

Diocesan Council
December 17, 2009
St. Mark's Cathedral, Minneapolis

Present: Bishop Jelinek; Karen Olson, Secretary of Council

Region 1		Region 6	Martha Beckwith, Mark Kelm
Region 2	Susan Dusek, Bill Van Oss	Region 7	Rex McKee
Region 3	John Husband	Region 8	Gary Aamodt, Marlene Jacobs
Region 4	Chuck Johnson, John Robertson	Region 9	Stacey Abena, Andrew Waldo
Region 5	Pat Dibble, Doug Sparks		

Guests: Jim Pavlik, Chief Financial Officer; Jim Delamater, Trustees of the Diocese, Inc.; Susan Barksdale, Recorder

Executive Summary of December 17 meeting
(Details in body of minutes)

Diocesan Council:

- Heard a summary of evaluations from Diocesan Convention
- Unanimously passed revised Audit Committee responsibilities
- Unanimously received the 2008 audit report, with one word change
- Heard a report from the Personnel Committee about its planned work for 2010
- Amended and then passed Resolution 2009-05, concerning changing the designation of the Bishop's Residence Fund to allow monies from the fund to be loaned to Bishop-Elect Brian Prior as a bridge loan to assist him in the purchase of a home
- Approved Resolution 2009-04, 2010 housing allowances for diocesan-employed clergy, with one format change
- Amended and then passed Resolution 2009-06, approving payment of a 2010 asset administration fee of up to 3% to the Trustees of the Diocese of Minnesota, Incorporated as payment for the Trustees' administration of diocesan assets

The meeting opened with Gospel-Based Discipleship on the Gospel for the fourth Sunday of Advent, followed by an opening prayer from Bishop Jelinek.

The meeting was chaired by Bishop Jelinek in the absence of Doug Franzen, who was ill. The agenda was approved unanimously. The minutes from the September 17, 2009, meeting were approved unanimously.

CONVENTION EVALUATION: KAREN OLSON

The Diocesan Convention evaluation was done this year by means of an online survey. There were 125 written comments in addition to the survey questions. Karen was pleased with the thoughtful level of the feedback. Rex McKee suggested that the code for the survey be given out before people leave Convention. Council members were also asked for their feedback. Stacy Abena said that her son was "totally plugged in" at the youth program that was held during Convention at St. John the Evangelist in St. Paul, and even asked her how old you had to be to become a delegate. Merlynnne Byrne and Jean Hanson were held in prayers of thanksgiving for their work on the Convention children's program. Andrew Waldo noted that "it felt like a holy convention all the way through" and John Husband added that he appreciated the preaching of Peg Chamberlin. The 2010 convention will be in Duluth.

AUDIT COMMITTEE REPORT: BILL VAN OSS

Audit Committee responsibilities were revised in September 2009 in light of the separation of the Finance and Audit Committees. **Bill moved that they be accepted as revised. No second was needed as this recommendation came from committee; passed unanimously. Bill was asked if the committee was also responsible for congregational audits and he indicated that they were also responsible for these audits. He then told Council that the committee would bring a resolution to Council reinforcing the adherence by congregations to the canonical requirement of performing annual audits.**

2008 AUDIT REPORT

The audit committees of the Diocese of Minnesota and the Trustees met jointly on November 18 with the auditors' representative to receive the final 2008 audit reports and management letters for both groups. Once again both received clean audits. There are always challenges concerning segregation of duties in such an office with a small staff; however, in light of these conditions, the opinion was that both groups are doing the best they can with internal controls. As is standard procedure, staffing issues were discussed without their presence; no problems were noted. After the auditors departed, the two committees discussed the performance of the auditors and decided to keep them for 2009 and 2010. No change of auditors will be made in light of the transition to the new bishop, although this matter may be revisited for 2011.

Bishop Jelinek stated that he always looks at whether internal controls are good and we are doing a thorough job of policing ourselves. He noted that Jim Pavlik and his staff have had this kind of clean report since 2003. He commended the finance staff and Jim's leadership, adding that records are kept in a way "that is really clear for us."

Audit reports for both the Diocese and Trustees are posted on the diocesan website once they become public. **It was moved to receive the audit report, with one word change on page 4 (changing "personal" to "personnel"); passed unanimously.**

BISHOP'S REPORT

Bishop Jelinek listed a few of his recent activities, speaking of how he was now aware that many of his visits, meetings, liturgies, etc, were now happening for him for his last time as Bishop of Minnesota. The Jelineks will remain in St. Paul for the immediate future. They hope to do some traveling and to live in Wisconsin in the summer.

Bishop-Elect Prior will begin work at the Episcopal Center on January 4. He will go with Bishop Jelinek to the winter seminarians' retreat, in order to meet those in process toward ordination.

PERSONNEL COMMITTEE: REX MCKEE

The Personnel Committee met most recently on December 3, and discussed the salary of the new bishop, an evaluation process, an employee handbook, job descriptions, review of benefits, council position descriptions, and salary administration policy and process. The committee will meet next in January, by conference call.

