

United Church of God, *an International Association*
Council of Elders Meeting Report
Aug. 9, 2010—Cincinnati, Ohio

Chairman Melvin Rhodes, after a brief delay to set up video recording equipment, opened the session of the Aug. 9, 2010, Council meeting around 9:06 a.m. Eastern Daylight Savings Time, by asking Mike Blackwell to open in prayer.

The Council members present were: Aaron Dean, Bill Eddington, David Treybig, Dave Baker, Jim Franks, Robin Webber, Darris McNeely, Mario Seiglie, Mike Blackwell, Scott Ashley and Melvin Rhodes. Robert Berendt had previously apologized that he would arrive later in the morning due to personal reasons.

Also present were Dennis Luker, Victor Kubik, Jason Lovelady, Roy Holladay, Larry Darden, Peter Eddington and other guests, including some of the Council members' wives.

The minutes of the previous meeting were ratified and the agenda was agreed upon. Dave Baker requested an extra item to be included, which the previous chairman had recommended, as per an e-mail Council members had received earlier. The item related to the Council taking a proactive approach in regard to how GCE members could collect signatures from other GCE members for resolutions, appeals or such matters. The chairman, who stated he had not seen that e-mail yet, said that he would add that to the agenda during the break.

The chairman stated that the Council is considering the appointment of a new Council reporter. They had a few names in mind and have narrowed it down to two or three, who will be reporting during this set of Council meetings. The Council will then make a selection accordingly.

The chairman asked Bill Eddington to read the Council Code of Ethics, as is done at the beginning of each Council year. Upon completion, Mr. Luker was invited to present the President's Report.

President's Report by Dennis Luker

Dennis Luker stated that he wished to share with the Council and speak to the Council "not just as a president, but as an older brother in Jesus Christ with the same concerns as the whole of you." He mentioned that we talked to the same God this morning, and "poured out our hearts to Him about our concerns for the Church and for the work of God. We all have the same concerns: We love God, we love His people and we want to do His work."

He added that "we will get through this trial. We know that!" He stated he has been in the Church "over 50 years as a baptized member of the Church, 47 of those in the ministry." He said that "many of you are also long, long time members." He said that the Council members, as well as many of those listening to the recording or reading about this meeting, are equally concerned about God's work.

“Looking down at the long run,” he continued, “our concern is that we do not fail in accomplishing the mission that Jesus Christ has given to us as a Church. We know Christ is coming back; we know prophecy is being fulfilled; we know time is drawing shorter, events in the world are speeding up, our nation is in deep trouble... We all know all of these things, and we all want the Church and the work of God to be successful. We want to do the work of God. All of us do. We want to serve God. We want to finish the job that He has called us to do. And it will be done, despite us!

“I think we all know that if we get in the way, any of us, that includes me, Christ can remove me and He will do so. I have no doubts about it. If I don’t stay yielded to Him, if we don’t as a group, He will reject us and He will use someone else. But I have every confidence, that if we’re willing to learn, and grow and change, as we move along, if we are visionary, if we have the vision of the Kingdom of God, and keep that vision, as we look back over 50 some years with many trials and many tests in the Church of God, we can look back and learn from the mistakes of the past, and the lessons of the past. But we need to look ahead and keep the vision in our mind and never get discouraged and depressed to the point of ever giving up.”

Mr. Luker then said that he had asked himself a series of questions and they apply to all of us:

- “*What lesson is Jesus Christ trying to teach us?* He is always working with us. As per Revelation 2 and 3, Christ walks among the candlesticks, the Church, throughout the ages. He is always involved. Knowing everything that is going on, the good and the bad. He makes it plain and clear.”
- “*What mistakes have we made that we need to repent of and rectify?* I am sure we all made mistakes. I am sure I have, being imperfect, needing to still learn and grow. I hope each of us can ask that question of ourselves.”
- “*What will I be willing to repent of and change when I am corrected by Christ?* Because He will correct us in love. We need that. We hope that He will correct us in love. Right now governance is the issue we are dealing with in the Church. We have dealt with doctrine in 1995; now we’re dealing with issues of governance. Sounds like it is the ethical behavior of those in governance, but it is governance, bottom line! And Christ is our Governor, He is our Head, He is the only true Head of the Church. We all believe the same thing. So I expect to be corrected by Jesus Christ. And I hope you do too. If I go astray and do wrong, or mislead or misstep, have a wrong heart, and wrong attitude, and harm the brethren, and the Church and the work of God, I expect from Jesus Christ, in His love, to correct me. I hope we all expect that.”
- “*Do I love the brethren enough to do the right thing for them?* They don’t want a split.”
- “*Do we love each other enough to resolve our conflicts peacefully?* As brothers in Christ, over 50 years together, is it possible to resolve conflicts peacefully? God is the authority, not me. I can only share with you a few of the things I have learned in my years in the Church, in the ministry.”
- “*Do we love God enough to put His will above our own?* Part of the problem is we each have our own will. Or at least our own vision of what we think God’s will is. But we can’t all be right, can we? What is God’s will? Maybe it is neither your will, nor my will, nor our will, it could be something else.”
- “*Will we finish the work that He has called us to do, or will we fail?* Will I finish the work that Christ has given me to do, and His Church, and His ministry? Or will I fail, as a minister, as an elder? And that is yet to be determined from all of us. We don’t know the answer yet. Will we

