

DIOCESAN COUNCIL
March 26, 2009
St. Mark's Cathedral, Minneapolis

Present: Bishop Jelinek; Karen Olson, Secretary of Council

Region 1 Carole Johnson,	Region 6 Martha Beckwith, Dick Matthews
Region 2 Susan Dusek, Bill Van Oss	Region 7 Doug Franzen, Rex McKee
Region 3 John Husband	Region 8 Gary Aamodt, Theo Park
Region 4 Chuck Johnson, John Robertson	Region 9 Stacy Abena, Andrew Waldo
Region 5 Pat Dibble, Doug Sparks	

Guests: Jim Pavlik, Principal Financial Officer; Kevin Shaw, Development Director; Bronwyn Clark Skov, Canon Missioner; Robert Two Bulls, Department of Indian Work; Bill Gray, Region 4 alternate and member of the Diocesan Finance and Audit Committee; Robert Sykes, Marilyn Clinton and Karen Dingle – Good Governance working group; Malcolm McDonald, Trustees of the Diocese, Inc.; Susan Barksdale, recorder

Executive Summary of March 26, 2009, meeting
(Details in body of minutes)

Diocesan Council:

- Discussed consequences of parochial reports filed after the canonically-mandated deadline of March 1, steps to be taken to receive exemptions, and asked Karen Olson to prepare a letter outlining these matters, to be sent to all congregations.
- Unanimously voted to table the vote on the Resolution 4 Working Group Proposals until Council has fully discussed any related actions and proposals that may be forthcoming at today's meeting (March 26, 2009).
- Unanimously accepted the Response to Improving Governance Document, submitted to Council on behalf of the Mission Strategy Network Coordinators Team on February 16, 2009.
- Unanimously voted to incorporate Doug Sparks' paragraph regarding the February 10, 2009, Steering Committee conversation with the Resolution 4 Working Group into the minutes of this meeting.
- Unanimously moved that Council create as [standing committees] of Council a Diocesan [Council] Finance Committee and a Diocesan [Council] Audit Committee.
- Unanimously approved the appointments of Rex McKee and Pat Dibble as Council representatives to the Personnel Committee.
- Unanimously approved the appointments of Bob Carmack (lay) and Justin Chapman (clergy) to fill vacancies on the Standing Committee.
- Unanimously referred proposed language that the Personnel Committee be attentive to issues of economic and social justice to the Chancellor.
- Unanimously accepted Section 218.7, points a-m, from the document titled "Improving Governance, Processes and Procedures within the Episcopal Diocese of Minnesota" as the charge to the Personnel Committee.
- Passed a motion that Council adopt and approve the recommendations of DFAC regarding the 2009 budget.
- Heard a progress report on mission strategy, and discussed an executive summary of an MSN document to be sent to the diocese in April.

The meeting was chaired by Doug Franzen, First Vice President of Council.

The meeting began with prayer and meditation, led by Theo Park. New Council members and guests introduced themselves.

The agenda was approved unanimously. There were questions on one motion from the minutes. Although this had been submitted to the recorder in written form, it was not actually voted on at the meeting. The January 22 minutes were approved unanimously with the deletion of Resolution 3 on page 4.

PROCESS AND PROCEDURES

Doug Franzen was pleased that Mark Kelm had been unanimously appointed as parliamentarian for Council meetings. Doug added that he hoped Council would adhere to Roberts Rules of Order, especially during this time when a number of important items were being discussed; but also hoped that Council could have “open, fair, fully participatory conversation among ourselves.” Some concerns were raised that adherence to Roberts Rules could stifle conversation, but it was noted that the rules may be suspended for the sake of discussion. Another point was made that all motions should be submitted to the recorder in writing and read back to Council before votes are taken. Recording the meetings would also be wise, for the purpose of backup.

BISHOP’S TIME

Paul Shaffer has been removed as interim at **Ascension, Stillwater**, as the result of allegations made against him. He is on a temporary inhibition. These allegations do not affect children or youth.

Bishop Jelinek had to leave the recent **House of Bishops meeting** early because of scheduled surgery. During the time he was present, the bishops met with candidates for Bishop of Ecuador, as the interim bishop had requested that the House of Bishops elect a bishop for that diocese. Other work at the meeting included preparation for this summer’s General Convention.

The Church of Gethsemane in Minneapolis is saddled by the burden of caring for an aging building, and Bishop Jelinek has asked Tom Junnila to consult in this matter. Tom has identified some people who may want to be part of a development project in the future. The bishop is trying to get people willing to walk with the congregation and work with them on the building; he does not want spiritual transformation to be stifled by burdens of buildings.

