Minutes

of the

Standing Committee

**Date:** 2/7/17

**Place:** Diocesan Center, Harrisburg, PA

**Members Present:** Kate Harrigan, Barbara Hutchinson, Bruce Johnson, Christopher Pyles, Churchill Pinder, Sanford Schwartz, John Stevenson, Amy Swiernik, Linda Watkins, Charlotte Weaver-Gelzer, Sarah Weedon; Bishop Scanlan

* **Call to Order:** 2:00 p.m.
* **Opening Prayer:** Amy Swiernik
* **Minutes:** The Committee approved the minutes of the 12/6/16 meeting.
* **Bishop’s Report:** Bishop Scanlan reported on her upcoming month of conferences and speaking engagements around the country; the current situation at Mt. Calvary, Camp Hill; her recent letters to the Diocese, for which she requested feedback from the Committee.
* **Book Discussion:** Chris Pyles and Charlotte Weaver-Gelzer led the Committee in its initial discussion of Alan J. Roxburgh, *Structured for Mission: Renewing the Culture of the Church*.
* **Approval for Ordination:** The Committee interviewed John Shirley and Katie Pearson for ordination to the transitional diaconate. Kate moved approval for John Shirley, Amy seconded, and the motion passed unanimously. Sarah moved approval for Katie Pearson, Charlotte seconded, and the motion passed unanimously.
* **Consent to Election:** The Committee approved the Consent to Election of the following:

* The Rev. Jennifer Baskerville-Burrows as Bishop Diocesan, Diocese of Indianapolis
* The Rev. Canon Gretchen Mary Rehberg as Bishop Diocesan, Diocese of Spokane
* The Rev. John Harvey Taylor as Bishop Coadjutor, Diocese of Los Angeles
* **Commission on Ministry:** Bruce Johnson and Sarah Weedon discussed the character of their role as Standing Committee representatives on the Commission on Ministry.
* **Council of Trustees:** The Committee considered the list of nominees for appointment to the Council of Trustees, and selected 1) Ken Dotson, St. Andrew’s, Shippensburg; 2) Micalagh Moritz, St. Paul’s, Harrisburg; and 3) Richard Sawyer, St. Andrew’s, Lewisburg
* **Closing Prayer:** Barbara Hutchinson.
* **Adjournment:** The meeting adjourned at 4:42 p.m.

**Addendum:**

* **3/8/17-3/9/17:** Barbara Hutchinson emailed a resolution regarding the request of St. John's, Lancaster to engage in their capital campaign project (see Appendix A), and called for discussion and possibly a vote. With limited discussion, the Committee approved the resolution (10 in favor, 2 recused).
* **3/10/17-3/18/17:** After a conversation with Vice-Chancellor Chuck Banks, Barbara emailed the Committee with additional considerations regarding the request of St. John’s, Lancaster, and proposed an additional Binding Agreement between the Diocese and St. John’s. After some discussion and a meeting between Barbara, Chad Linder (Canon for Finance and Administration), and John Morris (Rector of St. John’s), the Binding Agreement was revised (see Appendix B) and with some further discussion approved by the Committee (9 in favor, 2 recused).
* **3/24/17:** Barbara emailed the Committee with updates on 1) the Bishop’s approval of John Shirley for ordination, and 2) ongoing negotiations with St. John’s, Lancaster regarding the Binding Agreement.

**Appendix A: Resolution**

SUMMARY: the parish of St. John’s Episcopal Church of Lancaster, hereafter referred to as “the parish” has been seeking the approval of the Episcopal Diocese of Central Pennsylvania to secure a line of credit, “LOC”, for $1,000.000 from Fulton Bank. These funds will provide for a major capital improvement to two of the three parish buildings. The project is currently estimated to cost approximately $1,500,000.

The Finance Committee has reviewed the request and conveyed their support for Standing Committee approval.

