investment account supervised by an investment manager rather than to continue with self-management. ICC is looking for way to do so without incurring high fees. The question was asked a) was there a way that ICC could make use of diocese's Special Fund Accounts, and b) was this something we ought to do. The canons would allow them to do so. 1) It was decided that since other ICC entities participate in the finances of ICC, ICC should pay its own fees. 2) Justin Haskin, our investment manager, offered that if ICC would accept one of our special funds as is, he would be glad to manage at the same fee structure that the diocese pays. C. Davies Reed+ moved: *To authorize Justin Haskin to speak to the ICC about managing their funds using the parameters set forth for the Special Funds of the Diocese of Indianapolis.* Chip Chillington seconded. Motion passed unanimously.
5. Justin Haskin reviewed 2013 year-end performance. It was a banner year by all accounts for equities with the S&P 500 up over 30%. But the return on fixed income was essentially zero. Nonetheless, our return on investment was 13.5%. In terms of cash flow, the unrestricted fund grew by \$2,237,014.
6. On the recommendation of Justin, the committee agreed to sell out of the all-cap fund, Equity Investment Capital, even though it only comprised 4.2% of our holdings. The fund is known for its downside protection, but their performance in bull markets was deemed to be lacking.
7. **An impending and important change in our investment relationship with Justin Haskin was discussed.**

Justin explained that Wells-Fargo, the custodian of our funds and the investment management team behind Justin has highly restricted the investment tools available to their managers. This has been the trend of large banks for a good while and is a mixture of protection against liability and the effect of current banking regulations. This particularly affects investment choices for long-term, religious institutions. It was pointed out that W-F realizes this might result in a loss of business and has been working with Justin and other managers in the same situation to find a solution that is good for all

parties. In short the solution is for W-F to remain the custodial agent for our funds (canons require funds to be under the custodial care of a bank) with Justin (and presumably others) forming their own investment companies. Justin's new firm will be Grace Legacy Capital LLC. As such it will be licensed by the Security and Exchange Commission and be required to adhere to enacted policies – both Federal and State. After a goodly question and answer period, George Plews asked that we go into executive session. George wanted to know, and have discussed, how we felt about Justin both in his professional role and our personal feelings about him. After a short and positive discussion, C. Davies Reed+ moved: *To recommend to the Executive Council that they authorize a transition of the diocesan investment accounts to Grace Legacy Capital, LLC, a registered Investment Advisor, while maintaining Wells-Fargo Bank as the custodial agent.* Seconded by John Denson+. Motion passed unanimously.

The committee felt strongly that it would be good for Justin to attend the EC meeting on Saturday, March 15, 2014. He has agreed to do so.

Meeting adjourned at 4:45 pm

Submitted by Thomas Wood
Treasurer and Chair

Treasurer's Report - Executive Council – Mar 15, 2014

Financial Statement

The February statement shows us to be behind by approx. \$28,000.00. But, as has been pointed out before, if Marsha has funds to pay bills without making additional draws of the Unrestricted Fund, she will do so.

Too early to have a full grasp of how apportionment payments are proceeding, but there are only three congregations who have yet to make any payments for this year. And, if you look at the last page of the statement, you will note that \$37,261.00 in apportionment arrearages were paid (also appears on page one). We should be pleased to note that congregations are working to “catch up”. We know that Bedford represents a special situation and it has been agreed to help them meet this commitment. We have yet to determine how to proceed.

Investment and Finance

The committee met on February 24th to review in detail the year-end Investment activity with Wells-Fargo and our investment manager, Justin Haskin, and take up other matters that are contained in the minutes you received and include:

- 1) A procedure by which the Interchurch center could invest with our manager using our diocesan guidelines to place their funds in one of our Special Fund accounts. In this way, the management would be independent of the diocese, but by using the same investment strategy the fee would be the same as for the diocese. Whether the Interchurch Center wishes to do this is up to them.
- 2) Agreed to ask Executive Council to approve the transfer of our investments from Wells-Fargo Advisors to Grace Legacy Capital while maintaining the current custodial relationship with Wells-Fargo Bank.

