

Executive Council Minutes  
Stockton, California  
January 29 – 31, 2009

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**THURSDAY, JANUARY 29, 2009**

The meeting was called to order by the Chair, Presiding Bishop Katharine Jefferts Schori with a prayer. She then called on the Secretary, Gregory Straub, for announcements and the roll call.

**ROLL CALL**

All present, unless otherwise noted.

The Most Reverend Katharine Jefferts Schori, Chair

Dr. Bonnie Anderson, Vice Chair

David Alvarez	Del Glover	Edward Rodman
Tim Anderson	Thomas Gossen	Petero Sabune
Rosalie Ballentine	Joyce Hardy	Stacy Sauls – arrived late
Hisako Beasley	Bettye Jo Harris - excused	Dennis Stark
RPM Bowden	Mark Harris	John Vanderstar
Jon Bruno	Angela Helt	Winnie Varghese
Kim Byham	Josephine Hicks	Belton Zeigler
Lee Crawford	Julio Holguín	
Sharon Denton	Gay Jennings	<u>DMFS Officers</u>
Ian Douglas	Timothy Kimbrough	N. Kurt Barnes
George Frazer - absent	Sandra McPhee	Gregory Straub
Dorothy Fuller	Ted Mollegen	Linda Watt
Butch Gamarra	Emily Morales	
Bruce Garner	Wilfrido Ramos-Orench	<u>Canadian Partner</u>
Vicki Garvey	Terry Roberts	Dorothy Davies-Flindall

Gregory introduced our new Canadian partner, Dorothy Davies-Flindall. Dorothy is replacing Michael Ingham, who resigned for personal reasons.

A motion to accept the agenda was moved, seconded and approved. A motion to accept the minutes of the October, 2008 meeting was moved, seconded and approved with one abstention.

**REPORTS FROM COMMITTEE CHAIRS**

TERRY ROBERTS - CONGREGATIONS IN MINISTRY

CIM will discuss Scenario Planning, as well as long range planning for Latino/Hispanic Ministries.

SANDI MC PHEE – INTERNATIONAL CONCERNS

INC will discuss the Executive Council response to the St. Andrews Draft, General Convention, a covenant for Liberia and pensions. They will hear staff reports and a report from the Standing Commission on Anglican and International Peace with Justice Concerns.

## JOHN VANDERSTAR – NATIONAL CONCERNS

NAC will meet jointly with INC to hear a report from Deb Stein, Program Director of Episcopal Migration Ministries. They will spend time with the people of the Diocese of San Joaquin, as well as Richard Cluett, newly hired pastoral assistant to reorganizing dioceses.

## JOSEPHINE HICKS – ADMINISTRATION & FINANCE

Most of A&F's work will be on the 2010-2012 triennial budget.

## TASK FORCE REPORTS

A&F 068 (review of Executive Council By-Laws) – Mark Harris

After meeting in Montana, the committee realized that decisions made at General Convention will shape and change the work of the Executive Council. Therefore, they suggest holding off making any substantive changes to the By-laws.

## OPENING REMARKS

Katharine Jefferts Schori expressed her pleasure at being in the Diocese of San Joaquin. She spoke of the dioceses she has visited since the last meeting, noting especially a visit with Bishop Packard to military personnel outside Washington, DC. She reminded the group of the urgent need for members of the military and their parents and offered that the Office of the Bishop Suffragan for Chaplaincies is a good resource. She also pointed out that the budget challenges we face are due to poor performance of the endowment, not a decline in diocesan givings.

Bonnie Anderson gave an update on the upcoming Mutual Responsibility and Mission Conference (MRMC), which is a direct result of Executive Council resolution INC 005. The conference will be held in Costa Rica from February 22-27, 2009. John Kafwanka is the keynote speaker. Bonnie thanked the Executive Council for originating and providing funds for this conference.

Linda Watt reported that the Regional Offices in Seattle, Omaha and Los Angeles are operational. She thanked Margaret Rose for coordinating the in-house gathering, which was very well received. Staff new hires include Tom Brackett, Program Officer for Church Planting and Redevelopment (Asheville, NC); Gary Gleason, Diocesan Services; Richard Cluett, Pastoral Assistant to Reorganizing Dioceses; and Mary Kostel, Special Counsel for Property Litigation and Discipline. Linda then introduced the new Director of Communication, Anne Rudig.