Mr. Luker then added, “The answers to all of these questions are yet to be determined ahead of us.” He then looked at three “biblical, spiritual principles that God gives us to determine the answers. Because only He has the answers.”

1. *Attitudes of true humility recognizing our own weaknesses and mistakes, instead of others’*. He then referred to the following Proverbs that talk about pride, and what pride does to people and to organizations. He then added, “let God Almighty speak to us from His Holy Word.”
 - “When pride comes, then comes shame; but with the humble is wisdom” (Proverbs 11:2). He commented, “Unless we all have an understanding of what true humility is, and plead, beg God for those attitudes, then comes shame.”
 - “By pride comes nothing but strife [contention], but with the well-advised is wisdom” (Proverbs 13:10). He asked: “What do we have? Contention! So obviously there is pride. God tells us that. I’ve got, I guess, human pride. You do. We are not totally perfectly converted yet. We have different degrees of human nature, not totally emptied of self.”
 - “Pride goes before destruction, and a haughty spirit before a fall. Better to be of a humble spirit with the lowly, than to divide the spoil with the proud” (Proverbs 16:18-19). He explained, “That’s why an attitude of true humility is so vital and critical.”
 - “A man’s pride will bring him low, but the humble in spirit will retain honor” (Proverbs 29:23). He summarized that a “lack of true humility is a cause of shame and destruction.”
2. *A motivation of genuine love and concern for each other, as brothers in Christ, instead of anger, resentment and even bitterness.*

Mr. Luker commented that “we are human, we do get hurt. And when we hurt, we can get angry at times, and resentful of others, and even bitterness can creep into our lives. Sometimes we lack that genuine love that Christ talked about.”

He then asked everyone to look at what Christ said and to evaluate ourselves in the light of this scripture: “A new commandment I give to you, that you love one another; *as I have loved you*, that you also love one another. By this *all will know* that you are My disciples, if you have love for one another” (John 13:34-35).

Mr. Luker mentioned that he “looks at this scripture and the teaching of Jesus Christ, and then looks at us, not that we don’t care for one another,” but he asks himself, “wow, if people were looking at us, which they are, the brethren, the world, other church groups, I wonder if they looked at this and say, ‘It is obvious that you are Christ’s disciples by the way you love one another.’ I don’t think so, brethren!”

Furthermore, he asked: “What is wrong? Could it be that we truly lack the love of God? This love that Christ is talking about? I have to admit that must be part of the answer. Because Jesus said,

that is the way others—the world, anyone—will look at us, ‘they will know that you are My disciples, if you have love for one another.’ It is this godly, unconditional love, love towards somebody that doesn’t love you. Something is wrong! We are lacking in this quality! That’s for sure! A good thing about it is that we can always repent, grow, change.”

He then referred to Matthew 5:44-45: “But I say to you, love your enemies, bless those who curse you, do good to those who hate you, and pray for those who spitefully use you and persecute you, that you may be the children of your Father which is in Heaven.” He stated that “we surely lack in this love of God, in the way we treat one another. That’s the truth! Something is wrong, and maybe God is making us see we don’t have as much of the love of God in our lives as we really need.” He then added that “we have situations that we cannot resolve with our human talent and ability, we just cannot.”

3. *Working to be a peacemaker and striving to resolve conflict with a sincere heart.*

“Blessed are the peacemakers: for they shall be called the children of God” (Matthew 5:9). Mr. Luker emphasized that this is very biblical and added, “We make peace, we work at peace, we pray for peace, fast for peace, try to practice peace, forgive as we fall short and make mistakes.”

Mr. Luker then mentioned that Paul elaborated on this: “Be of the same mind toward one another. Do not set your mind on high things, but associate with the humble. Do not be wise in your own opinion. Repay no one evil for evil. Have regard for good things in the sight of all men. *If it is possible, as much as depends on you, live peaceably with all men.* Beloved, do not avenge yourselves, but rather give place to wrath; for it is written, ‘Vengeance is Mine, I will repay,’ says the Lord... Do not be overcome by evil, but overcome evil with good” (Romans 12:16-19, 21).

