

Diocesan Council

February 14, 2008

St. Luke's, Minneapolis

Present: Gary Gleason, Secretary of Council [Bishop Jelinek is on sabbatical]

Region 1 Carole Johnson, Lynn Orville

Region 2 Alice Olson

Region 3

Region 4 Bill Gray, John Robertson

Region 5 Pat Dibble, Doug Sparks

Region 6 Martha Beckwith

Region 7 Doug Rude, LeeAnne Watkins

Region 8 Gary Aamodt, Tom Eklo

Region 9 Stacy Abena, Andrew Waldo

Guests: Steve Schmit, Region 1 alternate; Roxie Markie, Region 7 alternate; Rex McKee, Region 7 delegate-elect; Jim Pavlik, Principal Financial Officer; Joe Dusek, Diocesan Treasurer; Malcolm McDonald, Trustees of the Diocese; Susan Barksdale, Recorder

Executive Summary of February 14, 2008, meeting

(Details in body of minutes)

Unanimously passed Resolution 2008-03, designating any budget surplus from 2007 for offset of the additional anticipated expenses for the bishop search and transition, as well as continued Mission Strategy Committee costs.

Unanimously passed a motion instructing Sarah Strickland to put together a plan for mutual ministry review with Gethsemane, Minneapolis, including financial information, and to present this material at the March 13 Council meeting.

Unanimously passed Resolution 2008-02, listing minimum insurance coverage requirements for all churches in the diocese, to be implemented by May 1, 2008.

Passed a motion stating that the diocesan finance report presented to Council at its March 13 meeting be fully transparent, and include individual salary and benefit numbers for the episcopate and for diocesan staff.

The meeting was chaired by Stacy Abena, First Vice President of Council. It opened with a collect and reflections on John 3:1-17, the Gospel for the Second Sunday in Lent. The Rev. Katherine Sedwick, Rector of St. Luke's, welcomed Council members and guests. A few new members and alternates were present. All introduced themselves around the table.

The agenda was approved unanimously. The minutes from the January 16, 2008, meeting were approved unanimously. Alice Olson expressed gratitude for excellent minutes and the promptness with which the minutes were provided, noting that it was very helpful to get them prior to the winter regional meeting.

[NOTE: Council minutes are posted to the diocesan website (www.episcopalmn.org) as soon as they are available. They can be found by clicking on "Governance" on the top bar and then on "Diocesan Council." Minutes from past meetings are posted at this location as well.]

FINANCE: JIM PAVLIK

The year 2007 ended on a positive note, according to the preliminary unaudited finance report. ACG collections were greater in December than they had been for some time, so there was approximately \$46,000 more in revenue than budgeted. Jim noted that any outstanding apportionments are carried as a

receivable on the books and a payment plan is worked out with the particular congregation.

There was a question about several over-budget amounts in the report: Department of Indian Work (DIW), Administration, and the Episcopate. Jim replied that for DIW, the new director added some additional cost that had not been allocated when the budget was created in early 2006. In addition, some anticipated grants from the national church were not received. Administration had some transition expense, and travel costs (especially gas prices) had driven up expenses for the Episcopate. Jim also reminded Council that the budget is prepared some time in advance, and some expenses cannot be fully anticipated, also noting that a budget is a projected estimate. The net result shows some categories above and some below, still resulting in an excess of revenue over expenses for the year.

Doug Sparks expressed concern that there is still \$109,000 in ACG outstanding from 2007, noting that payment of these arrears would be “significant” for the cost of the bishop search. There was some discussion on how much of these outstanding amounts could be realistically expected. Jim Pavlik noted that there is an improvement in collections, and that congregations are making concerted efforts to pay on time and in full. Joe Dusek noted how huge this surplus would be if all apportionments were paid. “What an amazing discussion we could have then!”

The financial report was accepted unanimously.

Resolution 2008-03 (attached) designates any budget surplus from 2007 to offset the additional anticipated expenses for the bishop search and transition, as well as continued Mission Strategy Committee costs. In the discussion of the resolution, it was clarified that after the bishop search costs were paid, any remaining funds would go Mission Strategy Committee costs. It was also noted that funds for the bishop’s transition have been budgeted for the years 2007 and 2008, and although funds had been initially set aside in previous years for a future bishop search and transition, these had been eliminated from the budget in order to balance it.