The following timetable has been proposed for the coming year:

- Medical Insurance: first quarter beginning in January
- Benefit Review: First Quarter
- Council Position Description complete by March 1

- Salary Administration (end of 2nd quarter, with new bishop, in time for budget)
- Job descriptions (3rd quarter; have reviewed current descriptions)
- Evaluation Process (4th quarter; have reviewed current process)
- Employee Handbook (end of year)

LUNCH

STANDING COMMITTEE UPDATE: DEVON ANDERSON

Devon presented **Resolution 2009-05, concerning changing the designation of the Bishop's Residence Fund to allow monies from the fund to be loaned to Bishop-Elect Brian Prior to assist him in the purchase of a home.** A similar resolution was passed in 1994 for Bishop Jelinek.

There was considerable discussion. Concerns were raised that the Finance and Personnel Committees had not known about this request beforehand, that a loan was not being made through a bank, whether this was a good investment for this fund, and whether enough people were having a say in the process. Devon explained that this was intended as a bridge-type loan until the Priors' house in Spokane is sold, and that this request will be taken to the Trustees as well. Rex added that it is not unusual for non-profits to issue this type of bridge loan. Karen noted that no terms were mentioned in the resolution, simply that the fund designation would be changed to allow for such a loan. Bishop Jelinek spoke of how helpful his loan had been in 1994.

There was further discussion about postponing action until the January 28 meeting of Council. Rather than postponing, Bishop Jelinek suggested that the resolution be reworded to say: "Be it resolved that upon the Standing Committee's recommendation, Diocesan Council will consider changing the designation of the Bishop's Residence Fund..." Bill Gray added that the last line should say, "...with the amount and loan terms to be determined by the Finance Committee of Diocesan Council in consultation with the Standing Committee and Trustees."

A motion to postpone discussion until January 28 was defeated. The suggested amendment passed unanimously. The resolution as amended was also passed unanimously.

FINANCE: JIM PAVLIK

Financial statements were provided in the pre-meeting packet. Most congregations that are in arrears are planning to pay all their arrearages; about \$25,000 will probably not be collected. The First Stop Committee is still considering a \$25,000 request from St. Mark's Cathedral. This request was received late, and Jim is not counting that \$25,000 as revenue for 2009. Stacy Abena noted that with the exception of St. Mark's, it is expected that all other revenues will be collected. Jim added that he projected that the year could end close to a balanced budget without the need to use the surplus from last year. The finance report was received unanimously.

Resolution 2009-04 listed 2010 housing allowances for diocesan-employed clergy. This is a document that must be approved prior to beginning of the year. The amount for Bishop-Elect Prior is an estimate at this time. **The resolution was approved unanimously with one correction** (change of the format of Sandra Holmberg's name to match that of the others).

Rex had proposed that Council appoint a committee to look at the ACG; now he would like the Finance Committee to consider this so that it can bring recommendations in January. Bishop Jelinek said that

someone from the Finance Committee should talk to Bishop-Elect Prior about this before the January meeting.

TRUSTEES REPORT: JIM DELAMATER

Jim distributed and discussed a summary budget report from the Trustees, showing a deficit. Pastoral issues have financial impact, he noted, and the Trustees have finite resources. He stated that it was important to have communication and understanding between the Trustees and the Diocese.

Jim now turned to **Resolution 2009-06, concerning a 2010 asset administration fee of up to 2% to provide a short-term funding source to the Trustees to cover a projected deficit in its operating budget.** Council had approved a similar request (but for a different percentage) in 2008, for the Trustees' 2009 budget.

Jim noted that the Trustees have assets, but not liquidity and cash flow. The only Trustee revenue comes from investments and rents from real estate. The Pooled Investment Fund (PIF) took a hit in the economic downturn and from the loss of a significant member of the fund, therefore income was down. In addition, a potential sale of the 1730 Clifton Place building fell through, and building improvements must now be made to attract tenants. Jim spoke as well of the need to maintain aging property, giving several examples, and that even property that is to be sold must be maintained. The infrastructure that supports mission takes money as well. "We have to understand the cost of mission if we want to fund it," he said.

Council members thanked Jim for explaining the Trustees' situation. There was considerable discussion of these and related issues. It was clarified that the asset administration fee is on the diocesan portion of the endowments, and that the additional percentage was to be for this year only. Rex asked if the 2% would be enough to offset the deficit, then **moved to amend Resolution 2009-06 to state that "Council approves payment of a 2010 asset administration fee of up to 3% to the Trustees of the Diocese of Minnesota, Incorporated as payment for the Trustees' administration of diocesan assets." The amendment passed unanimously. The resolution as amended also passed unanimously.**

SECRETARY'S REPORT: KAREN OLSON

January 28, 2010 will be the last meeting of this particular body as Regions 3, 6, and 9 are to elect members and alternates at their next meetings. A March 10-11 Council Retreat will be held at the Oak Ridge Conference Center, beginning with lunch on Wednesday, March 10.

The meeting was adjourned at 3:00 pm.

Respectfully submitted,

Karen Olson, Secretary of Council
Susan Barksdale, Recorder