“Are we doing all we can to live peaceably with all men?” he asked. “We all will acknowledge that we are not enemies with each other. We have one enemy, one adversary, and we know who it is, the Bible tells us, Satan the devil. And what he wants is to prevent us from accomplishing and doing the work that has been given us to do.”

Mr. Luker concluded by stating, “I had to share from my heart...we will survive, we will move on—we will do the work of God and finish the work of God. I believe that with all my heart and soul and mind and strength. I just don’t have the answers of how that is going to be accomplished from here. None of you does, none of us does. Only Jesus Christ and God the Father know, truly, what is happening and what is going on, only He knows the heart of every single individual and person involved, and all that is going on—I don’t!

“So Christ is the Head of the Church. He is in charge. He will finish the work. I just hope and pray with my whole heart and being that I can be part of that. I plan to; I will never quit or give up; I know you won’t; you won’t do that either. I believe and have great faith and confidence that God is not through with us in United. We have a great work to do; we have a great purpose.

“So what will be my approach as president? I want to continually point us and direct us to our true Head, to our Lord and our Savior Jesus Christ, Head of the Church, our Leader—to honor Him, to be like Him, to be true, humble servants of Jesus Christ. He will finish the work!

“So my dear brethren, I love you all. I apologize to you for any mistakes I have made. I am sure I will make more mistakes. I want you to know they will not be intentional, they will not be purposeful, because I, like you, I want us all to move beyond all of this and by the grace of God come out of it stronger and better, so we can charge on with the vision of God’s Kingdom, with the commission that Christ has given us, to preach the gospel and prepare a people. There is a great work to be done. Let’s make sure we practice spiritual principles that Christ has given us and work together, as Mike Blackwell said in his prayer at the beginning, to go forward together and finish the work.”

Ministerial Services Report by Victor Kubik

Vic Kubik praised the Ministerial Services staff, which in spite of troubles has demonstrated a willingness to work optimistically.

Regarding the Feast he mentioned that speaking schedules had been sent out. It was a complex process, ensuring that no one on the U.S. schedule gave more than two sermons. Every pastor and many Church elders will have an opportunity to speak at the Feast. He explained that they had tried to even it out, and to show a great deal of respect to all.

Mr. Kubik mentioned that there were three changes in personnel. Dennis Luker was replaced as pastor in the Seattle, Washington, area by Steve Shafer, and Mr. Shafer was replaced by Malcolm Murray, an elder in Flint, Michigan, who was hired full-time on Aug. 2 as the pastor.

Regarding the plans for ministerial development and education, one of the highlights for the year is the Leadership Workshop over the Labor Day weekend in early September. This year 15 couples are coming in. In many cases the Leadership Workshop has led to future hires. In the history of this workshop over the last five years, 130 couples have participated; 50 men have been ordained and 25 were hired full time, of which 20 have been from the United States and five have been from international areas.

Mr. Kubik mentioned how many job duties many of the ministers have, as they keep getting added on top of existing duties. Some are writers or senior pastors over areas overseas; others are involved with the Feast, camp, Good Works, ABC and many other things, on top of pastoring churches.

Mr. Kubik mentioned that two corporal punishment incidents this past quarter had come to Ministerial Services. Parents need to be cautious when correcting children in public areas. Larry Darden, the Church’s legal counsel, has written a very good document stating that we are not against corporal punishment, but it must be properly administered.

Regarding personnel, Mr. Kubik mentioned that Ken Martin had a serious car accident driving between two congregations, but that miraculously he was unhurt. Harold Rhodes has been in the hospital with a bizarre bacterial infection since February. He is considerably improved and has been able to sit up in a chair and stand, but he still has a long way to go.

Media and Communications Services Report by Peter Eddington

Peter Eddington complimented a “great team” of employees. A number of them are young people. It is a full-time team of 25 to 30 members, some of whom are located at the home office and some who telecommute.

He reported on the revamping of our Web site. This work is continuing behind the scenes, so that eventually we will be ready to launch a completely updated Web site. We hired several part-timers to help for a short period with all the keyword tagging of tens of thousands of pages of information, so that it can be indexed into a comprehensive database of all our material. That process will be complete in early 2011. We will then have a Web site fully indexed by topic.

Darris McNeely asked what is being incorporated in this Web design, in relation to the work done by David Goss and his team. Mr. Eddington said, “The Web task force, that was put together some three years ago, came out with about 10 recommendations—and we are following through on at least half of those recommendations... For example, the idea of increasing the ‘server space’ and changing the way we serve the material is one of the recommendations by the task force; also the whole idea of turning it into a keyword database system.” He added, “What the task force came up with was very helpful, and we are doing most of it in house instead of hiring outside companies to do it. We are following through the key recommendations of the task force, yes...that did not go to waste.”