Submitted by Thomas Wood
Diocesan Treasurer

Caroline Fairbanks moved to accept the Treasurer's report, subject to audit & Max Nottingham seconded – Passed unanimously.

Local & Global Outreach: Steve Holt reported that he has shared with his committee members the Budget Committee position in regard to the Co-operating Ministries and it is fair to say that L&GO is at peace with the Budget Committees position.

C. Davies Reed+ moved to affirm the on line vote to increase our allocation to the building of the school in Haiti from the original amount of \$340,000 to \$348,696.53. Passed unanimously.

Congregational & Community Life: Allen Rutherford+ had nothing new to report.

Exploration & Opportunities

Suzanne Wille+ reported in Whitney Rice's absence - supporting Holy Currencies after the Diocesan Leadership Day and Clergy Retreat Acting liaison to Re-Imagining Task Force

Re-Imagining Task Force

We are getting together in person at St. Paul's Columbus on April 5 to start forming preliminary recommendations. Our framework focuses around particular vocations the diocese might be called toward. We are thinking of this both broadly, as in the household, as well as the particular vocation of the various pieces of the diocesan apparatus.

The Task Force is not necessarily of one mind regarding which direction we should go. However, we are generally agreed that the proposals we have seen from TREC and some other initiatives in other dioceses do not match the scale of the challenges the church faces. We remain committed to producing a list of recommendations that is specific, impactful, and short; however we may present multiple scenarios for consideration by the household.

We have recently visited with Trinity Bloomington and the Diocesan youth. We are visiting Trinity Lawrenceburg on March 23. A visit to St. John's Bedford originally scheduled for March 16 is being rescheduled due to a death in that parish. Still to do is to get on the schedule of many of the diocesan bodies including the Executive Council, Diocesan Staff, Commission on Ministry, and others.

We appreciate the responsiveness of diocesan staff to any and all inquiries. We continue to ask your prayers.

Bishop's Report:

- 1) For your information she with the Standing Committee & the Commission on Ministry have made a shift in the timing of Transitional Deacons. It is easier for Seminary graduates to find positions if they are already ordained Transitional Deacons when they come out of Seminary. T. J. Freeman and Christopher Beasley were ordained last week and will be eligible to be ordained Priest by August.
- 2) Last week there was a Diocesan Youth Event of 82 youth and 20+ adults – these events continue to be well attended and well received.

- 3) Have been present at the State Assembly Bldg. supporting the HJR3 amendment. Also supporting on Public Transit and Health Care issues.
- 4) Ongoing activities the situation in South Sudan remains – part of a weekly conference call with people from around the world advising on reconciliation process, etc.
- 5) Continue on as a Trustee of Bexley-Seabury Western Theological Seminary Federation and President of the Disciplinary Board for the House of Bishops and continues as a Governor of the Anglican Center in Rome and will be going to London in May.
- 6) The Daily Office On Line that Josh Thomas presented last year the grant request from National Church was denied but he will keep trying to get some monetary backing.

Canon Bruce Gray reported on Vestry College was a great success 95 participants from 21 parishes over the 2 days. The Pathways to Vitality project is on the home stretch.

Canon Debra Kissinger reported that we have 12 congregations in transition – in a variety of stages. Clergy Day just the past week and well attended and the topic was Going Green – things like energy audits, etc. to bring back to the parishes.

New Safeguarding Administrator is the Rev. Jan Oller – can be found at safeguarding@indydio.org
Leadership Day will be April 26 at St. Paul's, Indianapolis from 10 am – 3 pm and the Rev. Eric Law will be presenting “Holy Currencies” to the leadership of the Church.

William Hughes offered grace for lunch.

Tomorrow (March 16) Joe Weaver will celebrate his 72nd birthday!

Kathy Copas reported that we are looking for volunteers to help staple pins to cards, etc. at the Diocesan Office. We are looking for retail locations where we can sell the pins – so if any of you have any contacts along this line please let Kathy know.

Coral Hamlin moved to adjourn, seconded by Joe Weaver, Passed unanimously.

Bishop Waynick closed the meeting at 1:25 pm with prayer.

Our next meeting date and place will be Saturday, June 21, 2014 at Waycross.

Respectfully submitted,



Sally Cassidy