

Governance Review:
Status Report of Working
& Steering Committees

Spring 2007 Deanery Meetings

Recap: How did this all begin?

- ¶ Transition brought governance weaknesses to light
 - Some issues not addressed
 - Multiple parties thought they were responsible for some issues
 - Lack of clarity re: responsibilities and process
 - Council underutilized, not fulfilling role dictated by canons
- ¶ Bishop Marc asked Standing Committee to review
 - Transparency of structure, people, process, and finance is goal
 - Standing Committee created two committees to do this work
 - Working Group: Research & suggest alternate approaches
 - Steering Committee: React to proposals, raise objections, suggest alternatives

Governance Review: Timeline to Date

- ¶ June 2006: Bishop Marc asks Standing Committee to review governance structures of the Diocese
 - Specifically: Board of Directors, Standing Committee, Council
- ¶ August 2006: Standing Committee meets with Diocesan Council & Deanery Presidents; Working Group begins work
- ¶ October 2006: First meeting of Working Group & Steering Committee
- ¶ Since December 2006 we've met each month in various places around the Diocese, including a day-long retreat

Principles & Proposals Considered

¶ Guiding principle is transparency

- Clear role for all committees
 - No overlap of roles/responsibilities
- Organization structure supports process
- Clear & visible process for major decisions
 - Scope for public comment during process
- Nominating process an integral part of committee selection
 - For both appointed & elected members

¶ Working Group reviewed 20 largest dioceses

- Options for structure: 3, 2, or in one instance, 1 committee
 - Single committee model attractive but unrealistic at this point
 - Three committee model creates difficult liability issues

Proposal For New Governance Structure

- ¶ Diocesan Council conducts business of diocese
 - Responsible for strategic & financial matters
 - Supervises all departments
 - Oversees investment management & major capital spending
- ¶ Standing Committee manages people & process
 - Retains responsibility for clergy matters (including housing)
 - Oversees Nominating Committee
 - Oversees Review of Canons & Governance

Council Acts as Directors of Diocesan Corporation

¶ Officers

- Chair: Bishop
- President: President Of Council
- Secretary: Elected by Council

¶ Takes maximum advantage of liability protection under California Code Sec 9247

- Volunteer Directors protected from liability due to negligence
- Authorization for Diocese to indemnify Directors & purchase appropriate D & O insurance

Specific Responsibilities of Diocesan Council

- ¶ Exercise powers of Convention between meetings
- ¶ Develop & implement the policies, programs & budgets approved and adopted by Convention
 - Lead strategic thinking, strategic planning & new ministry initiatives
 - Create/ supervise Departments & Commissions
 - Approve Bishop's appointments
 - Oversee Diocesan finances
 - Arrange audit of Department of Finance
 - Manage assessment appeals process
 - Oversee management of investments
 - Carry out board duties
- ¶ Participate individually on Departments, Commissions & other Diocesan Committees

Program & Budget Process

- ¶ Initiated by Council through Program & Budget Committee
 - Bishop/ Council appoints elected Council member as chair
 - Treasurer ex-officio member
 - At least 3 other members chosen from Council
- ¶ Preliminary budget approved by Council in April
- ¶ Sent to Deaneries & Vestries for comment by May 31
 - Responsibility of Deanery delegations to report to their Vestries and solicit comment
- ¶ Receive comment no later than June 30
- ¶ Amended budget published by July 31
 - Sub-Committee responds to Comments
 - Negotiation where appropriate
- ¶ Convention accepts budget with additional comment
- ¶ Council finalizes budget weighing Convention comment

Coordinate/ Approve Non-Operating Expense

- ¶ Recommend policies to Convention and gain approval
 - Use of the line of credit
 - Use of endowment funds
 - Distribution to operating fund
 - Capital spending
 - Allocation of funds to clergy housing
- ¶ Key elements in decisions
 - Requests & projects evaluated by Department of Finance
 - Expense aligns with policy
 - Financial rationale
 - Clear & objective process
 - Council decides if policy permits
 - Standing Committee & Convention approve when policy requires

Oversee Investment Management

- ¶ Appoint & supervise Investment Committee
 - Membership
 - Meeting calendar
- ¶ Approve investment policies set by committee that receive concurrence from Department Of Finance
 - Portfolio allocation strategy
 - Policy on approved investments
 - Policies on Planned Giving, e.g.
 - Gift acceptance
 - Liabilities assumed

Department Of Finance Responsibilities

- ¶ **Oversee all aspects of Diocesan finance, e.g.**
 - Manage credit relationships
 - Ensure operating expenditures are appropriate
 - Monitor potential liabilities accruing in contracts, maintenance arrears etc.
- ¶ **Assist Division Of Program & Budget**
 - Coordinate funding requests & prepare budget as directed by P & B
 - Offer comment to Council on P & B proposed budget
- ¶ **Coordinate & comment on requests for finance, e.g.**
 - Lines of credit
 - Diocesan Corporation
 - Corp Sole
 - Endowment
- ¶ **Oversee statutory obligations**

Standing Committee Responsible for People & Process

- ¶ Retains responsibilities defined by Canons
 - National
 - Diocesan
- ¶ Oversee Committees
 - Nominations
 - Governance

Role Of Nominating Committee

- ¶ Identify people willing to serve
 - Solicit volunteers
 - Maintain register of potential appointees
- ¶ Offer alternative nominees to fill positions
 - Assist Bishop with appointments
 - Ensure 2 nominees for elected positions
 - Propose nominees to Diocesan institutions
- ¶ Validate credentials of nominees
 - Diocesan positions
 - Proposed independently
 - Proposed by Nominating Committee
 - Boards Of Episcopal organizations
- ¶ Build register of position descriptions

Future Timeline & Communication

- ¶ End of March: Page on Diocese of California website
- ¶ May 5: Visioning Day
- ¶ Summer Deanery Meetings: May ask all Deaneries to add an hour to their normal meeting time
- ¶ Canon and resolution writing will occur over the summer
 - Canons need tweaking even without structure considerations
- ¶ Expect to have enough to begin to transition to a new structure by Diocesan Convention
 - Transition will likely take a year with structure-related canon changes in Oct 2008
- ¶ Governance review will be an on-going process in diocese

How to Give Input

- ¶ Technical/legal questions about proposed structure
 - Paul Evans: padevans@paladincap.com
- ¶ Questions about communications & process
 - Kathy Henry: khenry@cmp.com
 - Vanessa Glass: vanessaglass@comcast.net