

All Saints' Beverly Hills
Minutes of Vestry Meeting on
April 19, 2016

Attendees:

Clergy: Rev. Steve Huber, Allison English

Vestry Members: David Van Iderstine, Ruth Loomis, Colleen Dodson-Baker, Steve Fleenor, Brian Ide, Theresa Amy, Maggie Reid, Bob Craft, Ken Sulzer

Staff: Jennifer Hill, Debbie Gauer

Excused/Absent: Sydney Nichols, Joe Becci, Jean Marc Madelon

Meal: Ken provided a delicious dinner cooked by Jean-Luc

Brian called the meeting to order at 7PM.

Prayer: Bob Craft read a moving prayer by Sir Frances Drake – “Disturb Us Lord”

Study: Colleen passed out spiral bound books filled with photos taken at All Saints' in the past year. One at a time we read fragments of the mission statement of our church, and then looked through the photos as we listened to music – a Bengali Hymn.

Minutes: Motion was made, seconded and we approved the minutes of the March meeting.

Nominating Committee Report:

Returning nominating committee members from last year: Dayna Roberts, who will head it up this year, Bonnie McClure & Peter Kallemeyn. Joe Becci and Brian Ide are part of it as well by dint of their positions as wardens. Committee needs to be nine people total, so four more are needed.

We discussed these considerations before offering names for parishioners to be asked to join the committee this year: One can only be on the nominating committee for two years, and one can't be considered for Vestry if one is on the nominating committee. Committee members ideally will know people broadly in the Parish. Steve Huber attends first meeting only. The nominating committee is tasked with nominating good strong leaders, and people who could be wardens – who could take that level of leadership.

Vestry members wrote names on a flip chart for discussion, and six were selected to be contacted.

Rector's Report:

Holy Week was one of the most beautiful & profound holy weeks we've had here, and attendance at Good Friday and Easter Vigil was bigger than the year before. The AS2 Palm Sunday service was memorable, and the foot washing especially poignant. A lot of good work

was done by everyone: Allison & Craig deserve the lion's share of the credit for it, and Karlyn and Christal did a great job with the 9AM service. Hundreds of kids attended, and Andy Barnett did great talk on Resurrection.

Nathaniel Katz, our new associate rector, will now be in charge of liturgy, with Allison's mentorship.

AS2 has really grown, again thanks in large part to Allison. Nat did a good job with his first talk in AS2.

Part 2 of the 2-part Gun Violence class will happen this week, and Randy Whittel's class has been a big hit.

Brian spoke about the Reconcile film & panel discussion. As they are wanting to get an introduction video from the Presiding Bishop, they are pushing the date out from a proposed date in June to September 24.

Kim Meyer and Steve have met, and are excited about the upcoming art auction, and Steve continues to meet people around FR goal.

As 150 people are new to All Saints' in the last year and a half, an adult ed/formation/new member coordination event: Making at Life at All Saints' – a Five Part Series has been put together by Allison. Starts May 11.

Virginia Seminary will be awarding Craig an honorary doctorate, which Steve will attend.

Stewardship Report:

Debbie Gauer reported on progress with identifying families with children who attend but don't pledge and connecting them with the new children's pledging program.

Debbie also reported on several upcoming fundraising and cultivation events:

- May 22nd 4-6 PM for Get on the Bus event at the Rectory.
- June 26 will be one for the Honduras trip. Target is \$10K.
- 12 Angry Men production. Goal is to have production runs July 8-10 & 15-17 \$15,000 target.
- The Planned Giving lunch is scheduled for May 22 at 11:30 (more on this later in the Planned Giving report).

The 2017 Annual Campaign's "Connection Campaign" is targeting 30 as an ideal number of participants. A cultivation training session is scheduled for May 14 with Chris Cook. Each member of the committee will reach out to 5 members of the parish.

The Connection Campaign includes the vestry members as well. Vestry will get their assignments, and start outreach.