Mr. Eddington also reported on the new online-only Bible Study Guides (which are different from the printed *Bible Study Course*). “Mike Bennett and his team are working on that. We have dozens and dozens of lessons now; the goal is to have about 120 different topics covered. They will be available online as they are finished. The next step is to create an online learning system, where people log in, they have an account, and they go systematically through these lessons and at the end get a certificate. It will be a proper online learning system. But we have to have the course material first. As we finish them, we make it available, but in the meantime we are planning the course itself. And people will be able to come into the course on topics that interest them... If they are prophecy buffs, they can come in at a prophecy angle; if it is something to do with the Sabbath or Holy Days, they can come in at that angle. But to get the certificate, they will have to cover a certain number of core materials.”

The department also assists the president with communication matters, letters, editing, proofreading, assisting with the various management team blogs and answering various questions that come in as well.

The plan this year for the Feast sermon video is to have a joint presentation by the president and chairman for about 60 minutes. Mr. Luker recorded his portion in the studio and Mr. Rhodes recorded his this past Sabbath during services. These will be shortened, edited and melded together as a unified presentation. We have to get it out in the next couple of weeks.

Dave Baker asked what the theme is. Mr. Eddington said that Mr. Rhodes’ theme is “Preparing the Bride” and Mr. Luker addresses how our trials are preparing us for the Kingdom of God.

Mr. Eddington then addressed the proclamation of the gospel. “Our printing advertising plan for 2010/2011 is now on the way.” He added: “When I became interim manager, I went ahead and put together a print advertising plan for this fiscal year that we’re in the middle of now. John LaBissoniere

is coordinating that... Card decks are once again getting into people's homes, 5 or 6 million cards will go out, our Internet advertising continues online with Google, Yahoo and MSN, with very good cost per response of under US\$2—so that is one of our most cost-effective advertising [methods]—and of course our efforts on television are a form of advertising as well, although it is a half hour ad, giving us an opportunity to teach something in a half hour, and develop a relationship with our audience.”

The *Good News* circulation is approximately 360,000 and *World News and Prophecy* is around 55,000.

Then Peter Eddington gave the Council an update on *Beyond Today* via WGN. The total responses (telephone, *BT* Web site and Yahoo/Google ads) were 569 for the July 11-17 week, 724 for July 18-24 and 723 for July 25-31. The telephone response was the bulk. Mr. Eddington explained in detail how the average TV response before WGN airing was subtracted from these totals. He added that it is “not perfect science, because all responses come through the same toll-free number.”

He said that “right now we are running at an average of US\$20 cost per response—before that, we were at an average of over \$100 per response in our initial [regional] tests. This is a marked improvement, and I feel that that US\$20 dollars per response will continue to go down, as we develop an audience and as we improve the program.”

Robin Webber asked if \$20 per response was just on these three weeks. Mr. Eddington said yes, just on the first three. It takes a week or so to collect all the pertinent information.

Melvin Rhodes asked about the cost per response because he had received a number of memos in the last few weeks. “One person said that his pastor had mentioned it was \$600 per response, and then two people said it was \$150. Where are pastors getting those figures from?” Peter Eddington replied, “I don't know where those people are getting those figures from... With the initial round of test stations, Cincinnati, Indianapolis, Springfield, etc., it was quite high—the best we got was around \$70—but it did get as high as \$150 per response on some weeks, from those initial tests... That was one reason why we decided to eliminate those and go with this scenario instead... Getting [WGN's] size of coverage, for that size of audience, for what we are paying is very, very, good. So [WGN is] around about \$20 per response at the moment, and I imagine it is only going to get better.”

Aaron Dean asked about the audience size. Mr. Eddington said the potential audience is “72 million households—which is as high as 200 million people that can watch the program.”

Dual Feed for West Coast

Peter Eddington continued: “At WGN, we are talking with them about going with a dual feed—that means if it airs at 8:30 Central Time, it will also air at 8:30 Pacific Time... That is something to pray about. They're not planning to do it right now, but they talked about it... But people are listening on the West Coast; we are getting a lot of responses at 5:30 a.m.

“This past week we have added the home office address...and we now have started receiving donations addressed to *Beyond Today*...so adding the address made a difference... That is where we get back to a traditional audience, where they don't go online or cannot find a donate button... [Some are] not Web savvy, but if we give them an address, they will write in and say thank you, and send a

check. And, the first one we received was a nice donation, from someone that just had seen the program for the first time... So the Canadian office also called and asked, 'Why is not our address there?' ... So we are going to add the Canadian address."