Anne spoke of her desire for increased collaboration and creativity and her plan to lead The Episcopal Church into the brave new world of all new media. She hopes to “beef up” the website and showed some examples of work on branding done by Mary Brennan, Program Officer, Mission Communication.

There was a break and then time for private conversation, Holy Eucharist and lunch.

## THURSDAY AFTERNOON

The first part of the afternoon was spent in committee. Then the Council gathered in plenary for anti-racism training, facilitated by Ed Rodman. Ed showed a documentary by Katrina Browne entitled “Repairing the Breach”. This is a follow-up to her documentary “Traces of the Trade”.

## FRIDAY MORNING, JANUARY 30

The morning was spent in committee time.

#### **FRIDAY AFTERNOON**

A motion to amend the agenda was moved, seconded and approved. The Chair called on the Secretary for announcements and the Consent Calendar was announced:

#### **Consent Calendar**

A&F 087 A&F 088 A&F 089 CIM 037 INC 058 NAC 043 NAC 044

Josephine Hicks introduced the topic of the triennial budget. She said that the committee (A&F) tried hard to honor the priorities set by the Executive Council. They identified critical issues that must be addressed like the Archives and Mission Funding. They were mindful of the fact that this budget does not have a specific line addressing the MDG's, but many line items do address these goals. There was less income than they would like to have and more to do than there was money for.

Kurt Barnes gave an overview of the 2009 Budget, beginning by thanking all who have worked so hard to present a balanced budget. Kurt said that A&F has done an excellent job of asking questions and making suggestions. Best efforts were made to forecast full year 2008 based on actuals and forecasts. The 2009 budget reflects assumptions of no increase in contributions from dioceses and a 5% dividend of trailing five-year assets (though the actual dividend will be voted on at the January meeting).

Next, Kurt Barnes spoke about the draft budget for 2010-2012 and, more specifically, about line items where there were increases. He stressed that they (A&F and management staff) tried faithfully to address the five priorities voted on by Executive Council. Projections were based on diocesan income increases of 1%, 2% and 2% in 2010, 2011 and 2012, dividend draws of 5 ½ % in each year and endowment returns of 8% each year. Dividend income will be impacted by the portfolio decline of 33% in 2008. Staff will be asked to cut an additional 9% from their budgets. Kurt explained that this is a situation that has not been seen since the Great Depression, and we must be good stewards to those who come after us.

General Convention will approve a triennial budget, but Executive Council will revisit it each year. There was time for questions and comments. Some of the points brought up by Executive Council members were the hope for some articulation on monies spent on priorities (MDG's) and questioning why there were increases in Finance and Mission Funding, with decreases in all other items.

Next, Rosalie Ballentine reported for the St. Andrews Draft Response writing committee. Rosalie thanked the committee for their hard work. She spoke of the process they employed, which was similar to the process used for the Nassau draft. There was some discussion of the response, and then it was moved, seconded and approved.

The rest of the afternoon was spent in Executive session.

#### **FRIDAY EVENING**

The evening was spent with Bishop Lamb and invited guests of the Diocese of San Joaquin.

#### **SATURDAY MORNING, JANUARY 31**

A motion to amend the agenda so A&F follows CIM was moved, seconded and approved.

CONGREGATIONS IN MINISTRY – TERRY ROBERTS

Terry began by introducing Angela Ifill, Program Officer, Office of Black Ministries. Then she presented CIM 038, but it was not moved at this time, as A&F will move a similar resolution. She then moved CIM 040 and asked Ted Mollegen to speak to it. Ted began by emphasizing the need for strategic vision and a mechanism for implementing it. Linda Watt and Bud Holland have promised help on this project. There was some discussion about the implementation and whether it would be advisable to wait until General Convention, since the Blue Book report of the Standing Commission on Domestic Mission and Evangelism contains a similar resolution. Ted feels it is important to start the work now, so that there is something to show by General Convention.

