

United Church of God, *an International Association*
Council of Elders Meeting Report
Aug. 13, 2008—Milford, Ohio

The third day of the August Council meetings began with an executive session. In the open session, the Council confirmed committee assignments. The Council also heard and discussed three business items put forward by Council members.

Committees of the Council

Robert Dick asked the new members of the Council in which committees they would like to serve. After the choices were made, the Doctrine Committee was asked to choose a chairman. Richard Pinelli was selected.

Following is the new list of members of the committees (* denotes chairman):

Ethics: Aaron Dean, Clyde Kilough, Victor Kubik*, Darris McNeely, Richard Pinelli, Richard Thompson and Robin Webber.

Roles and Rules: Robert Berendt, Aaron Dean, Bill Eddington*, Paul Kieffer, Darris McNeely and Robin Webber.

Doctrine: Robert Berendt, Roy Holladay, Paul Kieffer, Richard Pinelli* and Richard Thompson.

Strategic Planning and Finance: Robert Berendt, Aaron Dean, Bill Eddington, Roy Holladay*, Paul Kieffer, Victor Kubik, Darris McNeely and Robin Webber.

Executive: Aaron Dean, Robert Dick*, Clyde Kilough and Robin Webber. (The Executive Committee is available whenever the home office needs immediate Council signatories for documents such as state registrations, etc.).

Council Member Proposals

Mr. Dick mentioned that Council business is usually generated by proposals received from the administration or from Council committees. In instances where individual Council members wish to put forward agenda items, the fundamental rule of parliamentary procedure should apply—the individual should be heard, but the majority should rule. At this meeting three items were put forward by individual Council members.

#1: Suggestion to Remove Balanced Budget Provision

Bill Eddington proposed the removal of the balanced budget provision from the Bylaws. He stated that since the Strategic Plan now drives the budget, we may want to

spend more or less in a year. He noted that his background is in the commercial business field, where planned deficit spending is usually handled with available reserves.

Mr. Dick noted that in the two retreats with Leadership Strategies, it was pointed out that the allocations in the budget are driven by the Strategic Plan—hence the saying: “The Strategic Plan drives the budget.”

Jason Lovelady also explained that the budget process should not be done in isolation from the Strategic Plan. He further noted that from a philosophical perspective, he highly recommends that we do not move away from balanced budgeting. Both the balanced budget requirement and the approved 10-week reserves act as good governors. These are two of the primary vehicles of conservative financial management that we have adopted. In fact, one of the highest-rated scores on the member survey is that the Church is a good steward of the finances.

Mr. Lovelady said the planned spending of more money in one year than our planned income for that same year would erode the confidence that the GCE and members have in the Church’s responsibility to be good stewards, and it should be avoided. By the same token, once proper cash reserve balances are in place, we should not budget large surpluses either. The Church will want to see the money used for preaching the gospel and preparing a people.

From a business perspective, Mr. Lovelady noted that taking risks, leveraging your assets, etc., are used in the corporate world. It is true that we have high reserve levels, but once those reserves are gone, they are gone. We need to look at this from a Church business perspective. We need this discipline in place. It gives confidence to the elders and members that we work within a balanced budget.

Mr. Eddington mentioned he was looking at budgeting from the commercial perspective and took his proposal off the table. Mr. Dick closed discussion on the topic.

#2: Fundamental Belief Consistency Question

The next item was brought forward by Paul Kieffer. He observed that as he was in the process of translating the *Fundamental Beliefs* booklet into German, he noted an inconsistency with our statement about the Holy Days in Article 2.1.12 of the Constitution and what was found in the booklet, which adds that the Holy Days “will be observed by all mankind during Christ’s millennial reign.” He said that while he agrees with the statement, we aren’t quoting exactly what is found in our Constitution as the booklet states we do.

Jim Franks presented a copy of the chapter under question and noted that the Council had agreed to write this booklet as a summary of our doctrinal beliefs. It is our policy that we can publish doctrinal material as long as it conforms to our beliefs. He said we also include scriptures in the booklet that are not found in the Constitution.

Mr. Kilough proposed some edits be made to the booklet and to what is on the Web site, in that this booklet is a summary of our beliefs. He noted that this will also be part of Mike Bennett's new responsibilities in editing what is on the Web and in our booklets, so that there is consistency in our publications.

This issue was remanded to the president to see that the suggested edits to this booklet be incorporated.

#3: Suggestion to Reduce Cash Reserves From 10 to Eight Weeks

Roy Holladay first proposed resetting the cash reserve requirements to eight weeks at the May meetings. In this meeting, he first noted agreement with Mr. Lovelady's earlier comments that we do need appropriate cash reserves. Mr. Holladay then asked if the level of reserves could be reset to eight weeks, which would give us two weeks of reserves equaling about \$1 million for media, TV testing, training the ministry, etc. He further stated that the membership wants to see us do more in preaching the gospel and not to just sit on the funds. He also asked if a policy could be developed governing when we can spend reserve funds.

Mr. Kilough responded that any step such as this needs time for consideration. If we spend \$1 million in reserves, then next year we won't have that amount. There would have to be specific things we would consider for its expenditure, and it would have to fit into the context of our Operation Plan.

Mr. Lovelady mentioned the discussion has been that we need 10 weeks of reserves at the lowest point of the year. With the purchase of land, coupled with the GCE decision to rescind the relocation resolution, the financing plan could not be implemented, and so we are no longer operating at a 10-week level right now. We will most likely be under eight weeks by the fall Holy Days, especially considering that this year the Holy Days are later, and the quarterly church subsidies will be sent out first.

He recommended that we keep our 10-week cash reserve policy and develop a plan to restore our cash reserves to 10 weeks rather than consider changing the policy to eight weeks. We have a number of issues looming in front us, not the least of which is the unpredictable nature of rising health-care costs. This will be a growing challenge for us when we consider our demographics and the fact that we are self-insured. Just with that one component, we will be grateful for the 10-week reserve policy.

In the business world, Mr. Lovelady said that, depending on the industry you are in, you will assume more risk. But as a church organization, we need to be conservative in our thinking. We need balanced budgeting and appropriate levels of cash reserves.

Council comments included the desire to see more money spent on preaching the gospel, and so Mr. Lovelady was asked if a 10-week reserve would be the minimum requirement to be fiscally conservative.

Mr. Lovelady emphasized again that he strongly prefers 10 weeks, but that neither is eight weeks reckless or foolhardy. He further responded that he sees no reason for changing the 10-week cash reserve policy. It has already been established and has served us well. It allows us to be in a stronger financial position for the future and gives us greater flexibility for capital investment as well.

Mr. Holladay asked if this topic could be remanded to the Strategic Planning and Finance Committee with the president and treasurer included in the discussions. He asked that the committee take on a dual project of evaluating the 10-week reserve policy and preparing a spending policy for reserves.

The Council, by consent without resolution, remanded this project to the above-stated committee with results of their discussion to be brought forward at the December meetings.

John Foster
Council Reporter

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