Financial Report:

Steve Flenor gave the financial report in Sydney's absence, and went over the new chart to track progress.

Month of February

We generated \$72K of negative operating income in February, \$61k greater than budgeted. 97% of this negative variance relates to a revenue shortfall – we are fine on expenses for the most part. Of the total revenue variance, 98% relates to two categories: Pledged Income (\$38k below plan) and Special Gifts (\$20k below plan).

The Special Gifts shortfall relates almost equally to an \$11k shortfall in Unrestricted Special Gifts (\$0 collected in February) and a \$9k shortfall in Special Targeted Gifts (\$1k collected in February vs. \$10K budgeted).

Year to Date February

We generated \$59K of negative operating income in February, \$52k greater than budgeted. 100% of this negative variance relates to a revenue shortfall. Of the total revenue variance, 95% relates to two categories: Pledged Income (\$27k below plan) and Special Gifts (\$22k below plan).

The Special Gifts explanation mirrors that of the explanation for the February variance.

Line of Credit

The LOC was paid down by \$250k on April 1. The current balance equals \$100k.

The financial report was approved unanimously.

Investment Policy

Sydney sent vestry a revised Investment Policy Statement.

The investment policy is reviewed once per year. The Finance Committee has reviewed it and revised it, and recommended that we approve it.

The key changes:

- Prior to this year, we had two funds invested under different strategies, both managed by the Finance Committee. We consolidated those funds into one, known as the Reserve Fund, the primary purpose of this fund is to pay for the maintenance needs of the church's real property, not fund our operations.
- In 2015, we voted to outsource the day-to-day investment decisions of the Reserve Fund from the Finance Committee to Morgan Stanley, seeking a higher return. The revised IPS reflects that decision.
- Morgan Stanley will review their performance quarterly with us and compare it to the relevant benchmarks.

The investment policy was unanimously approved.

Planned Giving Report

- 81 individuals have been contacted via letter who signed up to be part of what was known as "For All The Saints' Society" (to be renamed simply "Planned Giving"), to gauge their level of ongoing level of interest in the program.
- May 8: Steve Huber will mention planned giving in his sermon. The Planned Giving team will man a table on the patio that day.
- May 15: Again, The Planning Giving team will man a table on the patio that day.

- May 22: We will host a luncheon where Mike Van Dyke from Morgan Stanley will discuss Planned Giving – what it is, how easy it is to do, etc. Neville Anderson and Jon Bruno will also speak, both of whom have included ASBH in their wills, as inspiration to others. We request that all Vestry members attend this lunch.
- Planned Giving team members will follow up with luncheon attendees.

The tenant of the Comstock condo we own died recently. The rent is paid through the 5th of June. The widow works in real estate and has offered ideas about the timing of selling the property.

Administrator's Report:

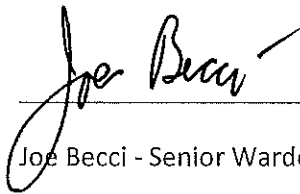
Jennifer Hill reports that basically – everything is fine. “Things fall apart, we put them back together.” Jennifer moved into a new office in the former caretaker’s apartment. New priest Nat has taken her old office. The front door hardware finally came – German is working on getting them installed. The garden is being worked on. A new water heater was installed as was a new drain in the basement, the drain in the kitchen was fixed.

Other business:

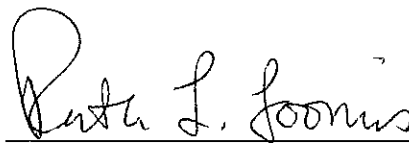
Colleen wants to update the Handbook of the Heart, to include our new priest Nat and new vestry members Ken and David (Theresa is already in it), as well as more AS2 people now that the service has grown.

At 9:20 Steve led us out in prayer. The meeting was adjourned.

Minutes prepared by Ruth Loomis.