**CIM 040** – *Adopted by majority*

To: The Executive Council  
From: CIM  
Date: January 30, 2009  
RE: Strategic Planning

TITLE: Initiate Strategic Planning Which Includes Futurist Scenario Planning for the Executive Council and The Episcopal Church Center

*Resolved*, That the Executive Council create a Strategic Planning Committee to assist Executive Council and the Church Center in their capacities as entities charged with implementing the vision and priorities of General Convention; and be it further

*Resolved*, That the Committee be charged with developing a draft ten-year strategic vision and high level plan for the Executive Council and the Church Center intended to be updated periodically, which:

- identifies and tracks the missional, financial, societal, cultural and other challenges and opportunities facing The Episcopal Church;
- considers alternative paths of action;
- recommends a path;
- defines measurable indicators of success for the selected direction including a specific timeline;
- details resources needed and proposes how those resources will be gathered;
- develops the means for evaluation; and be it further:

*Resolved*, That the Committee report progress to each subsequent 2009 meeting of the Executive Council at which times Council will provide guidance to the Committee, and be it further

*Resolved*, That the Committee provide a progress report to the 76<sup>th</sup> General Convention; and be it further

*Resolved*, That the Committee consist of nine members, six appointed by the Presiding Officers: including one bishop, one priest or deacon and one lay person, who are members of Council; plus three other TEC members; and be it further

*Resolved*, That the Presiding Bishop appoint three members of Church Center staff to serve on the Committee; and be it further

*Resolved*, That the Presiding Bishop appoint a convener for the first meeting, at which meeting the Committee will elect a Chair, a Vice-Chair and a Secretary.

*Resolved*, That the work of the Committee be assisted by a strategic planning process consultant; and be it further

*Resolved*, That minutes of the meetings of the Committee be distributed to the Presiding Officers and to members of the staff of the Church Center, as designated by the Presiding Bishop, as well as to all members of Council; and be it further

*Resolved*, That the estimated 2009 cost of approximately \$95,000 be funded from sources to be identified by the Committee.

**COST:**

Two three-day meetings and two two-day meetings:	\$ 23,400
Futurist Consultant	\$ 28,000
Planning Process Consultant	\$ 45,000
	=====
Total	\$ 96,400

**EXPLANATION**

This resolution is based on a resolution entitled “Continuous Cycle of Strategic Planning” in the forthcoming Blue Book Report of the Standing Commission on Domestic Mission and Evangelism (SCDME), but envisions a smaller Committee than the SCDME recommendation of an 18-member Committee resolution, structured by orders along the same lines as a Standing Commission. If approved, the work under the SCDME resolution would not start until 11 months from now.

We are at a watershed moment in the Episcopal Church and do not want to lose this moment. It is a time that we have the opportunity to become the truly multicultural church about which we dream and we seem poised as a denomination to effectively reach the “spiritual but not religious” in new ways, but it will require nimbleness to adapt to our rapidly changing social context. We must be focused and intentional to do so. And, we don’t have a year to wait.

Many, many good efforts in the DFMS are already underway, but that what is missing is the overall unifying vision and plan.

To take best advantage of the mission opportunities before the Church, we need to start Strategic/Scenario Planning now, rather than waiting for the start of the next Triennium. It is hoped that the 76<sup>th</sup> General Convention next summer will authorize continuation of the effort for the 2010-2012 Triennium, perhaps with modifications based on experience in this effort.

It is hoped that a public presentation can be made during non-legislative time at the General Convention, before the SCDME (or other) planning resolution comes to the floor of Convention.

It is noted that by canon, the Presiding Officers are *ex officio* members of Executive Council Committees.

Next, Terry moved CIM 039, which was passed by acclamation.

**CIM 039 – Adopted**

To: The Executive Council  
From: Congregations in Ministry

Date: January 31, 2009  
RE: IN HONOR OF BUD HOLLAND

Be it known to all persons:

We hereby recognize The Reverend Melford (Bud) Holland for his impressive ministry and show our appreciation by means of this resolution, which is designed to embarrass him sufficiently, so that despite his many efforts at self-effacing humor and deadpan demeanor, we have all known for many years that he was a brilliant strategist and a can-do person no matter what the task set before him.

Therefore be it *Resolved*, That the Committee on Congregations in Ministry wishes to express its deep appreciation for the distinguished ministry of The Reverend Melford (Bud) Holland; and be it further

*Resolved*, That in light of his many years of remarkable service as a staff member of the Episcopal Church, in which he has earned the great admiration and high respect of many in the Church, numerous Executive Councils and several Presiding Bishops. And, in the course of which, he has survived many transitions, downsizings, and reorganizations. Having been able to do this because of his keen acumen, servant leadership style, ombudsman-like qualities and unique talent for leveraging funds within the Byzantine structures of the Episcopal Church, therefore being able to depart with an impeccable reputation with his hands in many things and his fingerprints on nothing; and be it further

*Resolved*, That the Presiding Officers, the other members of Executive Council and the staff here assembled join us by unanimously adopting this resolution in his honor at this meeting.