The Bishop, the Canon of Finance and Operations, and I have developed these stipulations to approval, carefully considering both St. John’s needs and the liability to the Diocese represented in the LOC. I have carefully reviewed the parish’s current financial situation, and I believe the following recommendation provides the necessary flexibility for the parish to continue successfully serving its community and complete a wonderful capital project while providing the Diocese with a manageable level of risk.

I present the following motion to the Standing Committee regarding this request from St. John’s Episcopal Church of Lancaster.

I hereby move that the Standing Committee of the Episcopal Diocese of Central Pennsylvania approve the request of St. John’s Episcopal Church of Lancaster to secure a $1,000,000 line of credit for the purpose of funding their current construction project, **with the following stipulations.**

1. The LOC is secured by the primary church building, 319 W. Chestnut Street, and that the Episcopal Diocese of Central Pennsylvania is co-signer on the LOC.
2. The parish places $650,000 of their current unrestricted investment assets (in their endowment) into a separate investment account which the parish will designate as restricted as collateral for the Diocese of Central Pennsylvania as co-signer for said LOC.
3. Investment decisions for this separate account will continue to be made by the parish.
4. The Diocese will receive copies of quarterly investment statements for this separate account.
5. Withdrawals from this separate account must be approved in writing by the Canon of Finance & Operations of the Diocese.
6. If, at the end of any quarter, the balance within this separate account drops below $600,000, the parish will transfer funds into this account within 30 days, to bring total account balance back to $650,000.
7. The account can be released from restriction by the parish only after the balance in the LOC has been paid off and the LOC agreement has been terminated, as determined by the Canon of Finance and Operations.
8. In the event that the parish fails to meet any and all of the requirements of the LOC agreement with the financial institution, by signing this binding agreement, the parish agrees to release these restricted funds to the Diocese for the purpose of servicing the LOC.
9. The parish agrees to provide the Canon of Finance and Operations the following documents on a quarterly basis:

a.       Balance Sheet of all assets, including this separate restricted account.

b.      Income & Expense Statement for ALL St. John’s accounts, including those of the capital campaign project

c.       Campaign Pledge Report: total pledges, pledge payments received, outstanding pledge payments and gifts received in support of the campaign.

4)      The parish must provide a quarterly written update on the status of the capital project, including overall changes in cost or scope of the project. Additionally, the report must include information about any current or future capital campaigns.

5)      The parish will provide the Diocese with a formal, written statement signed by the Vestry and rector, outlining a three-year plan to achieve 100% participation with their fair-share assessment by April 30, 2017.

The Canon of Finance and Operations will serve as the primary contact related to the LOC and attached stipulations and will provide a written report to both the Finance Committee and the Standing Committee at a minimum of every six months.

**Appendix B: Binding Agreement (as revised)**

**Binding Agreement**

**between**

**The Episcopal Diocese of Central Pennsylvania “the Diocese”**

**and**

**St. John’s Episcopal Church of Lancaster, PA “the Parish”**

The Episcopal Diocese of Central Pennsylvania “the Diocese” and St. John’s Episcopal Church of Lancaster, Pennsylvania “the Parish” enter into this binding agreement setting forth stipulations related to the Parish’s securing and utilizing a $1,000,000 line of credit from Fulton Financial Bank for the purposes of funding costs related to capital improvements to the Parish.

LINE OF CREDIT

1. The Parish agrees to secure no more than $1,000,000 in any form of debt including a line of credit to be used only for capital improvements for its primary church building at 319 W. Chestnut Street in Lancaster, Pennsylvania.
2. The Parish agrees to provide the Diocese with a copy of the Line of Credit agreement and the Parish will not execute the agreement until it has received written approval from the Canon of Finance and Administration (“CFA”).
3. The Parish agrees to provide the CFA with copies of all statements provided by the financial institution.
4. The Parish agrees to meet any and all requirements set forth in the LOC agreement. In the event the Parish is unable to do so, the Parish agrees to notify the CFA immediately the conditions that cannot be met and for what reasons.