Bill Eddington asked, "Who suggested the dual feed? Was it WGN, and is there any additional cost involved?" Peter Eddington replied, "There is no additional cost involved, as far as we understand. It was initiated by John LaBissoniere and the agent we are working through."

Scott Ashley asked if WGN advertises our program. Mr. Eddington said that they are airing free 15-second spots that we created for the initial roll-out. Later we will be charged for airing them, if we want them.

Mike Blackwell asked about the response from the *Beyond Today* Web site. "Is it people that watch on TV or can they watch it on the Web site as well?" Mr. Eddington replied, "They can watch it online...and during the program we encourage them to go online, because we pay for the phone calls; we don't have to pay for any Web responses."

Darris McNeely asked about responses in Yahoo/Google, as they relate to Aaron Booth's regular report that Council members receive. Peter Eddington said that in Aaron Booth's report "he is showing increase in traffic at the *Beyond Today* Web site on Sundays. We have seen the amount of traffic to our *Beyond Today* Web site pretty much double now every Sunday when the program airs."

Mr. McNeely then asked Mr. Eddington to qualify the difference between a "unique visitor and some of those stats that show people being there 4 minutes... What are we gleaning from that? How do we qualify that? Historically we only look at telephones... What is that telling us? Is that the same quality of response than from someone that picks up the telephone?" Peter Eddington said, "I would say yes, if not more... Keep in mind these are still early statistics [less than a month]...but the amount of traffic is increasing, and the amount of time spent on the Web site has also gone up... The average visitor is staying there longer."

Then Mr. Eddington handed out a document explaining in great detail how he got to the average responses to the TV program, in answer to a memo that he received from Jim Franks, questioning the 113 number, as the average weekly telephone response over an eight-week period for U.S. cable-access and Vision TV in Canada. The document that Mr. Eddington distributed also addressed the question from Mr. Franks about separating responses, and stated that "we would certainly love to do so if it were possible. However, since all responses from *BT* sources (WGN, cable-access and Canadian) come to a single toll-free-number and to our *BT* Web site and our Yahoo/Google ads, we must look at historical average response to give us the best estimate of current WGN response." Mr. Eddington then said that "we may be off by a few cents in cost per response," but a \$21.27 cost per response is a very reasonable estimate.

Peter Eddington then also addressed Mr. Franks' question in this document regarding the net loss of 22 member-generated cable-access stations, down to approximately 150 cable-access stations. "This is due to some stations changing formats, or [because] we lose local sponsors—it is a bit of work for local sponsors—in some areas they have changed rules, in which the programs must be produced locally, and cannot come from Cincinnati, depending on the local community-access rules and regulations... These are member generated free access stations."

Mr. Eddington then said that he is sending out a note to elders later this week about a little postcard to advertise *Beyond Today* on WGN, giving dates, times and the Web site. This is being developed to “help members getting involved. This will allow brethren to print off some color copies that may be left on bulletin boards around the community at schools, public places and to give to a friend, etc.”

Mr. Eddington added that “another item the communications department has been helping with this past week is that Mr. Luker recorded a sermon that we will put on the Web site for download for pastors to play in their congregations if they wish. It is an upbeat, inspiring message, which will be available later today or tomorrow.” It runs for about 45 minutes.

Melvin Rhodes asked if the Council could see the 15-second promotional ads on WGN at the start of this afternoon session. Peter Eddington said that it would be done.

Mr. Eddington then informed the Council of another “viral-type” video that Jamie Schreiber, primarily, is working on about “*Teaching Your Children the Ten Commandments*.” This is “cross platform” as far as Christian denominations go, something that will appeal to all Christian religions and Bible believers. “Of course, if they look at it further, they will see it comes from UCG.”

Bill Eddington then asked if there had been “much member feedback on WGN?” Peter Eddington said, “We had some member feedback...generally very positive.” Some wrote in, after the first program “saying the first program was not hard-hitting enough, and then we got a memo from them just last night, saying that the program on reincarnation was fantastic. So, given enough time, covering enough topics, the brethren will start to see that we will cover it all.”

Darris McNeely then added that some feedback “has been bad too.” He referred to one that has been “very critical...but yesterday he liked what he saw.” He then added that he had a second one yesterday that was “very complimentary of the professionalism and production quality of the program and content.”

Melvin Rhodes then asked Bill Eddington if he had any thoughts about *Beyond Today* being broadcast in Australia, and even England or other places.

Bill Eddington said that he could not answer as he is no longer a member of their National Council, and he does not know if they had any discussions about it. But he added that “historically there has always been an interest...but, of course, cost implications will have to be taken into account.”