Anthony Guillen, Staff Officer for Latino/Hispanic Ministry, gave a presentation on Latino ministry, including strategies and tactics to reach out to this growing population. After the presentation Bishop Katharine asked if the powerpoint presentation could be made available on the website, and David Alvarez asked if this could be part of the agenda at the House of Bishops meeting. CIM 041 was moved, and a friendly amendment to use the word implementation instead of execution was made. Butch pointed out that when we speak of Latino ministry, it is also Black Latinos and Asian Latinos.

#### **CIM 041 – Adopted**

To: The Executive Council  
From: Congregation in Ministries  
Re: Plan for Latino/Hispanic Ministries  
Date: January 30, 2009

*Resolved*, That the Executive Council meeting in Stockton, California, January 29-31, 2009, adopt and commend for implementation *Creating a Welcoming Presence* as the Episcopal Church's vision and strategy for Latino/Hispanic ministry .

This concluded CIM's report.

#### **ADMINISTRATION AND FINANCE – JOSEPHINE HICKS**

Josephine began by calling attention to corrections in the budget presented yesterday. A corrected copy was distributed. Next, she moved A&F 083.

**A&F 083 – Adopted**

For: Executive Council  
From: Administration & Finance Committee  
Date: January 30, 2009  
Subject: 2009 Dividend Rates for the DFMS Trust Fund Portfolios

*Resolved*, That the dividend rate for 2009 for the DFMS Trust Fund portfolios available to support the operating budget of DFMS be set at \$1.02 per share; and be it further

*Resolved*, That the dividend rate for 2009 for Trust Funds in the DFMS Endowment Portfolio that are not available to support the operating budget of DFMS be set at \$1.02 per share.

**EXPLANATION**

The recommendation of the DFMS Investment Committee, as indicated in the DFMS Statement of Investment Policy, is that the dividend rate (income payout rate) for the endowment portfolio be set at 5.0% of a five-year rolling average of year-end share value.

The payout rate honors the budget adopted by the General Convention for the 2007-2009 triennium, which reflected a dividend rate of 5.0%. It is a continuation of the 5.0% rate adopted for 2008.

These formulas are consistent with standards of prudent fiduciary conduct in the management of endowment funds and with general practice among university, foundation and other non-profit endowment funds.

<b>Year Ending 12/31</b>	<b>Endowment Year-End \$ Market Value</b>	<b>Year-End \$ Value per Share</b>	<b>\$ Payout per Share</b>
1993	165,047,128	12.97	\$0.53
1994	154,445,571	11.97	0.58
1995	181,706,358	14.03	0.66
1996	201,350,087	15.28	0.66
1997	234,560,896	17.58	0.72
1998	261,275,077	19.42	0.78
1999	328,505,375	23.11	0.87
2000	322,244,548	22.51	1.00
2001	288,077,082	19.95	1.08
2002	233,073,041	15.91	1.09
2003	286,424,423	18.96	0.97
2004	290,365,630	20.15	1.10
2005	297,874,833	20.48	1.07
2006	341,512,277	22.82	1.05
2007	363,807,040	24.12	1.08
2008	239,717,369	15.29	1.07
2009			1.02

**A&F 084** was withdrawn.

**A&F 085 – Adopted**



TO: Executive Council  
FROM: Standing Committee on Administration & Finance  
DATE: January 30, 2009  
RE: Use of Reserves: Re AF-051 Revised 2008 Budget

*Resolved*, That the Executive Council approves the use during 2009 of \$32,000 of the Reserves allocated, but unused during 2008.

#### Explanation

The Revised Budget for The Episcopal Church for 2008 included taking an additional \$340,000 from reserves to be distributed for mission and ministry by administration and four center directors for additional mission and ministry (which was identified as Mission Opportunity Contingency).

Some of the training and professional development activities identified in 2008 cannot occur until 2009.

Next, A&F 086 was presented and there was discussion around the loss of the MDG line item. Points were made that the budget should show how we are continuing to live into our commitment, and that staff should have to identify where in the budget are MDG allocations. Bonnie reminded the group that this is a draft budget and an amendment to change the word “proposed” to “draft” was moved, seconded and passed.