It was noted that a previous resolution [in early 2007] to set aside a year-end surplus for bishop search expenses had been defeated. Joe Dusek said that this year both the need and specific time line for such funding were known. Some money has been budgeted for 2008. Stacy reminded Council that the resolution has come from Council’s own Finance and Audit Committee. **The resolution was passed unanimously.**

UPDATE ON TRANSPARENCY RESOLUTION FROM DIOCESAN CONVENTION

The Finance Committee has been considering this resolution as passed at Convention: “Resolved, that the diocesan budget presented to Council and Convention be fully transparent, and include salary and benefit numbers for the episcopate and for diocesan staff.” The committee sought a legal interpretation from Chancellor Jon Tuttle, who said that the 2008 budget meets the “letter of the law” of the resolution. The committee then worked on the “spirit of the law,” noting that there is now a process going forward for passing on information on issues such as the bishop search. The committee has recommended gathering comparative data regarding bishops’ compensation as a starting point and to disseminate such information, as needed, to provide an educational perspective.

Bill Gray stated that the transparency resolution came to Convention from Region 4, and that he thought the region wanted to look at staffing complements and learn more about staffing and duties and how they mesh. He felt that the prevailing feeling in the region was that — as in somewhat public entities, such as schools — it would be responsible to let regions and delegates know the details. His concern was that to just put out list of names and numbers is still irresponsible; he would like to compare figures with other dioceses and with the national church.

Council determined to return to this discussion near the end of the meeting.

GETHSEMANE PLAN/MUTUAL MINISTRY REVIEW: CHARLIE HAMPLE, SARAH STRICKLAND

Charlie Hample, Gethsemane's treasurer, represented Gethsemane, and Sarah Strickland was present to discuss how she would propose to help Council and Gethsemane review the status of the plan at this midpoint in the funding cycle. She is a member of St. Mark's Cathedral, a consultant for Cincinnatus and has also served on the Bishop's Commission on Mission Strategy (BCMS).

Doug Sparks gave a brief introduction on the "Gethsemane Plan," which has now been in effect for two and one-half years. Gary Gleason noted that while had never been an expectation of a mutual review, Aron had asked for one and Bishop Jelinek offered his support of doing this over the next few months. While Aron and other have reported regularly to Council, there has not been an opportunity for the diocesan role in the plan to be reviewed.

In answer to a question from John Robertson, it was explained that the money for the Gethsemane Plan came from the sale of church properties approved by Council for this purpose, and outside of the annual operating budget. Sarah suggested a series of individual conversations with people at Gethsemane as a way of understanding a bigger picture and talking to Council members in same way. She noted that it would also be good to look at the current knowledge base concerning urban redevelopment as compared to 2005, when the Gethsemane Plan was conceived.

Sarah will bring material to a meeting of Council and people from Gethsemane, especially in light of mission strategy efforts now underway in the diocese at large.

It was moved and seconded that Council instruct Sarah Strickland to put together a plan for mutual ministry review with Gethsemane, Minneapolis, including financial information, and present this material at the March 13 Council meeting; passed unanimously.

LUNCH

EPISCOPAL COMMUNITY SERVICES (ECS): FRANK VARDEMAN, EXECUTIVE DIRECTOR

Frank reported that ECS, like the diocese, is also presently in a state of discernment, moving in a different direction. The ECS mission is to work with children, youth, adults, and families who at risk or in need. It also sees itself as a service to the congregations of the diocese.

The past 12 months have been traumatic. After losing large amounts of money over the past eleven years, ECS closed its residential Gilfillan Center in Bemidji. However, ECS is continuing other services in the Bemidji area, mostly with native children, including contract work with local schools.

ECS also has programs in the Metro area and in Fairmont. There are currently 280 families in its case management program. Many of these are sponsored by individual congregations. ECS provides the overlay that allows congregations to have mentoring relationships and families. Not all of these are Episcopal congregations, either. One of the two largest ones is at St. Stephen's, Edina; the other is at Westminster Presbyterian in downtown Minneapolis. All of the ECS office space in individual churches is provided rent-free.