Peter Eddington mentioned that there was an interest “from South Africa to air it. We sent them a couple of sample programs; they have to see if they can change the phone number and address.”

Bill Eddington then said that “maybe the Council should consider, now that the program has gone beyond the development phase, and it is of a sufficient high standard, to allow international areas to access it, if they can afford to do so.”

Aaron Dean asked would we “be able to advertise on *GN* labels about the *Beyond Today* program?” Peter said, “Yes!” He mentioned that Scott Ashley has started to implement something on the back of *The Good News*, that is, a *Beyond Today* ad. This will only be on the *GN*’s printed in the United States, for U.S. and Canadian audiences, not on the ones printed in Australia and South Africa.

Financial Report by Jason Lovelady

Jason Lovelady said, “We ended last year with a total income of \$23,491,000. This was 3.1 percent under what was budgeted, and it was \$349,000 (or 1.5 percent) under the previous year.” He also mentioned that “we ended the year with an unencumbered cash balance of \$6,319,000. This represents 14.14 weeks of cash reserve. This is a preliminary figure only. There still remains a number of year-end audit entries to record that will impact this balance to some degree.

“Considering that income was below budget by \$759,000 and health care costs were over budget by \$866,000, we are very fortunate to end this year in the black, with a net income of \$48,000.”

Mr. Lovelady thanked “the Council of Elders, administration and all employees for their diligence in cutting costs in their areas, which enabled us to do that. It is remarkable that we were able to absorb that much of income loss... We kept the reserves intact and have a strong balance sheet that we maintained through last year.”

Mr. Lovelady walked through the detail pages of the report distributed to the Council members and invited questions.

Dennis Luker raised a question related to “legacy costs and health care costs. Are they continuing to climb every year?” Mr. Lovelady stated that “typically it has been in the range of 15 percent increase each year in health care, except for this last year, which was over 100 percent increase in health care claims. Hopefully it is an anomaly, but at the same time with the demographics we have, and the employee base that we have, we should expect increases every year. We did not budget for 100 percent increase in health care costs. We did an actuarial study to determine what the claims were projected to be next year, and we budgeted in line with that actuarial study, based on previous years’ health care claims. We did increase the health care budget by \$300,000. For the first month [of the new fiscal year], July, we got a lot better start for health care claims than we did last year, and it is more in line with the traditional \$20,000 to \$25,000 a week in claims.”

Aaron Dean asked if “we are expecting assistance to go up considerably due to unemployment?” Mr. Lovelady said, “We budgeted slightly more, and Dave Johnson can better speak to it, but the economy hasn’t changed much from the previous year’s, so...we expect to come in similar as last year.”

Bill Eddington asked what the “subsidy line” is in education. Mr. Lovelady replied that it covered youth camp. Rent is also related to youth camps.

Bill Eddington also noted that “the major under-budget item on the General Conference of Elders section was travel. Any particular reason that we have over-budgeted, or did we do something in the year that caused us to come way under budget?” Peter Eddington suggested that “there was no

visitor from South Africa that decided to come, that we would have paid for, and three from Latin America did not come that would have been paid for.”

Jason Lovelady then moved on to the next item of the income report and forecast for the next year. He stated: “Typically in the August Council meeting I would like to have ready for review, the projected cash flow, by month, going into the next budget year. This year I thought it made most sense in working with the new treasurer in putting that together, instead of me preparing it, and handing it off as a prepared item.”

Mr. Lovelady said that “Category 1 income for the first full six weeks of this fiscal year is down by 12 percent compared to the same period last year. There are some large exceptional donations in the same period. If we remove those from the equation, the Category 1 income is down by 8.7 percent, or \$170,000, below the previous year in the last six weeks.

“If we do the same exercise over a total period of 14 weeks,” he explained, “Category 1 income is down by 9.17 percent, and removing the exceptional donations, the income is down 6.8 percent. The 14-week measurement is typically a good read, and an accurate sense of where we are, which is approximately 7 percent below the previous year’s income.”

“What does that mean?” Mr. Lovelady asked. “We budgeted a 1 percent decrease in income, based on trends last February, and assuming that the best analyses of where the income is at is 6.8 percent, the net current trend is between 5 and 6 percent below budget. This puts us at approximately \$1.2 million below budget. For planning purposes Aaron Dean and I need to determine before the Feast, to be prepared for at least \$1 million of budget cuts going forward. Again, this is early on in the year and things can change dramatically, so income will need to be monitored carefully in the months ahead.”

Mario Seiglie asked if the sale of the Denton property would help. Mr. Lovelady stated that it would help to increase the reserves, after the 10-week threshold.