#### **A&F 086** – *Adopted as amended*

To: The Executive Council  
From: The Standing Committee on Administration & Finance  
Date: January 31, 2009  
Subject: 2010-2012 Triennium Budget

*Resolved*, That the Executive Council approves the draft Budget for The Episcopal Church for the 2010-2012 triennium.

#### **A&F 090** – *Adopted*

To: Executive Council  
From: Administration and Finance Committee  
Date: January 30, 2009  
Subject: St. Ives Legal Defense Fund

*Resolved*, That Trust Fund # 1033, The St. Ives Fund, be established to support non-budgetary legal expenses; and be it further

*Resolved*, That income, accumulated appreciation and principal may be used by the Society for such legal expenses as determined by the Presiding Bishop, after consultation with the Treasurer, the Vice Presidents of DFMS, and the Chair of Executive Council Standing Committee on Administration and Finance.

#### **EXPLANATION**

**Trust Fund # 1033**, The St. Ives Fund, is intended to provide financial support for legal costs associated with efforts to defend and preserve the Church’s rich heritage, which includes

physical and intellectual property. The initial expressions of interest for the St. Ives Fund have come from members of the legal profession, including lawyers, judges and law professors. As of 12/31/08, \$11,000 had been raised to fund the trust.

**A&F 091** was withdrawn.

**A&F 092** – *Adopted*

To: The Executive Council  
From: The Administration & Finance Committee  
Date: January 30, 2009  
Subject: Reserve Draw 2009

*Resolved*, That up to \$300,000 is authorized from short term reserves to facilitate an initial first meeting of all CCABs in the fall of 2009; and be it further

*Resolved*, That up to \$300,000 is authorized from short term reserves for strategic communication initiatives.

With the presentation of A&F 093 came a request to suspend parliamentary procedure. This request was granted, and Josephine spoke to A&F 093, and Belton Zeigler spoke to CIM 038. There was discussion of merging the resolutions, but Belton felt that the resolutions could go in tandem. Kurt stated that the Audit Committee found that having Gregory Straub as the company whistleblower is not best practices. Tom Gossen cautioned the need for a balance of old and new members if a task force is appointed. Gay Jennings feels that this is really in the purveyance of A&F, not CIM, while Ted Mollegen said that the business of reviewing policy is the work of administration, overseen by the Board. Del Glover cautioned acting too quickly to put this in place, and John Vanderstar asked why two separate groups were needed. Bonnie pointed out that Council would have to re-consider and defeat A&F 081 before going forward, and Katharine called for a return to parliamentary procedure with the reconsideration of A&F 081.

There was a move to rescind, seconded and adopted by majority.

An amendment to A&F 083, incorporating CIM038, was moved and seconded, but failed.

**A&F 093** – *Adopted by majority*

TO: Executive Council  
FROM: Standing Committee on Administration & Finance  
DATE: January 30, 2009  
RE: Compensation and Benefits Task Force

*Resolved*, That the Executive Council requests that the presiding officers appoint a task force, at least two members of which are from the membership of the Standing Committee on A&F, to conduct a comprehensive review of the human resources practices of the Domestic and Foreign Missionary Society relating to all employees, contractors and consultants of the DFMS. The review shall include, but is not limited to, hiring practices, recruitment and diversity, compensation and benefits including compensation strategy and policy, pension policies, training and development, performance evaluation and grievance procedures. The review shall also consider the establishment of a Personnel Committee of the Executive Council. The report to Executive Council shall include recommendations concerning practices and policies going forward. Consultants to assist the work of the task force shall be made available as necessary.

The task force shall be appointed and begin its work in 2009 and shall bring recommendations to the Executive Council by Executive Council's fall meeting in 2010; and be it further

*Resolved*, That up to \$35,000 be sought from Constable Fund income.

**CIM 038** was moved, and an amendment was proposed to add "the committee would not serve as a grievance panel". The amendment was seconded and passed by majority, but the amended resolution failed by majority.

A&F 094 was moved, and there was discussion around the Block Grant procedures. An amendment to change the word "terminated" to "suspended" was proposed, but failed. An amendment to delete the word "extraordinary" was made, seconded and passed.