PAROCHIAL REPORTS

A total of 74 parochial reports had been received by the March 1 deadline (as stated in the canons). Another 14 were received after that date, leaving 17 reports still not received. According to the diocesan canons, clergy in all congregations whose parochial reports were not received by March 1 may not have a vote at Diocesan Convention, including votes for the IX Bishop of Minnesota. At the request of several Council members, the names of the congregations whose reports are still outstanding were not distributed, in order that the discussion could be objective.

Bishop Jelinek stressed that he will consider extenuating circumstances and has the authority to grant exemptions, but it is the responsibility of the congregations to request those exemptions. Some, but not all, have already made these requests. The canon denying vote to clergy whose congregations have not submitted parochial reports on time has been ignored in the past, but the bishop election at this year’s convention adds an extra dimension. If some people vote who are not canonically eligible to do so, then the validity of the entire election could be challenged.

There was an extensive discussion. Issues raised included transparency; accountability and the need for personal responsibility on the part of congregations; the declaration at the 2008 convention that canons will be followed from now on; the fact that repeated letters, e-mail notices, and publications on the diocesan website have reminded of the deadline; and the parallel issue of denying lay delegate votes to congregations that have not paid their ACG (also in the canons). A suggestion was made that the deadline be moved. This cannot be done, however, as Council may not suspend canons.

Following the discussion, a consensus was reached that a letter be sent immediately on behalf of Diocesan Council to all congregations in the diocese, stating the canonical requirement for submission of parochial reports, reminding them of the consequences for failure to submit them on time, and restating the process to be followed in order to receive an exemption. Karen Olson will draft this letter as soon as possible.

PROPOSALS FROM THE RESOLUTION 4 WORKING GROUP

Andrew Waldo moved that the working group's proposals be approved in its entirety, the motion was seconded. After some discussion, it was agreed that the Personnel Committee be named and charged at this meeting, and that additional discussion was needed before all the entire Working Group report could be approved.

Stacy Abena moved to table the vote on the Resolution 4 Working Group proposals until Council has fully discussed any related actions and proposals that may be forthcoming at today's meeting (March 26, 2009); seconded and passed unanimously.

Doug Sparks reported that the Steering Committee had agreed in principal to support the Working Group's proposal in terms of *process*, agreed we could take action on their recommendations at our February meeting. The committee also agreed to suggest, after thorough discussion, to recommend the following actions be taken regarding their canonical recommendations in the proposal, understanding the Convention, and Convention alone, has the authority to adopt, make, or change canons. Therefore, the committee thought it would be best to refer the canonical recommendations to the Committee on Constitutions and Canons for their review. They also agreed that it would be a good to ask Bishop Jelinek to consider asking some members from the Working Group to work with the Constitutions and Canons Committee on these issues.

Doug Sparks moved to accept the Response to Improving Governance Document, submitted to Council on behalf of the Mission Strategy Network Coordinators Team on February 16, 2009; seconded and passed unanimously.

Martha Beckwith moved that Doug Sparks' paragraph regarding the February 10, 2009, Steering Committee conversation with the Resolution 4 Working Group (above) be incorporated into minutes of this meeting; passed unanimously.

SEPARATION OF DFAC INTO TWO SEPARATE STANDING COMMITTEES OF COUNCIL

Another Working Group proposal was the separation of the Diocesan Finance and Audit Committee (DFAC) into two separate committees. DFAC presented the following recommendation, dated February 19, 2009: "The DFAC met and discussed the concept of adding a separate Audit Committee. Our committee was unanimously in support of the concept and looks forward to working closely with this group once it is up and running. We did express some reservations about the likely difficulty in appropriately

staffing this committee but felt it wasn't our position to do anything other than comment, as staffing such a committee would be the responsibility of Council."

It was clarified that this proposal would separate DFAC into two groups: a Diocesan Finance Committee and a Diocesan Audit Committee. The same procedures would be used to appoint and staff these committees as are used with other Council committees. There was also discussion as to whether these should be considered "standing" or "ad hoc" committees. Bishop Jelinek recommended that the words "Diocesan Council" appear in the names of both groups.

There was some discussion on the makeup of the two committees. Bob Sykes of the Working Group noted that some of the language in the proposals was just putting in writing the practices that are already being done. Bishop Jelinek suggested that an Item (e) be added to section 218.9, saying that the Finance and Audit Committees maintain liaisons with the corresponding committees of the Trustees.

Doug Franzen moved that Council create as [standing committees] of Council a Diocesan [Council] Finance Committee and a Diocesan [Council] Audit Committee; seconded and passed unanimously.