SCOPE OF PROJECT

1. The Parish must receive written approval from the Bishop and the President of the Standing Committee to proceed if the project’s scope of work exceeds a cost of $1,500,000.
2. The Parish agrees to not execute any unrelated capital projects without written approval from the Bishop and the President of the Standing Committee while this agreement is in effect.

COLLATERAL

1. The Parish Vestry must approve a formal motion to establish and fund a separate account in the amount of $650,000. The motion must include agreement that these funds are restricted as collateral for the Diocese.
2. The motion must include agreement that the Parish will immediately, upon written request from the CFA, transfer ownership of these funds directly to the Diocese in the event that the Parish does not meet one or more of the requirements within the LOC agreement and/or does not fulfill the requirements of this agreement.
3. The Parish agrees to not release this restriction on these assets until the LOC has been paid in full, the LOC has been closed and the CFA has provided written approval.
4. The Parish agrees to not execute any withdraws from this restricted account without written approval from the CFA and the Standing Committee.
5. The Parish agrees that in the event this restricted account value drops below $600,000, determined by quarterly statement values, the Parish will add the necessary funds to return the account to a minimum value of $650,000 within 10 days from the end of said quarter. In the event that the account value exceeds $700,000, determined by quarterly statement values, the Parish may withdraw funds up to an amount that brings the account balance down to $650,000. The Parish agrees to notify the CFA prior to making this withdraw.
6. The Diocese agrees that the Parish may continue to control how these restricted funds are invested as long as any particular investment does not exceed the typical Trade + 3 days to convert such assets into cash.
7. The Parish, with written approval from the CFA, may elect to reduce the available LOC. In such an event, the Parish agrees to keep a minimum balance of 65% of the new LOC amount that can be borrowed. Funds in excess of the new minimum restricted account balance may be unrestricted by the Parish and removed from the collateral account.
8. The Diocese agrees to permit the Parish to release said funds from restriction if all requirements within this agreement have been met, including the full closure of the LOC. This permission must be in writing and signed by the CFA and the President of the Standing Committee.

REPORTING

1. The Parish agrees to provide the Diocese quarterly accounting related to the Parish’s finances. This includes providing a quarterly balance sheet, income and expense statement, investment reports for ALL financial activity of the Parish. These reports must be provided within 30 days of the close of each quarter.
2. The Parish agrees to provide the Diocese with quarterly campaign reports that include total pledges, pledge payments received, other gifts received.

FAIR SHARE

1. The Parish agrees to provide the Diocese with a formal written statement, signed by the Vestry and rector, outlining a three-year plan to achieve 100% participation with their Fair Share Assessment. This plan must be submitted within 30 days of the enactment of this agreement.

NON-COMPLIANCE

Both parties agree that if any stipulations within this binding agreement are NOT met by the Parish, that such action constitutes a failure of the Parish to meet one or more of the following conditions described in *CANON IV: Imperiled Parishes Section 1, Part F. “Financial reports reveal unauthorized invasion of the principal portion of endowment funds, or other evidence of financial instability, sufficient, in the judgement of the Bishop and the Standing Committee, to warrant action under this Canon.”*

The Parish understands that potential actions the Diocese may take include, but are not limited to the declaration of the Parish as “Imperiled” under *Canon IV: Imperiled Parishes in the Constitution and Cannons of the Diocese of Central Pennsylvania* for failing to meet one or more of the conditions outlined in *SECTION I* and the potential actions and authorizations provided in *SECTION 2* within the same Canons.

In the event that the St. John’s Episcopal Church of Lancaster does not meet any of the stipulations contained within this agreement, the Parish understands and will not contest any action taken by the Diocese, authorized by either the Constitution & Canons of the Episcopal Church or the Constitution and Cannons of the Diocese of Central Pennsylvania.

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Rt. Rev. Dr. Audrey Scanlan, The Rev. John W. Morris

Bishop Rector

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The Rev. Barbara Hutchinson Ms. Jenn Hreben

President, Standing Committee Senior Warden

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Chad Linder Mr. Tom Bond

Canon of Finance & Administration Junior Warden