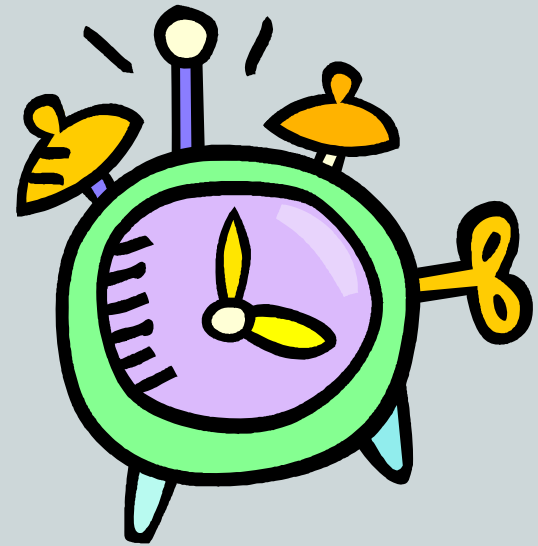


**INVESTING AND
FINANCING
IN THE DIOCESE**

2014

OUR AWESOME OPTIONS

- Diocesan Missionary Society
- Standing Committee
- Trustees of the Funds
 - Core Portfolio
 - STAMP



THE DIOCESAN MISSIONARY SOCIETY

- Created in 1829 to revive the Episcopal Church. In the early 1900's refocused on rural and mountain mission churches and clergy.
- Corporate office at Mayo House.
- Contact: Joy Buzzard, Business Administrator
- Peter Henderer, Esq, President

DMS - HOW DOES IT WORK?

Churches
loan \$\$
to DMS

- **5 years, current rate is 2.5%, paid twice a year**

DMS - HOW DOES IT WORK? (CONTINUED)

**DMS makes
ST loans to
churches**

- Up to \$100k, 24 – 60 months, rate is based on prime + 3%

**DMS makes
LT loans to
churches**

- Repairs, Improvements, New Construction
- 5.5% to 6.25%, 25 year amortization, 5 year balloon

ADVANTAGES TO A DMS LOAN

Pros

- Low closing costs
- NO POINTS
- NO ORIGINATION FEES
- No prepayment penalties
- Churches supporting Churches
- Flexibility on financing

Cons

- Interest rate may be a little higher
- Not all churches can qualify for a bank loan

STANDING COMMITTEE

- **12 members, 1/2 clergy and 1/2 lay**
- **Council of Advice to the Bishop**
- **Canonically authorize certain debt**
- **Canon 14 – Church Debt**
 - **14.1.a: Construction Debt**
 - **14.1.b: Operating Debt (less frequent)**

STANDING COMMITTEE

When you know you are going to need a get a loan:

- Contact Ted
- Assigned Liaison by President of SC
- Document Production/Revision
 - Are your Trustees current?
- Congregational Approval
- Presentation to SC
- Circuit Court
- Annual Debt Report Form

THE TRUSTEES OF THE FUNDS

- 9 Trustees (3 classes of 3)
 - Elected from slate approved by Annual Council
 - Can serve two three-year terms
- Master Custodian, Consultant, Auditor
- Dates to 1754, Chartered in 1892
- Core Portfolio and **STAMP**

CORE PORTFOLIO

- 17 managers, 26 Components
- Active/Passive
- Stocks/Bonds/Cash
- Equities – US, Int'l, Small Cap, Alternatives
- Bonds – US, Inflation-Protected, Treasuries
- Managed as a unitized endowment
 - Ready-made for **planned giving**
 - Spending policy, payout currently 4.5%
 - Reporting monthly by list-serve
 - All-in cost to operate is about 0.81%

STAMP

- Years of noticing cash balances or low-interest reserves when reading audits
- 2+ years in the making
- Again, use of electronic survey was helpful in testing the water
- While many dioceses have something similar to core portfolio, no one had a short-term offering to benefit everyone
- Sought to create liquid product at lowest cost to create moderate level of return

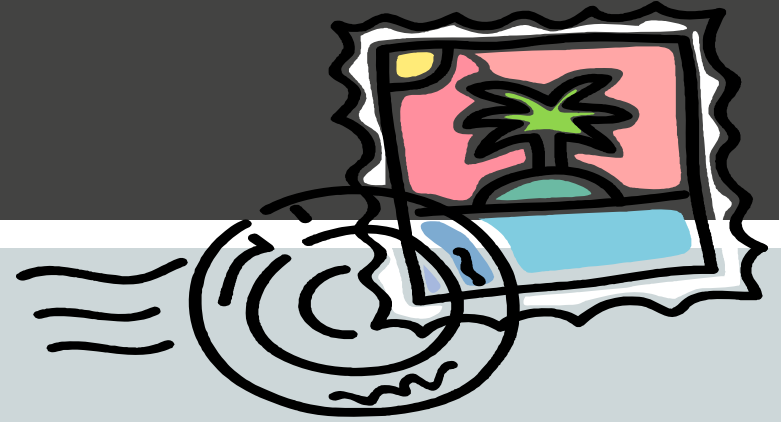
STILL, IS IT WORTH OUR TIME?...

- Assumed worst-case scenario using either STAMP return or benchmark return, versus average of 91-day T-Bill and 9-month LIBOR
- If PIMCO/Federated/SINDO portfolio used since 6/30/1997, total annualized net return would have been +2.697%
- Worst-case would have been +1.445%
- ***What are you earning on your liquid funds?***

SEEMS TO BE...

- Pilot phase as of April 2012 using diocesan cash.
- Opened for investment in September 2012
- First church deposits made in October 2012
- Thru Aug 31st, since inception net return of **+1.59%**
- Aug 31, 2014 YTD return +0.96%
- Aug 31, 2014 12 month return +1.81%

FYI



■ Inflows to STAMP

- Check or wire
- We are working on ACH method

■ Outflows from STAMP

- ACH
- We'll send from SunTrust direct to your bank account

■ Reporting

- Monthly by a separate list-serve
- Reports ready by 7th day after month-end