

**MINUTES  
EXECUTIVE COMMITTEE OF THE  
UNITED CHURCH OF CHRIST BOARD OF DIRECTORS**

**(MEETING IN EXECUTIVE SESSION)**

**A CONFERENCE CALL  
12:00 NOON EDT, TUESDAY, JULY 29, 2014**

Board Chair, Mr. Bernard Wilson, called the meeting to order, the time being 12:01 PM EDT.

Ms. Denise Shimell called the roll and a quorum was present.

Members on Call: Ms. Sue Artt, Ms. Dale Bonds, Mr. J. Bennett Guess, Mr. Brian Holeman, Ms. M. Linda Jaramillo, Mr. Jim Moos, Mr. Ron Patterson, Mr. Rich Pleva, Mr. Wilson

Members Excused: Ms. Maritza Angulo de Gonzales, Mr. Geoffrey Black, Ms. Christina Phillips

Mr. Guess provided the opening prayer.

Voice without Vote was granted to Ms. Joyce Bathke, Ms. Caroline Belsom, Mr. Donald Clark, Mr. Lee Foley, Ms. Kathy Houston, Ms. Heather Kimmel, Ms. Shimell

Ms. Belsom was called upon to provide the Report of the Investment and Endowment Committee.

Ms. Belsom stated that the Investment and Endowment Committee had met the day prior. The Committee's sole focus was the issue of setting the draw rate and making the recommendation for the 2015 budget. The Committee voted and will make the following recommendation. The Investment and Endowment Committee recommends that the draw rate on funds be no more than five percent (5%). The call was then open to questions.

Mr. Holeman asked how the Committee got to the five percent (5%). Ms. Belsom stated that over the past several months the Committee had been looking at a number of things and receiving input from a number of sources such as historical financial data that was provided by Ms. Houston and Ms. Kiernozek, input from the Collegium of Officers and three members of the Committee brought forth their expertise in the field of finance. The Committee considered all input and all aspects of the information when setting what the draw rate might be. The Committee took a broader look at the draw rate to get to a particular goal of four percent (4%) in the next three to five years. This was something discussed but never voted on. The Committee will continue to receive input that will impact the implementing of even the five percent (5%) draw rate, knowing this will be significant for 2015. The Committee wants a better understanding of that impact.

Mr. Holeman asked about the sources of input and if any information pertaining to mission priorities assisted in getting the Committee to this point. Ms. Belsom stated that only information that was provided by the Collegium member sitting on the committee. Mr. Holeman asked for a boarder view of getting to the four percent (4%) draw rate and the possibility of taking three to five years. He asked what the Committee is seeking to make a definite recommendation in that regard. Ms. Belsom stated that at the moment the

Committee is waiting for the Collegium's report and information related to their plan in getting the Church to the goal and the impact that will have across the board, mission program staff and the like. Mr. Holeman asked for acknowledgement that the Committee did not have the Collegium report yet. Ms. Belsom stated that the Collegium asked to have more time until September and agreed to provide more explanations in September. Mr. Holeman asked for clarity, as in sixty (60) days (this September, 2014 and not September, 2015). Ms. Belsom confirmed September, 2014, and acknowledged that this is feasible due to the size of the impact of the decisions made by the Collegium and information to be provided to the full Board of Directors at its October meeting. Mr. Holeman asked if before the Committee comes forward with its recommendation following receipt of the impact study, will this topic be open for discussion and debate prior to a definite recommendation being made. Ms. Belsom stated that the Committee will take the necessary time to review the Collegium's plan as much as possible and will seek additional input from the Collegium if necessary so that they have a clear understanding before making their recommendation.

Mr. Holeman acknowledged that historically the "fiscal house" has not been in order. He stated that the Committee is facing the task of making tough recommendation, and this is fueled, in part, by some institutionalized excesses that have to be addressed and that there may be more information available from others than just the Collegium. Mr. Holeman would like those sources to be heard. He recommended seeking out other senior national staff with views and for the Committee to receive information from as many sources as possible prior to making recommendations. There is an element of fairness missing if the only source of information comes from the Collegium and not from the broader Church.