Another ECS program is Ready for Success, a ministry begun at Trinity, Excelsior, which provides professional clothing and accessories to low-income women entering the workforce. Ready for Success has 2.5 staff positions and 200 volunteers, and serves 1500 women per year. ECS was also asked by Bishop Jelinek to take over the management of Cass Lake Episcopal Camp (CLEC). This also fits into the ECS mission, Frank said. A few congregations use the camp for retreats, the Leech Lake tribe ran a diabetes camp there last summer, and the youth from St David's, Minnetonka, served as counselors for an area native youth day camp.

Bishop Jelinek is chair of the ECS board and “has been present with us at every moment of our need,” Frank said, noting his appreciation for the bishop’s involvement and commitment. “We as an organization are rethinking what we are. We are very interested in a dialogue with the congregations of the diocese, including how we can be in service with you as the diocese begins to look toward the next bishop.”

Frank then answered several questions from Council members. The current ECS budget is \$2.3 million, down from \$6 million when Gilfillan was still in operation. The employee total is down from 90 to 28. Nearly all the Gilfillan money had come from fees for services from insurance or the county. Now about half the ECS income is from gifts and grants. Additional funds come from United Way in Stillwater, Minneapolis/St. Paul, and Beltrami County. The White Earth Reservation has expressed interest in eventually operating the Gilfillan property as a residential facility. Meanwhile ECS is leasing part of that campus to the Bemidji schools.

In parting, Frank asked in what way ECS could help people in their local ministries. “We want to listen so that it helps us how to re-vision to do our work,” he said. “We can’t re-vision without listening to the needs in your community. We just want our relationship to be better and better!”

MISSION STRATEGY UPDATE: MARIANN BUDDE, SPIRITUAL LEADER; DANIEL PEARSON, CO-CHAIR

Mariann and Daniel are among those who are continuing in the successor group to the Bishop’s Commission on Mission Strategy. There are new members as well, including those who responded to a notice sent to regions and posted in the diocesan Weekly News. A list of both the appointed and “self-selected” members was distributed. The group’s first meeting was in January at St. David’s, Minnetonka. Bishop Jelinek asked those in attendance to share their passions on why they were there that day. He then commissioned each person to do this work “in the name of the Bishop and Council.”

Mariann noted that there is currently a momentum issue and asked Council for its guidance and help. The committee is exploring where the natural emerging networks may be by identifying those networks or catching up to those that already exist. They first tried dividing by geography (north, central, south) but found that some areas (such as Region 3) felt they did not fit in any of these divisions. Region 3 then suggested a few other creative ways in which to cluster. Mariann said that the committee’s first task was to think of the ways that people in the diocese can naturally gather — river churches, college town churches, etc.

Other questions concerned who else needs to be at the table. Mariann said that the list of the January attendees was just a beginning. “We need to get all the right people at the right tables,” she said.

Daniel Pearson noted that they were now calling themselves the Mission Strategy *Network*, rather than the Mission Strategy committee.

Mariann asked “what one thing we could present to Convention to show we’ve been faithful to mission strategy development.” There were many suggestions including having people “speak with excitement” to every congregation on what Total Ministry means (Lynn Orville); how the staff assembled a state of the diocese report to present to Council; also the role of the bishop (LeeAnne Watkins); if we arrived at Convention as a body already aware and affirming a sense of connection to each other (Andrew Waldo); looking forward to new shared ministries and looking for those with gifts (Pat Dibble); and “sister” churches (Roxie Markie). Gary Aamodt asked that the group prioritize what they are doing, state why they are doing it, and give Council a template for Council members to take it to the regions and “do your work for you.”

John Robertson asked for some clarity as to how this work fits into the BCMS theological paper. Stacy noted that a segment of time will be devoted to this topic at the March meeting.

Gary Aamodt thanked both Mariann and Daniel for coming. Bill Gray added that “there aren’t too many reports like this that get standing ovations at Diocesan Convention.” Mariann and Daniel were thanked with applause.