Robin Webber asked about our current position related to reserves. Mr. Lovelady explained that at the end of the fiscal year we were at 14 weeks reserve, and between now and the Feast we will probably be getting just below that 10-week threshold, which is traditional. The reserve policy calls for 10-weeks reserve by the Friday before the Feast.

Aaron Dean asked about the remodel of the home office kitchen. Mr. Lovelady said that it is progressing, but not as fast as he would like. “We ran into some delays as far as putting the drawings together, for a variety of reasons, and are two weeks behind, to file for permits. Then we need to make the decision of when to do the construction, during orientation week, or do we wait two weeks and do it after Labor Day weekend, so that we do not impact negatively the leadership training workshop. We got everything ordered as far as the equipment is concerned. We still hope to get that done before the Feast.

“Tied to the kitchen remodel is to utilize the kitchen in a greater way when we have events here, like camp directors meetings, Council meals, regional pastors meetings, rather than reimbursing everyone for meals in restaurants. That will help to offset costs. If meals are outside of the home office during these events, it will be a personal expense.”

After the financial update, the chairman led a brief discussion about the scheduling of Council members to speak at the home office. It was decided to ask Darris McNeely to coordinate with the Church pastor.

Robin Webber closed the morning session with prayer at 11:52 a.m. The Council reconvened after lunch at 1:03 p.m. The chairman called on David Treybig to open with prayer.

A short video clip was shown of the advertisements prepared for TV, as mentioned in Peter Eddington's report.

Update on the Situation in Latin America From Mario Seiglie

Mario Seiglie gave greetings and love from 400 brethren in Latin America who are supportive of the Council and UCG. He mentioned that we are all grieving for the situation there and are very saddened by the events that have taken place.

He was asked by the president and Council to go to Latin America to present the reasons for what has transpired in the last month and a half. He did not volunteer for this task. He has ministered in Latin America for 23 years, of which he pastored Chilean churches for 21 years, and during the last six of those years also Argentina, Brazil and Bolivia. He also served two terms on the Council of Elders. Due to the above, he is familiar with the system of governance in United. Therefore he was sent to explain the decisions, which were carefully considered, by the president and the Council.

“As ministers are trained to do, I am a soldier of Christ, and I go where I am sent,” he stated. “After visiting Chile, Mexico, Colombia, Honduras, Guatemala and El Salvador, I reached out to the ministers and brethren there for a reconciliation, in a respectful and loving way. A few ministers have responded, and when presented both sides of the issue, they have understood the situation and are backing the governing authorities of United.”

He mentioned that many brethren are turning around as they become aware of the facts. He added: “One of the big problems I have noticed is misinformation. Sadly, in the recent months prior to the situation in Latin America, many of the president's letters and the Council of Elders' letters had not been translated into Spanish, and they had not been distributed to the congregations. Some were distributed only in English, which 90 percent of the people do not read. Yet numerous letters which were against the president or the Council of Elders had been translated and had been distributed among the ministry and membership.

“Now all letters from the Council of Elders and the president are being translated into Spanish and being sent to these areas. It is making a big difference!”

The Council of Elders wanted to reach out to all the ministers and brethren, not only with the written word, but also by sending people to Latin America. Mr. Seiglie said he and some of the ministers from the United States who speak Spanish have gone into Latin America and sent in reports as well. He mentioned that Scott Hoefker, a doctor of family psychology who has been visiting that area since 1996, accompanied him for 10 days on his latest trip to encourage the brethren there.

Mr. Seigle highlighted the example of a pastor in Latin America who “told his congregation that he would not sign any petition, or back anyone, until he heard both sides of the issue.” Mr. Seigle stated that he had a Question and Answer session in which this pastor was present. At this Q&A “he became convinced that the Council of Elders and the president had acted in an appropriate way. He then made the decision to back the governing authorities, and show both sides of the issue to the congregations he pastors. As a result, virtually 100 percent understood what had happened, and backed the pastor’s decision.”

Mr. Seigle expressed that he wished more people had done the same thing, “but, unfortunately, that has not been the case in the majority of the situations. And most brethren, still, are not allowed to hear both sides of the situation. I have been barred from many of the churches. I have tried to call the ministry, I have talked to them, let’s talk together, let’s reason among ourselves, but that has not been the case of the majority.”

He explained that they have put people guarding the churches, so that if anyone appears, they have orders to just bar anyone that comes from the Council of Elders or the president. He stated that “nevertheless we will not give up on the brethren or the ministry. We will continue to extend a brotherly hand to those who want to hear both sides, and then decide.”

Regarding the approaching Festival season, he said we have already established five Feast sites with over 400 brethren attending, and many more are joining as they are able to hear both sides of the issue.

