

Regular Vestry Meeting

MINUTES

MARCH 19, 2019

7:00 P.M.

BETHLEHEM CHAPEL

TYPE OF MEETING	Regular Meeting of the Vestry
CLERK	M. Milner Seifert
VESTRY ATTENDEES	Doug Sondgeroth (Sr. Warden), Rachel Easton (Jr. Warden), Seth Himrod, Milner Seifert
STAFF ATTENDEES	Debra Bullock (Rector)
OTHER ATTENDEES	Christine Schultze (Treasurer), Patrick Furlong (Chair, Investment Ministry Team)
EXCUSED	Blake Chastain, Julia Ferguson, Chad Goeser, Wyvette Hoffman, Deane Johnson, Liz McElhatton, Molly Skelton

Agenda with Minutes

OPENING PRAYER	DEBRA
Pastor Debra opened the meeting with prayer at 7:05 pm.	

INVESTMENT COMMITTEE UPDATES PATRICK FURLONG

DISCUSSION	Patrick walked those present through the investment policy document after a recent meeting with investment professionals. (see document attached) The members thanked Patrick for his work and his presentation.

TREASURER'S REPORT CHRISTINE SCHULTZE

DISCUSSION	Chris mentioned that we are now with ByLine Bank due to their buying First Bank and Trust. She explained that Church Pension Fund mixed up payments on Suzi Holding's pension with Debra's, so they are trying to straighten that out. Chris presented the balance sheet. (see attached document) Then Chris gave her Treasurer's report (see document attached), explaining some of the details. Chris explained options regarding direct deposit for staff. (see document attached) The members thanked Chris for her reports. Chris also referenced a revised income transfer policy that has been received by the Wardens and Debra. This document will be shared with the full vestry in time for the April meeting.
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ACTION ITEMS (IF ANY)	PERSON RESPONSIBLE	DEADLINE
Vestry will need to vote to receive the February Treasurer's Report at the April meeting as a quorum was not present.	All	April 23, 2019
Prepare Income Transfer Policy proposal based on Chris' document	Doug	April 10, 2019

FENCE REPAIRS DEBRA

DISCUSSION	The fence in the backyard of the rectory is falling down. Two quotes have been received: one for repair \$5951 (Evanston Handyman), and one for replacement \$7550 (Fenceworks). Two additional bids were requested but never received. There was consensus that replacement was the better option.
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CONCLUSIONS / MOTIONS:		
Rachel moved; Milner seconded a motion to have Fenceworks replace the fence.		
ACTION ITEMS (IF ANY)	PERSON RESPONSIBLE	DEADLINE
Lacking a quorum, Debra will send out the motion to be voted on electronically.	Debra	March 20, 2019

SEMINARIAN FOR 2019/2020 DEBRA

DISCUSSION	A Garrett student has applied to be a seminarian at St. Mark's, and Debra would like to have him here. Money will need to be budgeted for Sept-Dec to pay his stipend.
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CONCLUSIONS / MOTIONS:		
ACTION ITEMS (IF ANY)	PERSON RESPONSIBLE	DEADLINE
Lacking a quorum, the vestry will revisit this at its April meeting	All	April 23, 2019

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BUILDING USE **DEBRA**

DISCUSSION	Deleted from agenda due to lack of quorum.
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LION OF THE YEAR NOMINATIONS **ALL**

DISCUSSION	Nominations are now being received from the vestry for Lion of the Year.
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ACTION ITEMS (IF ANY)	PERSON RESPONSIBLE	DEADLINE
Nominees to be sent to Debra	All	April 7, 2019

VESTRY SCHOOL FOLLOW-UP / NEXT STEPS **ALL**

DISCUSSION	Deleted from agenda due to lack of quorum
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OTHER BUSINESS **ALL**

DISCUSSION	Debra announced that she successfully defended her Doctoral thesis on Monday, March 18 and will graduate with her D.Min. on May 17, 2019. The vestry congratulated her on this accomplishment.
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FEBRUARY MEETING MINUTES **ALL**

CONCLUSIONS / MOTIONS:	The minutes of the regular March Vestry meeting were distributed electronically on 3/7/2019 and were approved by a majority of vestry members (7 yes; 4 abstained) on 3/8/2019.
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CLOSING PRAYER **DEBRA**

DISCUSSION	Pastor Debra closed the meeting with prayer, and the meeting adjourned at 8:14.
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Overview of St. Mark's Current Endowment Management Principles

The purpose of this document is to present a summary of the Illinois statutes and generally accepted accounting principles that guide St. Mark's current investment policy with respect to managing our Endowment, the 1930 Trust, which we converted to a "total return trust" last year with our trustee, The Northern Trust Company.

First is a summary of the relevant provisions of Illinois statute 760 ILCS 51/, "Uniform Prudent Management of Institutional Funds Act":

1. Applies specifically to endowment funds established for the benefit of not-for-profit institutions.
2. Eliminates the previous prohibition on spending below an endowment's "historic dollar value" (i.e., the value of donors' original contributions), enabling an institution to spend as much of an endowment as an "ordinarily prudent person" would spend to further the charitable purposes and duration for which the endowment was established.
3. Requires investment managers to consider those same charitable purposes and duration, as well as to act in good faith and with the care that an "ordinarily prudent person" would exercise, when making investment decisions.

Then, here's a summary of the relevant provisions of statute 760 ILCS 5/5.3, "Total Return Trusts":

1. Requires a trustee to invest and manage a trust's assets seeking a "total return", regardless of whether that return is from income or appreciation of principal.
2. Stipulates that a trustee shall distribute a percentage of the "net fair market value of a trust's assets, whether the assets are considered income or principal", valued at least annually over at least the past three years.

St. Mark's revised Investment Policy (adopted February 21, 2018) incorporates all of the above concepts in its "Endowment (1930 Trust)" section. It also includes the following statement:

"[Additional] distributions may be authorized by the Vestry to the extent that such distributions do not exceed a level that would erode the Endowment's donated asset base."

We have learned since updating our policy that, since the 1930 Trust was amended under our 2018 agreement with The Northern Trust, the "Total Return Trusts" statute does not permit any distributions in addition to the 4% annually that we currently receive, and the Policy statement above is invalid. Nevertheless, it is St. Mark's intention to maintain the integrity of our Endowment's "donated asset base", that is, the value of contributors' original contributions. In an attempt to quantify that base, the most recent, previous version of St. Mark's Investment Policy (adopted October 15, 2000) estimated its value as \$701,539. Note that, in adopting that figure, the Vestry acknowledged that,

". . . the preponderance of such value is reflective of and results from retention and reinvestments of net appreciation, realized and unrealized, in the value of Endowment Assets, which had occurred in prior years, and the greater portion of which is *not* [emphasis added] required to be taken into account when determining the historic dollar value of the Endowment"

Since October, 2000, an additional \$16,565 has been contributed by donors to the Endowment, bringing the current, estimated value of the Endowment's donated asset base, as best as it can be determined, to \$718,104. As a result, our intention is to maintain the total value of the Endowment at no less than this amount, plus any future donor contributions.

In order to address that goal, St. Mark's conforms to a provision of the Statement of Financial Accounting Standards #116, "Accounting for Contributions Received and Contributions Made". That provision requires not-for-profit organizations to distinguish between contributions received with donor-imposed permanent restrictions (i.e., contributions to the Endowment), those received with temporary restrictions, that is, contributions to be used within a particular time frame or for specific purposes (e.g., Altar Flowers Sub-Fund)—or those received without any donor-imposed restrictions (e.g., annual pledge contributions).