**A&F 094** – *Adopted as amended with two abstentions*

TO: Executive Council  
FROM: Standing Committee on Administration & Finance  
DATE: January 30, 2009  
RE: Covenants and Grants Accountability

*Resolved*, That the Executive Council directs The Episcopal Church to follow the appended procedures; and be it further

*Resolved*, That the Office of the Treasurer, in concert with the designated DFMS staff member, oversee this process.

Block Grant procedures 2010 and beyond: AF059 Task Force (Back-up to A&F 094)

**Originator**

1. Must be more than a single individual:
  - If a diocese: the bishop plus diocesan council, trustees, standing committee and/or diocesan convention
  - Others: CEO and board or other representatives as appropriate
2. Request must include:
  - Detailed description of the project
    - Expected duration
    - population to be served
    - personnel involved
    - goals, including measurable results
    - nature of the project
    - financial particulars (how much, in what increments, itemized expenses, etc.; other possible sources of income)
    - specific plans for ongoing evaluation
    - benefit/s to the wider church
    - if the program is to be ongoing, plans for self-perpetuation
  - Accompanying documentation
    - complete diocesan reports and budgets for the previous five years (to include income, expenses, revenue, gift income, other grants) with an explanatory narrative
  - Amounts and/or percentages to be determined from time to time by the Audit Committee of Executive Council in consultation with the Treasurer of The Episcopal Church.

**A Designated Staff member of TEC will**

- Receive the proposal and review it with the originator

- Consult with the Office of the Treasurer for accuracy, history and viability
- Oversee deadlines for submission
- Consult with originator/recipient at agreed dates
- Ensure that stated goals are being met
- Render assistance as needed
- Assist in evaluation of the project in course and at conclusion

**Reporting for approved grants**

1. Reporting frequency will depend in part on the anticipated duration of each proposal, but no less than after six months for new grants and annual reporting thereafter, to include
  - Who is being served
  - Who facilitates and monitors at the local level
  - Financial reports to be submitted by local auditors/financial experts vetted by the Office of the Treasurer
2. At conclusion: final report and engage in final evaluation with the designated TEC officer

**Grant Non-compliance**

1. If first benchmark passes with no report or incomplete report
  - The TEC designated staff member contacts recipient requesting response within one month and informs Office of the Treasurer of the delinquency
  - If no subsequent response, TEC designated staff member responds with a second and final request for compliance and again informs the Office of the Treasurer.
2. If no report response after second month, the grant/covenant will be terminated.

**Arbiter: Executive Council**

1. If covenant or grant is already in process:
  - if the grant is at the 75%+ level of completion, the project will be continued to completion with final evaluation
  - If less than 75% complete, all parties should engage in an evaluation as soon as is practicable to assist in the successful completion of the individual grants and covenants
2. DFMS Audit Committee or Grants Auditor might assist through:
  - Identification and vetting of local auditors/financial consultants
  - Assisting originator and TEC officer evaluate financial reports
  - Assisting when the issue of non-compliance is a financial issue
  - Assisting with final evaluation of the project

When A&F 095 was moved, a clarifying amendment to add the word “following” before “officers” was moved, seconded and passed. A question about accountability was raised, and an amendment was moved to add the phrase “which shall be reported to the Council not later than its April meeting”. This was seconded and passed.

**A&F 095 – Adopted as amended**

TO: Executive Council  
 FROM: Standing Committee on Administration & Finance  
 DATE: January 31, 2009  
 RE: Loan for the Episcopal Diocese of San Joaquin

*Resolved*, That the Executive Council supports the Episcopal Diocese of San Joaquin in its protection of diocesan properties by making a loan available in an amount not to exceed

\$500,000, the terms of such loan to be determined in consultation between the Diocese and the following officers of the Domestic & Foreign Missionary Society: the Treasurer, the President of the House of Deputies, the Presiding Bishop and the Chief Operating Officer, which shall be reported to the Council not later than its April meeting.

#### INTERNATIONAL CONCERNS – SANDI MCPHEE

Sandi began by thanking the translators, Bety Ziman and Dinorah Padro, for their work. INC had a busy agenda, hearing staff reports, discussing Mission Funding, mission-related aspects of General Convention, CETALC, a recommendation from the Standing Commission on Anglican and International Peace with Justice Concerns and the covenant with Liberia.