Mr. Patterson asked if the group had the Hamilton Report and the report from the Collegium regarding budget and financial matters. Ms. Belsom said no. She acknowledged that she has the report but that it was not distributed to the full Investment & Endowment Committee. One reason for the September deadline for submitting the plan was because the Collegium is still meeting with different sources (Dudley Hamilton, etc.) and the Collegium needs to take the information into account when doing their own report. Mr. Patterson said that the Committee needs to receive information from all sources, not just the Collegium.

Ms. Jaramillo stated that the CFO, Ms. Houston, did provide the Committee with some scenarios and impacts related to a five percent (5%) and a four percent (4%) draw and how it impacts budget realities in the next three to five years and beyond. This information was provided several months ago and some additional impact and background information was provided prior to the meeting. Ms. Bathke sent a narrative to Mr. Wilson to share with the Board on impact. During yesterday's call regarding mission priorities, a process was organized to develop a report and other things coming together to be consider as part of the conversation regarding the Committee's deliberation and the Collegium did give the Committee a memorandum affirming the five percent (5%) draw and intending to work into that five percent (5%) draw in the 2015 budget as adopted.

Mr. Wilson requested the Investment & Endowment Committee to solicit broader input. Ms. Belsom said that the Committee is open to receiving broader input.

Ms. Artt asked Ms. Houston where the Church was with the draw in the 2014 budget. Ms. Houston stated that currently the draw is closer to 5.6%.

Mr. Black anticipates the work that is being done leading up to September is the kinds of work that will address the additional amount for the 2015 budget, making the five percent (5%) draw rate within reach, stating this is the work before all of us.

Ms. Jaramillo stated that there is working happening next week in consultation with senior staff members.

Ms. Bathke said that “we cannot cut, cut, cut”, we have national mission as a Church and at five percent (5%) it seems too much. She asked that everyone be careful. The Church is needing to balance books but is currently without of the information needed to make educated proposals at this time.

Mr. Holeman, following-up with Ms. Bathke’s statement, said that information is needed forthwith, additional studies and work needs to be performed, sooner than later.

Mr. Guess stressed that if the Committee’s decision is to go to four percent (4%) that the Church would immediately move to this and not in steps or increments in 2015. This would require \$4.5 million in cuts if moving to four percent (4%) in 2015. Mr. Guess stated that the Church cannot sustain a five year pattern of cuts and asked how to move towards the additional \$3 million. Several areas mentioned included elimination of programs, facilities, hotel, and the building to come in with a \$3 million plan and not \$5.75 million plan.

Mr. Holeman thanked Mr. Guess, and Mr. Pleva agreed that it is best to take the “bitter medicine” now for a better future. Ms. Artt agrees that there is a need to take big steps.

Ms. Jaramillo stated that there are certain things that have been mentioned that cannot be turned around in just two months. Mr. Black noted that not everything will be implemented immediately but that the information would be helpful for the Board in order for everyone to see the direction we can and will take over the next year and will point to the steps mentioned. This is part of what the Collegium is working towards.

Mr. Black referenced the Report of the Dudley-Hamilton Findings and said that the expectation and hope for moving forward is to have the Collegium be a part of the conversations with the Committee. The questions currently facing the Collegium is when and how to release and share this information with the full Board. Conference Ministers also want to see the report. The report does lay out a number of possibilities and ideals with some things that will be considered and some things that will not be considered. The Collegium is in the process of working on their report. The report is not to be accepted as the all giving. It contains some things that Dudley Hampton recommended, some of which point to things the Collegium has known intuitively or discussed in varies settings over the year.

Mr. Patterson noted that some items in the report may generate more heat than light and asked if there was a way to produce a summary of the report that would keep it from a conclusion. Mr. Black acknowledged the need for a summary of the report to be prepared and made available to some people but felt it may not be appropriate to share the full report. It is a question the Collegium has wrestled with, as some members feel purvey to the full report.

Mr. Holeman stated that he would be opposed to an executive summary, saying that the Board is entitled to see the full report. He went on to state that he understands the concerns, but would like to see the Officers of the Church issue a memorandum with very specific things that would be useful and most helpful. Using the Executive Committee as a filter would mean some Board Members have read the full report but cannot share the information with the full Board of Directors and, somehow, ask the Board to rely on an Executive Summary based on interpretation of the report. This would lake transparency.