PERSONNEL COMMITTEE NOMINATIONS

This committee should have a minimum of three non-Council members. Bishop Jelinek distributed information on two non-Council members to serve on this committee: Mary Heiserman (St. Luke's, Minneapolis) and Jerry Woelfel (St. John the Evangelist, St. Paul). Additional names are pending. **The two nominees were ratified unanimously, pursuant to discussion of term lengths.**

LUNCH ELECTIONS

New members of Standing Committee: Council has the authority to appoint people to fill Standing Committee vacancies that occur between conventions. There was no lay candidate at the 2008 convention, and Michael Wyatt has had to resign for health reasons. Bob Carmack (lay) and Justin Chapman (clergy) were nominated to fill these vacancies. **It was moved and seconded to approve their appointments; passed unanimously.**

Council members to Personnel Committee: Rex McKee and Pat Dibble were nominated. **It was moved and seconded to approve their appointments; passed unanimously.**

CHARGE TO PERSONNEL COMMITTEE

Karen Olson read Section 218.7, points a-m, from the document titled "Improving Governance, Processes and Procedures within the Episcopal Diocese of Minnesota" submitted to Council by the Good Governance Working Group on January 12, 2009.

Doug Franzen moved that the personnel committee be attentive to issues of economic and social justice. Following discussion, the motion was amended to state that this language be referred to the Chancellor for review; seconded and passed unanimously.

Doug Franzen moved that Section 218.7, points a-m, from the document titled "Improving Governance, Processes and Procedures within the Episcopal Diocese of Minnesota" be accepted as the charge to the Personnel Committee; seconded and passed unanimously.

OTHER BUSINESS

Other recommendations from the working group were then discussed. Doug Franzen moved that Proposal 1 from the group's Proposal Recommendations presented in January 2009 be referred to the Constitution and Canons Committee with the recommendation that it consider the proposal quickly and present a reply at the April Council meeting if possible; seconded and passed unanimously.

Carole Johnson moved that Proposal 1 be adopted, with an additional item (e) in 218.9: that liaisons be maintained with the corresponding committees of the Trustees of the Diocese, Inc.: seconded and passed unanimously.

Andrew Waldo asked that Proposal 2 be included on the April agenda.

FINANCIAL MATTERS: JIM PAVLIK

The First Stop Committee was aware that this would be a difficult year, and it is trying to be as sensitive and open to change as possible. Many congregations this year have a real need for ACG reductions. However, the committee is happy to report that it did not hear from some congregations that have had ACG relief needs in the past. A total of 93 congregations did *not* request assistance

Three congregations expressed relief needs but did not complete the process and forms. Bishop Jelinek expressed his feeling that this is an ethical issue. All three of those congregations have members on Council. The bishop told them that they were honor-bound to press their vestries to follow the correct procedure. Bronwyn Skov noted that written communication and phone calls on behalf of First Stop had gone out with specific requests that these congregations join with the diocese and the process. She added that some of this conversation at Council would have happened a month ago if the February meeting had not been cancelled due to bad weather. Council members from the congregations in question requested that they be copied on such communications in the future.

Jim reported that more relief money was asked for than is in the ACG relief amounts budgeted for 2009. In January, Council asked DFAC to present suggestions of funding sources. That document is attached, with the DFAC suggestions noted in Item 2. Additional funding suggestions include money from a 2008 budget surplus, the Rural Ministry Fund, Congregational Development monies (as relief to certain congregations could fit both of these categories), and a reduction of the diocesan apportionment to the national church. Bill Gray noted that the committee was unanimous in its recommendation and complimented Jim Pavlik and Jeff Langaard for their research.

The decision to reduce payment of the national apportionment was a difficult one. Bishop Jelinek noted that Minnesota is one of the few dioceses that has always paid its full apportionment to national church. Bill Gray added that this reduction is a sensitive issue and a matter of historical pride, but he hopes it will just be a one-year occurrence. Several others expressed their concern but noted that there were very few alternatives. Hope was expressed that this shortfall could be made up at a later time.

Doug Franzen moved that Council adopt and approve the recommendations of DFAC in their entirety; seconded and passed.

Jim also gave a brief explanation of the annual listing of endowment funds, adding those that are not in the Pooled Investment Fund (PIF).

MSN REPORT: DANIEL PEARSON AND JIM HUBER

In early April, the Mission Strategy Network (MSN) will be sending to the entire diocese a complete document with its recommendations, so that people will be able to study the material nearly a month before the May 2 Mission Convocation. What had been provided to Council for this meeting was a summary of that material. Daniel noted that what differs in this report is that goals are articulated again but with more specific recommendations in each goal. MSN is now in a position to make recommendations but does not have the authority to do so. There is an issue of timing in preparing resolutions for Diocesan Convention. Daniel and Jim will be back in late summer or early fall with recommendations for Convention based on the input from the May Convocation. Karen noted that the bulk of the April 23 joint meeting with the Trustees and Standing Committee will be on mission strategy matters.