TRUSTEES UPDATE: MALCOLM McDONALD

Malcolm read a portion of a Trustee resolution from 2004 following the sale of the Church of the Resurrection, Spring Lake Park, which stated that **“the proceeds of that sale, net of any indebtedness and transaction costs, be used for a purpose as ultimately determined by the Bishop in consultation with the Real Estate Committee.”** Malcolm noted that part of this purpose had been the Gethsemane Plan. More recently, the Trustees have adopted what Malcolm calls the “Haynsworth Plan” (for Trustee Harry Haynsworth, who suggested it): beginning about a year ago, net proceeds of sales will be divided into two parts: upkeep on existing real estate (including insurance, things such as boiler repairs, etc.) and mission work.

There have been no significant sales recently, and the Trustees will show a deficit this year. All of our churches have building questions and issues, and the Trustees need to reach out and find new money. One obvious way to increase revenue is through building the endowments of the Diocese, which will be a major part of the Director of Development’s work. The Trustees’ major source of income is currently from administration of the Pooled Investment Fund (PIF). As more participate in that fund, this revenue increases. The Trustees also contribute to some of the diocesan staff expenses as part of a management agreement for the administration work that the staff does for them. These monies paid to the Diocese appear in the diocesan budget as income in the individual departments where the staff members are assigned, rather than being reflected as a general revenue to the Diocese.

The Trustees’ Real Estate Committee presented **Resolution 2008-02 (attached), listing minimum insurance coverage requirements for all churches in the diocese**, to be implemented by May 1, 2008. This resolution was a revised version of a previous one that had been presented at the December 2007 Council meeting and sent back to the Trustees for revision. In answer to a question, Malcolm said that the revised resolution had been prepared in conversation with Church Insurance, a company that most churches already use. Carole Johnson noted that churches that already use Church Insurance should check to be sure that their policies include all of the coverage listed in the resolution. **The resolution was passed unanimously.**

JOINT FINANCE AND AUDIT COMMITTEE

A joint Finance and Audit Committee of Diocesan Council and Trustees met early in February. Jim Pavlik noted that the group is working on financial transactions and “interworking” between the two organizations. Joe Dusek pointed out that the meetings began early, rather than waiting until nearer the year’s end, when problems could be arising.

NEW RESOLUTION ON TRANSPARENCY IN DIOCESAN BUDGETING

In a return to the morning’s discussion, it was noted that the bishop is the only one whose salary and benefits were canonically required to be made publicly available.

LeeAnne Watkins stated that it was her perception that the “transparency” resolution passed by Diocesan Convention had been intended to specify publication of *individual* compensation and benefits. She proposed the following motion:

Resolved, that the March 13 meeting diocesan finance report presented to Council be fully transparent, and include individual salary and benefit numbers for the episcopate and for diocesan staff.

The major topic of discussion concerned how this information would be used. Alice Olson asked why people are not just trusting on this issue and wanted to know why this action would be prudent or necessary. Doug Sparks stated that the information would be used for support. He stated that such information is available publicly for all employees of the national Episcopal Church Center. He added that he would take this resolution to Region 5 and ask that all compensated clergy have their compensation made public and in published in the Diocesan Journal.

Gary Aamodt stated that such publication would act as “support for our credibility” and for the health of diocese. “We live in a world where there is an assumption of transparency,” he said. “We can all defend our accountability if we know what that accountability is; this is what public corporations do.”

Andrew Waldo said that in his role as a Credo faculty member many chief financial officers have told him that all this information is available online.

Stacy cautioned that Council needs to be mindful of why this information is being made public and the spirit of why this is being asked, noting that publication can be potentially divisive. She also noted that this is personal, sensitive information and that part of fiduciary responsibility is to be respectful of the information and the people it represents.

John Robertson expressed concern as to why detail was lacking in other areas beyond the Episcopate and diocesan staff. He added that he hoped that congregations would be just as transparent and that he would also hope to be able to find financial records for any congregation on line and published in the Diocesan Journal.

Following a vote to call the question, Council voted on the motion. **It passed by a vote of 8 to 5.**

OTHER TRUSTEE NEWS

A campaign at Holy Apostles, St. Paul, to raise funds for an associate priest is two-thirds of the way to its goal.

Absent the sale of the property, plans are underway to rent out **office space at 1730 Clifton Place.**

Agreements are being worked out for **the University of Minnesota to lease the former University Episcopal Center building** on the Minneapolis campus.

The meeting was adjourned at 3:06 pm.