Mr. Patterson agreed with Mr. Holeman, stating “this would stifle the Holy Spirit”.

Mr. Guess shared his concerns for the need of transparency and also concern if the report is not released. People would wonder what it is that is in the report. Mr. Guess went on to express his long standing personal disappointment, the lack of clarity of the scope, the lack of scope regarding costs, etc. He is disappointed in the product received from the Committee’s report, after having met in June. How does this make us a leaner organization? The report does not provide the answer. How will we do our work if we are 30 staff people smaller? Mr. Guess shared concerns of the wider public misconception that we will begin charging Conferences for the services of MESA. This would be a bad idea, as we move towards closer cooperation with the Conferences. The revenue would not be there. Reorganizing under new names and moving chairs around does not result in ways for us to be smaller. Reducing the number of officers is one idea. Strong support of staff with a focus on doing better work and increasing staff morale is very important.

Mr. Pleva stated that it is helpful to hear these conversations regarding support. However, the strong preference is to release the report to the full Board of Directors and, perhaps, more broadly. When releasing the report it would be a good idea to provide a cover memo from the management indicating specific things. The purpose for this is to build trust.

Mr. Black said that it is not a question as to whether to release the report or not, but it may be more helpful to not release the report immediately. Mr. Black agreed that the report should be released.

Mr. Holeman stated that in all fairness the entire report should go to the full Board concurrently with the memo proposed. The memo would contain very helpful information such as that which Mr. Guess gave, information that is not widely known, with the exception of the Executive Committee. This kind of transparency would be appreciated by the Board.

Mr. Wilson agreed that the report is to be released with a cover memo and asked for the time frame for the release.

Mr. Patterson asked if the memo had to be a unified agreed upon document. If the Collegium members have things to say, they are four competent people, and their individual views would not necessary be a bad thing. Mr. Wilson would like to leave that decision to their best judgment. Ms. Artt said that she believes it would be helpful and would like to hear four voices, each person providing information closest to the work that they do. Mr. Black agreed that a report of this kind would reflect different voices working together.

Mr. Pleva said that he felt this was a great opportunity for leadership to model, as they don’t think alike but yet they work together with respect for one another.

Ms. Jaramillo asked what the best timing for this would be. Ms. Jaramillo felt it would be appropriate for such a report. How will timing impact the process being taken to make broader information available to the full Board of Directors? Should the information be released in increments, starting with the report and requesting feedback? How do we go about keeping the full Board engaged? Board members have expectations as to what the report is being used for.

Mr. Wilson asked to have a timeline from the Collegium. The report should be released to the full Board, along with individual responses, and the Collegium will provide a timeline for all of this to happen. Ms. Jaramillo said within 60 days, and Mr. Wilson said that he would like it before the full Board meetings.

Mr. Holeman said that members of the Board and the Counsel of Conference Ministers should see it well within 60 days because the report is already prepared. Mr. Holeman asked, based on Mr. Guess's comments, well thought out criticism and support of the work, why would it take 60 days?

Ms. Jaramillo reiterated within 60 days. Mr. Black said that additional work needed to be done before the report can be completed and distributed.

Ms. Artt said that if asking the full Board in October to process a bunch of information and weave it all together to make good sense decisions for the future of the denomination; it would be helpful if staff would draw a roadmap, providing input and information from the Dudley Hamilton Report, national reports, draw rate information, etc. All of the information coming together and meeting in some logical way, and proving a separate memo to help people understand the work that needs to be done. Some think it is assumed, but bringing this many people together will require a roadmap.

Ms. Jaramillo concurred. Expectations of the Board would be helpful in this work. Mr. Wilson said this has always been the plan and work is being done to get this together before October. It is the hope that the information will be together for the Board in September.

Mr. Wilson asked if there was other business and with none being lifted up, Mr. Patterson providing the closing prayer, and Mr. Wilson adjourned the meeting, the time being 12:55 PM EDT.

Respectfully Submitted:

Denise M. Shimell  
Associate for Governance and General Synod Administration  
Assistant Secretary to the Corporation