There was considerable discussion about the summary document and about the mission strategy work, especially about reactions in the ongoing discussions at region meetings. However, several Council members did not want to comment without seeing the entire document on which this summary was based. Others commented or asked questions on specific sections. The consensus was that continuing conversation was needed, but that it would have to be based on more than executive summary.

The meeting was adjourned at 4:30 pm.

Respectfully submitted,

Karen Olson
Secretary of Council

Susan Barksdale, recorder

Recommendations to the Bishop Regarding the 2009 Budget from DFAC 3/19/09

The Diocesan First Stop Committee (DFSC) has received \$267,252 in requests for Apportionment for the Common Good (ACG) relief in 2009 from congregations. The Convention approved 2009 Budget has \$60,000 for DFSC grants and \$60,000 allocated for ACG non-payment. These two facts cause a potential budget deficit for 2009.

Diocesan Council has asked Diocesan Finance/Audit Committee (DFAC) to recommend solutions to address this above mentioned potential deficit. DFAC's recommendations to the Bishop to deal with the situation are presented in numeric terms in Table I and described below.

1. DFSC completed their regular process of evaluating the requests regarding 2009 ACG relief. Due to the compelling nature of the requests, DFSC recommends that the Bishop and Council adjust the budget to allow for the ability to respond appropriately.

2. Specific deficit reducing recommendations submitted to, and concurred with by the Bishop are:
 - a. Designate that the \$55,000 budget surplus from 2008 be assigned to provide additional ACG relief by the DFSC or some portion thereof.

 - b. Use the income from the Rural Ministry Fund in the amount of \$34,476 to provide supplemental ACG relief and to support Total Ministry in rural congregations. These funds come from the Cooke endowment which after significant efforts by the Trustees a year ago, generates \$60,000 in income per year. Funds in this account are for use in rural ministries at the discretion of the Bishop. An example of a recent project utilizing these funds is the St. Luke's Rochester/Kasson shared ministry program which is using \$45,000 over three years (which has been set aside in a separate fund).

 - c. Designate \$30,000 from the Congregational Development Programs fund be used to provide for additional ACG relief to congregations in a growth or development mode and that need assistance in 2009. These funds are the remainder of funding that was set aside to fund a pilot congregational development project that was started several years ago in conjunction with Seabury-Western. The total funding for this project was not fully utilized as the second phase was not launched subsequent to the initial pilot project results being analyzed and evaluated. These monies have been held in reserve for support of congregational development initiatives.

3. Add an additional \$20,000 for non-payment of ACG to cover congregational stated non payments as reported by the DFSC
4. As congregations in the Diocese have further reduced the 2009 ACG by an additional 11%, it would seem appropriate that the 2009 support to the National Church (TEC) be adjusted correspondingly by 10%, or \$50,000.
5. Request the Finance Department staff implement an enhanced ACG payment tracking and cash flow monitoring system to make sure ACG receipts and 2009 Budget expenses are in sync.
6. Report back to Council at the June 25th meeting as to budget status and provide additional recommendations for the remainder of 2009 as necessary.

Diocesan Finance/Audit Committee

Table I

\$2,443,731 approved 2009 revenue (includes 12% net ACG relief as one-time)

\$267,252 2009 ACG relief and non-payment per the Diocesan First Stop Committee (DFSC)
\$120,000 less the budget approved DFSC and non-payment allocations, \$60,000 in each category
 \$147,252

\$20,000 consider adding \$20,000 cushion in non-payment category to allow for unforeseen needs
 \$167,252 find new revenue sources and additional expense cuts to balance the budget

Available revenue additions

\$55,000	2008 Budget surplus	\$	3,696
\$34,476	Rural Ministry Fund	\$	3,780
<u>\$30,000</u>	Cong Devlpt Fund	\$	15,000
\$119,476		<u>\$</u>	<u>12,000</u>
		\$	34,476

Rural Ministry allocation

Bemidji ACG
 Fairmont ACG
 Red Wing ACG
 Total Ministry Budget

Additional budgeted expense adjustments

\$50,000 less a 10% adjustment in support payments to the National Church

\$167,252 budget shortfall
 \$119,476 less proposed additional revenues
 \$50,000 less proposed budgeted expense reductions
 \$(2,224) PROJECTED NEW BOTTOM LINE FOR 2009