#### **INC 059 – Adopted**

To: The Executive Council  
From: International Concerns  
Re: Solidarity with Zimbabwe  
Date: 29 January 2009

*Resolved*, That the Executive Council of The Episcopal Church, meeting at the Stockton Grand Hotel, Stockton, CA, January 29-31, 2009, commend the work of Presiding Bishop Katharine Jefferts Schori and Bishop M. Thomas Shaw of the Diocese of Massachusetts for their efforts to stand in solidarity with Bishop Sabastian Bakare of the Diocese of Harare and the Anglican Church in Zimbabwe as it has suffered under the repression and abuses of human and political rights perpetrated by the government of President Robert Mugabe; and be it further

*Resolved* That the Executive Council joins the calls of Bishops Jefferts Schori and Shaw and other international leaders for fair political representation for all Zimbabwean citizens in free and open political processes; and be it further

*Resolved* That the Executive Council urges the international community, particularly Zimbabwe's neighbors in the Southern African Development Community, to insist on an end to the political violence, torture, intimidation and other abuses of human and political rights undertaken habitually by the Mugabe government; and be it further

*Resolved*, That the Executive Council urges Episcopalians to stand in solidarity with the Anglican Church in Zimbabwe and all Zimbabwean people by advocacy, education and continual prayer in the Name of the Prince of Peace for the peace, healing and reconciliation of Zimbabwe.

#### Explanation

In late May of 2008, the Rt. Rev. M. Thomas Shaw, SSJE, Bishop of the Episcopal Diocese of Massachusetts, spent one week in Zimbabwe as the personal representative of the Most Reverend Katharine Jefferts Schori and at the invitation of Bishop Sabastian Bakare of the Diocese of Harare. The purpose of Bishop Shaw's visit was to express The Episcopal Church's solidarity with its Anglican brothers and sisters in the Diocese of Harare, who are oppressed profoundly and to gather information for the Presiding Bishop about the political situation there. He interviewed some 50 priests, lay people and human-rights lawyers in Harare during his stay.

Bishop Shaw, who has shared his experiences with U.S. lawmakers and with members of the Standing Commission on Anglican and International Peace with Justice Concerns, has affirmed calls by church and political leaders around the world for stronger international action to contain Zimbabwe's political crisis for ensuring fair national elections, political representation for all

Zimbabweans and an end to the widespread political violence and other human-rights violations perpetrated by the ruling government of President Robert Mugabe.

What follows are excerpts of his observations from his time in Zimbabwe:

“You are undoubtedly aware of the ongoing political turmoil and violence in Zimbabwe that led to the June 27<sup>th</sup> run-off election. You may be less aware of the suffering of thousands of Anglicans there, who have been physically assaulted while worshipping, and their house of worship locked. The government police forces consider them enemies of President Mugabe and are attacking them, as well as human rights workers and others...

The situation in Zimbabwe is indeed grave. There are widespread violations of human rights, daily reports of murder and torture and an economic and humanitarian crisis of enormous proportions. The inflation rate is one million percent, and unemployment ranges between 80-90%. There are long lines for gas and at banks, limited electricity and clean water and virtually empty shelves in supermarkets. The judiciary has been compromised, as members of the high courts and Supreme Court have directly benefited from President Mugabe’s so-called “land reforms,” fueling corruption and violations of civil liberties.

According to the Zimbabwe constitution, citizens are entitled to freedom of religious expression and conscience, but these rights have been violated. Thousands of Anglican worshipers have been locked out of their churches, their church properties have been occupied by government-backed allies and their personal automobiles have been confiscated. A local priest must move from house to house every night to avoid possible arrest. A nine-year-old boy and a widowed mother of five children were beaten by police for failing to leave the church site.”

Since the time of Bishop Shaw’s visit, the Zimbabwean opposition to the Mugabe government, led by Morgan Tsvangirai, has dropped calls for national elections, fearing that the political violence and fraud that tainted elections conducted earlier in the spring would make a fair electoral process nearly impossible. Instead, Tsvangirai and President Mugabe entered into negotiations for power sharing, mediated by the then-President of the Republic of South Africa. Under that agreement, Mugabe will remain president while Tsvangirai will assume the newly created post of prime minister. It remains to be seen whether such a power-sharing agreement will affect genuine change in Zimbabwe’s governance, and international calls for fair elections and new measures to stem human rights abuses remain.

#### NATIONAL CONCERNS – JOHN VANDERSTAR

National Concerns heard staff reports and discussed Mission Funding, the St. Ives Fund, on-line giving and the Archives project. The committee met jointly with International Concerns to hear from Deb Stein about EMM, met with representatives from the Diocese of San Joaquin and heard from Rick Cluett about the work being done in the reorganizing dioceses.