Respectfully submitted,

Gary Gleason
Secretary of Council

Susan Barksdale, recorder

**RESOLUTION OF THE DIOCESAN COUNCIL
OF THE EPISCOPAL DIOCESE OF MINNESOTA**

Property and Liability Insurance Coverage Requirements

WHEREAS, Canon I.7.1 (h) of the National Canons provides that all churches are required to adequately insure all buildings and their contents and Canon 802 of the Diocesan Canons further provides that all real and personal property held by or for the benefit of any Congregation is held in trust for the Episcopal Church and for the Diocese; and

WHEREAS, the Trustees of the Diocese of Minnesota, Incorporated (the "Trustees") have established minimum insurance requirements for mission churches as those properties are vested in the Trustees; and

WHEREAS, while many parishes elect to carry coverage at the minimum requirements established for mission churches, parishes have not been required to do so; and

WHEREAS, the Real Estate Committee of the Trustees undertook a review of this policy due to substantial property damage recently experienced by a church in this diocese for which the church was not adequately covered but would have been had it met the minimum coverage established by the Trustees for mission churches; and

WHEREAS, based upon its review, the Real Estate Committee has determined that in order for all churches to adequately protect their own and diocesan interests from substantial loss that parishes be required to meet the minimum coverage established for mission churches and the committee now makes a recommendation to Diocesan Council for its adoption of a policy under which all churches in the Diocese of Minnesota would be required to carry the minimum property and liability insurance coverage as set out in Exhibit A attached hereto;

THEREFORE BE IT RESOLVED THAT, upon the recommendation of the Real Estate Committee of the Trustees of the Diocese of Minnesota, Incorporated, Diocesan Council adopts the policy under which all churches in the Diocese of Minnesota shall be required to carry minimum property and liability insurance coverage as set out in Exhibit A attached hereto.

THEREFORE BE IT FURTHER RESOLVED THAT, all churches are to be in compliance with this requirement by May 1, 2008.

Date: _____

Secretary

EXHIBIT A

Minimum Insurance Requirements

COMMERCIAL PACKAGE POLICY, to include the following minimum limits:

Buildings & Contents Value, "All Risk" Coverage Includes: Flood Insurance with a 2% deductible			Insured to Replacement
Comprehensive General Liability	Aggregate	Occurrence \$5,000,000	\$1,000,000
Employee Benefits Liability (EBL)		Occurrence	\$1,000,000
Medical Payments			Each person
	Occurrence	\$15,000 \$60,000	
Sexual Misconduct Liability	Aggregate	Occurrence \$2,000,000	\$1,000,000

EMPLOYEE DISHONESTY BOND

Employee Dishonesty
\$25,000 Coverage
Forgery & Alteration
\$25,000 Coverage
Computer Fraud
\$25,000 Coverage

DIRECTORS & OFFICERS (D&O) POLICY including the following liability limits:

General Liability		\$1,000,000
Employment Practices Liability (EPL)	\$1,000,000	

WORKERS' COMPENSATION POLICY

Bodily Injury by Accident		Each accident \$500,000
Bodily Injury by Disease		Policy limit \$500,000
	Each person	\$500,000

NON-OWNED AND HIRED AUTO LIABILITY

Limit of Liability \$1,000,000

**RESOLUTION OF THE DIOCESAN COUNCIL
OF THE EPISCOPAL DIOCESE OF MINNESOTA**

Designation of Anticipated 2007 Budget Surplus

WHEREAS preliminary, unaudited financial reports indicate that there will be a budget surplus of approximately \$15,000 for 2007; and

WHEREAS, the Diocesan Finance/Audit Committee has made a recommendation that the surplus funds be designated to offset the additional anticipated expenses for:

1. Bishop's search and transition costs
2. Continued Mission Strategy Committee costs; and

WHEREAS, this recommendation is based upon the Committee's recognition these initiatives have been approved to move forward and total funding for them has yet to be identified; and

THEREFORE BE IT RESOLVED THAT upon the recommendation of the Diocesan Finance/Audit Committee, Diocesan Council hereby approves that any budget surplus from 2007 will be designated to offset the additional anticipated expenses for the Bishop's search and transition, and Continued Mission Strategy Committee costs.

Date: _____

Secretary