

FINANCE COMMITTEE  
MINUTES  
November 20, 2017

The Finance Committee held its September meeting at Church of the Redeemer, 6:30 PM on Monday, November 20, 2017.

**Present: Norman McClave, Rev. George Ma1ster, Rev. Sarah Hedgis, John Loftus, Rev. Mike Rau, James Pope, Rev. Matt Dayton-Welch, Canon Shawn Wamsley, and Ann Booth-Barbarin.**

**Guests: Christopher Gadsden, Roberta Torian, Tom Helm**

**Absent: Doug Sisk, Rev. Deirdre Whitfield, Eric Rabe, Doug Horner, and Bishop Daniel Gutierrez.**

These checklists passed with the recommendation of a cover letter explaining how the Diocese can help parishes in dealing with their real estate.

- 1. Opening Prayer (6:30 PM):** The meeting was called to order at 6:32 pm. Rev. Matt Dayton-Welch gave the opening prayer.
- 2. Opening Comments:** (Norman McClave) (6:30 PM) Norm extended to Rev. Matt Dayton-Welch a warm welcome to the Committee.
- 3. For Action: (6:35 PM) Consent Agenda**
  - Minutes of October 2017 meeting of the Finance Committee. The Consent Agenda was unanimously approved.

**4. Discussion: (6:40 PM) Presentation by The Church Foundation**  
(Christopher Gadsden, Roberta Torian, and Tom Helm)

Three members of the Church Foundation Board gave an overview of the Church Foundation's role and performance.

Christopher Gadsden, President of the Foundation, explained the role of the Foundation as overseeing and managing the endowment of the Diocese and many of its parishes. The Foundation uses T. Rowe Price to manage the

investments. SunTrust Bank handles custody of the accounts, and provides reporting on each of the accounts. SunTrust was engaged in 2016, and their services have provided considerably better reporting than previously, with much lower costs. They track about 1,000 individual accounts, generally irrevocable trusts.

During 2017, the Foundation developed the capacity for non-distributing accounts (those lacking instructions as to any distribution of income) to earn income; previously, these accounts had not been earning income. (Clearly, these accounts added to the principal managed by T. Rowe Price and generated a return, which was however neither attributed to the account nor distributed to any account beneficiary.) This situation was remedied, and now such accounts distribute income into the general fund.

John Loftus noted that churches need training in reading reports from the Church Foundation, and suggested that such training be given at the Church Foundation presentation in February 2018. It was also suggested that a presentation on this topic be made to the Diocesan Council.

Tom Helm then discussed how T. Rowe Price manages the endowment. The Foundation has used T. Rowe Price for 10 years. The firm was founded in 1937 and manages \$900 billion, with offices in 16 countries and over 500 investment officers. They have a strong research orientation.

T. Rowe Price sets the asset allocation and manages the investments. Tom reviewed the performance for the 9 months YTD, 2017, which was very good.

Tom indicated that the Foundation is trying to distribute around 4% per year of the 3 year rolling average of principal, which the Foundation feels is a sustainable rate of distribution. He acknowledged that the parishes desire a distribution of around 5% per year.

There was some discussion of the Foundation's soliciting additional parishes in the Diocese which do not currently use the Church Foundation, in order to grow the endowment portfolio and spread the Foundation's fixed costs over a larger base. In addition, a suggestion was made that the Investment Policy of the Foundation be posted on the Foundation's website.

- Action: Rev Hedgis suggested a survey to assess how best to do the training about the Foundation.

**5. Discussion: Property Matters (7:20 PM) Check Lists for Parishes Encumbering, Mortgaging, Selling, or Leasing Property (George Master)**

George Master provided the background of why the checklist processes were created to avoid situations where all of the assets are used up by a church prior to a church closing. It was suggested that any encumbrance of the ownership interest should come to the Finance Committee for approval in advance. These checklists are driven by more explicit Diocesan policies regarding parishes dealing with their property, which ensure that the Diocese has approval over any encumbrance of parish property. The Committee agreed that such approval is necessary given that the Diocese is ultimately the legal owner and responsible party of parish property should the parish cease operations. Importantly, the Diocese has significant real estate expertise which can aid parishes in dealing with their real estate, and these checklist are intended to help ensure that the parishes contact the Diocese early in their consideration of any change in their real estate ownership and are provided the expertise which could be critical in any real estate financial and maintenance issues.

Rev Hedgis talked about the danger of imposing a process that may delay the consummation of a sale, lease or easement that is desired and/or necessary. The group then discussed the role of the Diocese, a role for the Property Manager, and how the Canons requirements can be met and complied with. Action: The group after discussion unanimously agreed in concept with the proposed checklists with the qualification that they include a fulsome cover note as to why they exists and how they should be used. That cover note should take into account the urgent need that a church may be in and the desire to be responsive to the needs and should explain how the Diocese can help and has expertise to help parishes in dealing with their real estate.

**6. Discussion of Reports (7:30 PM)**

- a. Financial Statements – Shawn Wamsley and Doug Horner Statements were distributed. James Pope began noting that Doug Horner had been reaching out to parishes discussing finances and pledges with positive reaction. He noted that

parishes advised that the content of diocese finances is welcomed. Revenue investment income is corrected. He advised that the Diocese was under budget for total revenues. Special revenue are over budgeted. James then reviewed the balance of the Statement of Activities. Does not include appreciation in endowment assets. Doug Horner was thanked for his report and his service in connecting to the parishes.

- b. Treasurer's Report – James Pope, Treasurer
- c. Standing Committee Report – No report
- d. Subcommittees:
  - Investment – No report

**7. Other business (7:55 PM)** No other business.

**8. Closing prayer (8:00 PM)** The meeting closed with a prayer provided by Canon Wamsley.