One thing that has confused many of the brethren is United’s governing structure. He said that many think that the president and regional directors are over the Council of Elders. Mr. Seigle then used a simple graphic to describe UCG’s governance structure, as per our governing documents. Under God the Father and Jesus Christ, the General Conference of Elders is responsible to appoint the Council of Elders. The Council selects, directs and guides the president, who in turn delegates the various day-to-day administrative duties, as he deems appropriate, to operation managers, regional pastors and senior pastors.

He then stated that in Latin America the “chain has been broken in that the regional director will not listen to the president or to the Council of Elders.” As a result, Mr. Seigle continued, “many of those pastors underneath his authority have also decided to separate and to have their own church services and their own Feast sites.”

Mr. Seigle said that United will not give up the care of brethren. The brethren need to have the opportunity to listen to both sides of the situation. “The Council of Elders is truly concerned and will take further actions to show that they deeply care for our brethren in Latin America,” continued Mr. Seigle. “I was not yet part of the Council of Elders when these decisions were made, but I have seen that the Council of Elders harbors thoughts of peace and love, and so does the president.”

He then asked everyone to “pray for all the ministry and brethren in Latin America, that the hearts of those that have been hardened through confusion or otherwise will be restored back again. So please remember we need all of your prayers.”

The chairman then led a brief question and answer session about the Latin America region. Mr. Rhodes asked about the Feast locations. They are in Mexico, Guatemala, Colombia, Bolivia and Chile.

Aaron Dean asked about the mailing lists. Mr. Seigle explained that “the mailing lists are not at the home office. They are in the pastors’ areas, and none of the pastors have turned them in. We do have some from Central America we are piecing together as we can, and if someone really wanted to show goodwill, he could send them to us and in five minutes we could have all the subscriber lists. This is because we have the July *Good News* in Spanish that have been printed, and we do not have the mailing lists, and they are just being stored away... Those subscriber lists don’t serve them, as they don’t produce the magazine. We produce the magazine, we advertise it, and we don’t have the subscriber lists. So this is the dilemma we are under.”

Darris McNeely asked about the legality of the subscriber lists being sent to the United States, as some countries cannot by law send those lists to the home office. Mr. Seigle said that is not the case in South America. He added, “I have never heard a lawyer say that these lists have to stay in that country.” Mr. McNeely then asked for confirmation if the decision to keep the lists in the region was one done by the administration. Mr. Seigle explained that it was just a matter of mailing costs. “Originally we had the lists here, but it got so expensive that it was more cost effective to bulk ship to the regions and then local members [could prepare them for mailing] and use the local postal service.”

Victor Kubik asked about the number of members in the region. He has heard numbers ranging from 3,000 to 2,000. Mr. Seigle stated that the most accurate numbers are based on the monthly church attendance reports sent to the home office. The average is around 2,000.

Jim Franks confirmed that the monthly church reports do indeed reflect a membership of 2,000 with a peak of 2,200 to 2,300. He then added that Feast attendance can go up to 2,700 or 2,800, but that is inflated with members from the United States going to Latin America for the Feast.

Mr. Seigle said that we still have about 1,000 people that we have not been able to contact and who have not received anything from us. He added, “The problem is we do not have member lists as well. So there is no way we can send the letters directly to them. So it is only through the Internet that they can have access to it.”

Dave Baker asked how many members have access to the Internet. Mr. Seigle estimated about 25 percent. He said that the members are still living in difficult financial times, and that some only make US\$100 per month, and with a family to support. So the Internet is not an option for them. He added that many members are elderly.

Scott Ashley asked about the members’ general reaction. Mr. Seigle stated he has basically been trying to reach ministers. We have only been able to communicate to some of the members about the Q&As at a certain time and place. He tells them that they “are welcome to come; we will put everything on the table. But there is a lot of fear; there is a lot of intimidation going on. If you go, that’s it for you. They really fear the reprisals and the consequences of showing up and just listening. And it takes a lot of courage, because a lot of them are families...and for them to come, is almost like a betrayal—so it is very tough!”

Mr. Rhodes asked about Argentina. Mr. Seigle said that an elder there had stated that he had made up his mind to follow Mr. Walker.

Bill Eddington asked what countries he had not visited. Mr. Seigle replied that he has not visited Peru, Bolivia, Argentina, Brazil or Ecuador. He added that in Chile and in Mexico there are several small churches that he had not been able to visit. "Let me highlight that in Latin America the two biggest churches are in Chile [about 450 people], and Guatemala...another 400. That's almost half..." The rest are mostly small congregations.

The open session closed at 1:37 p.m. The meeting continued in executive session.

-end-

Jorge de Campos
Council Reporter for this meeting

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