Joe Becci - Senior Warden



Ruth Loomis - Clerk

All Saints' Beverly Hills Episcopal Church Investment Policy Statement

Final approval by Vestry on: April 19th, 2016
To be reviewed on or before: May 1st, 2017

Finance Committee sponsor: Sydney Nichols
Vestry sponsor: Steve Fleenor

Short-Term Debt Policy

Definition- Short-Term Debt is defined to be debt for the sole purpose of managing the cash flow variations expected to occur during the church fiscal year and expected to be repaid within the Time Horizon shown below. In general, receipts decline during summer when parishioners are on vacation. This debt will be drawn upon to fund church operations when monthly pledge income is insufficient.

Risk objective- Low, since ability and willingness of ASBH to take risk is low.

Cost of debt objective - Best available. Re-evaluate credit facility at least every three years. Last evaluated 03/2016.

Time Horizon - Less than 24 months. Short-term debt incurred during a fiscal year should be repaid by the end of the next fiscal year as part of the annual church budgeting process.

Unique

No pre-payment penalty.

Ok to secure with property as long as care is taken to not over-securitize the debt.

Budget Deficit

If the Church generates a Budget Deficit (defined as unaudited Net Ordinary Income per the December Treasurer's Report less identified adjustments prior to the February Vestry meeting) in a fiscal year, short-term debt may be accessed as long as a repayment item is added to annual budget and expected to be repaid prior to end of fiscal year following the fiscal year in which the deficit occurred.

Long-Term Debt Policy

Definition- Long-Term Debt is defined to be debt intended for capital improvements to Church property and/or grounds and expected to be repaid within the Time Horizon shown below.

Risk objective- Low, since ability and willingness of ASBH to take risk is low. Only for long-term purchase or maintenance of physical assets of the church

Cost of debt objective- Best available at time of debt incurrence.

Time Horizon-

Not shorter than two fiscal years or exceed expected lifetime of physical asset financed by this debt. As a general rule, annual debt service should not exceed 5% of annual church budget as defined by Vestry; however, discretionary debt service in excess of 5% can be approved by Vestry as long as reasonable consideration is made for prudent debt repayment.

Unique –

Interest-only repayment of debt is not preferred but is also not prohibited. If interest-only debt is incurred, there must be a plan for repayment of principal during the Time Horizon. Long-Term Debt should not be used as a source of investment capital with the primary purpose of investing the debt proceeds.

Operating Asset Investment Policy

Definition- Operating Assets are defined to be the funds used in the day-to-day operations of the Church.

Risk objective - Low, since ability and willingness to take risk is low.

Return objective- Best available after consideration of monthly maintenance fees. Re-evaluate current banking relationship at least every five years. Last evaluated 04/2016.

Time Horizon- Short.

Liquidity- Daily.

Unique- Account balances in excess of three months of operating expense (if any) should be evaluated for repayment of Short-Term Debt or transfer into the Reserve Fund.

Reserve Fund Investment Policy

Definition- Reserve Fund is defined to be funds used primarily for the long-term maintenance and improvements of the Church's real estate holdings (including the Church campus) and if large enough, for the long-term growth and expansion of the ministry of ASBH.

Risk objective –

- Ability to take risk: Medium.
- Willingness to take risk: Medium.
- Assume the lesser of ability and willingness to take risk -> ASBH risk profile is medium.

Return objective – Risk objective shall govern.

Time Horizon- Long-term

Liquidity – High - illiquid investment should be avoided.

Unique – Perform a formal reserve study at least every five years. Expenditures for existing capital maintenance should be built into annual operating budget. Leverage should not be used as a source for invested capital.

Diocesan trust (treated as a sub-account of the Reserve Fund) was funded in 2013 using 50% of the net proceeds of the sale of the Roxbury property following the repayment of existing debt. While these funds are invested for long term and actively managed by the diocese as per Diocesan Trust investment policy (attached), these funds are segregated from the primary Reserve account to identify these proceeds for parishioners in the annual report as "Roxbury proceeds".

Comstock property (the corpus and capital appreciation are also treated as a separate sub-account of the Fund, but income is available for use in annual budget) is excluded from the primary Fund account for the purposes of setting investment policy. Diocesan Trust and Comstock property are excluded from this policy statement 4/2016.

Reserve Fund Investment Policy (cont.)

Reserve Fund Constraints:

Asset Class	Range
US Equity	20% - 50%
Developed International Equity	20% - 50%
Emerging Market Equity	0% - 20%
Fixed Income	20% - 40%

Allocations are to be reviewed by the finance committee quarterly. Funds will be immediately rebalanced to within Min-Max constraints by investment manager if they are exceeded at any time.

Target Investment Policy Benchmarks

The target absolute rate of return after fees and expenses is 4.5% above inflation over a trailing 5 year period (CPI +4.5%)

Performance will be measured against the following blended benchmark:

Asset Classes	Benchmark Index	Strategic Target
Fixed Income	BC Aggregate Bond Index	30%
US Equities - <i>Large Cap</i>	S&P 500 Index	25%
US Equities - <i>Mid/Small Cap</i>	Russell 2000 Index	15%
Non-US Equities	MSCI AC World Index ex-USA	30%
Total:		100%

Portfolio performance will be reviewed quarterly against benchmarks. Investment manager's overall performance will be evaluated over market cycle.

Reserve Spending Policy

Definition- Process for withdrawals from Reserve Fund

Objectives of Reserve Fund Spending Policy:

- Primary: Annually make capital available for facility maintenance and reserve study projects (if needed).
- Secondary: Grow and expand the ministries of ASBH at the discretion of the Vestry upon recommendation of the Finance Committee, but not at the expense of the primary goal listed above.

Time Horizon- Long-term

Spending Policy- In order to satisfy Objectives above, approval is granted for withdrawal as needed. Reserve Funds are not to be used to fund deficits in the annual budget (if any).

If/when both Finance Committee and Vestry agree that the Reserve Fund size is sufficient to begin withdrawals for purposes other than Primary objective above and Secondary objective above is undertaken, then a formal spending policy will be recommended by the Finance Committee for approval by the Vestry using the following general principles:

- Diocesan trust and Comstock property sub-accounts should be included when determining the Fund size.
- Any annual spend from Fund should be based on a rolling 12 quarter average of the size of the Fund to provide funding stability.
- Any annual spend from the Fund should be small relative to the expected return of the Fund (Example: 50% of average 12 quarter returns).
- Investment Policy objectives of the Reserve Fund should be reviewed in light of additional withdrawal needs.

Gift Policy

All designated (restricted) gifts should be handled in the manner that the donor has requested. Gifts received without donor restrictions (unrestricted) or without designation should be handled in the following manner:

Cash Gifts

- Less than \$25,000 will be used for operating assets.
- For gifts greater than \$25,000 but less than or equal to \$100,000; based upon the Finance Committee's discretion and approval by the Vestry, \$25,000 plus up to 20% balance of the gift may be used for operating assets with the remaining balance used as follows:
 - Pay down existing short-term debt; else,
 - Deposit into Reserve Fund.
- For gifts greater than \$100,000; based upon the Finance Committee's discretion and approval by the Vestry, \$25,000 plus up to 10% of the balance of the gift may be used for operating assets with the balance used as follows:
 - Pay down existing short-term debt; else,
 - Deposit into the Reserve Fund

Non-cash Gifts

Liquidate immediately, unless it is donor directed. Once liquidated treat as a cash gift as outlined above.

Budget Surplus

If the Church generates a Budget Surplus as defined by the audit as follows:

Based upon the Finance Committee's discretion and approval by the Vestry, up to an additional 25% of the Budget Surplus may be used for the purpose of meeting following year budget. The balance of the funds must be deposited into the Reserve Fund.