John asked Kim Byham to speak to NAC 044, and Kim urged Council members to look at the website <http://www.episcopalinvestments.org>.

#### **NAC 044** – *Adopted with one abstention (J. Vanderstar)*

TO: The Executive Council  
FROM: The Committee on Corporate Social Responsibility  
DATE: January 31, 2009  
RE: Recommendations for proxy voting – new shareholder resolution texts

Resolved, That the Executive Council instructs the Treasurer to vote in favor of all resolutions, asking companies to review their proxy voting policies (although there is no Episcopal Church policy on this issue, the Committee on Corporate Social Responsibility is of the opinion that this resolution is consistent with the responsible exercise of fiduciary duties and the Episcopal Church's own voting policies), and be it further

(Att. 1)

Resolved, That the Executive Council instructs the Treasurer to vote in favor of all resolutions, asking companies to report on consulting services provided with regard to executive compensation (although there is no Episcopal Church policy on this issue, the Committee on Corporate Social Responsibility is of the opinion that this resolution is consistent with good corporate governance and the Episcopal Church's filing of shareholder resolutions focusing on executive compensation), and be it further (Att. 2)

Resolved, That the Executive Council instructs the Treasurer to vote in favor of all resolutions, asking companies to report on predatory lending practices related to credit cards (based on the Episcopal Church's prior filing of shareholder resolutions related to predatory mortgage lending and an Executive Council resolution of 1995), and be it further

(Att. 3)

Resolved, That the Executive Council instructs the Treasurer to vote in favor of all resolutions, asking companies to report on trades and the value thereof for over-the-counter credit default swaps (based on the Episcopal Church's previous support of resolutions asking financial companies to disclose information about their risk management policies), and be it further

(Att. 4)

Resolved, That the Executive Council instructs the Treasurer to vote in favor of all resolutions, asking companies to report on racial disparities in home preservation and preventing foreclosure (based on the Episcopal Church's prior filing of shareholder resolutions related to predatory mortgage lending and an Executive Council resolution of 1995), and be it further

(Att. 5)

Resolved, That the Executive Council instructs the Treasurer to vote in favor of all resolutions, asking companies to provide information about the amount of mercury in compact fluorescent light bulbs sold and to provide consumers information about the safe disposal of broken light bulbs (based on the Episcopal Church's previous support of shareholder resolutions regarding product labeling and mercury), and be it further

(Att. 6)

Resolved, That the Executive Council instructs the Treasurer to vote in favor of all resolutions, asking companies to report on internet network practices and their effects on privacy and freedom of expression (although there is no Episcopal Church policy on this issue, which is new to work within shareholder activism, the Committee on Corporate Social Responsibility is of the opinion that such policies are consistent with good corporate social responsibility, particularly if human rights are affected as in Attachment 12).

(Att. 7 and 8)

Resolved, That the Executive Council instructs the Treasurer to vote in favor of all resolutions, asking companies to amend their greenhouse-gas emissions policies to cease financing of mountain-top removal mining (based on Resolution D005 of the 2000 General Convention and the Episcopal Church's filing and support of shareholder resolutions on global warming and greenhouse-gas reduction; this resolution is also more narrowly tailored than a similar

resolution on which the Episcopal Church voted “abstain” last year); and be it further  
(Att. 9)

Resolved, That the Executive Council instructs the Treasurer to vote “abstain” on all resolutions, asking companies to create a comprehensive policy regarding human rights to water (although the Committee on Corporate Social Responsibility was in sympathy with the goals of the resolution, it concluded that the wording of the resolution, particularly with regard to the source of the “Human Right to Water,” was unclear and confusing), and be it further  
(Att. 10)

Resolved, That the Executive Council, meeting in Stockton, California from January 29 to 31, 2009, instructs the Treasurer to vote “abstain” on all resolutions, asking companies to select at least one candidate with environmental expertise in matters related to mining (the Committee on Corporate Social Responsibility was of the opinion that while the goal of this resolution is good—to increase the environment expertise present on a corporation’s board, it concluded that (a) micro-managing board composition at this level of detail would be problematic and (b) it is possible to have environmental expertise, but in a context that would not be supportive of environmental responsibility) (Att. 11)

That concluded the committee reports.

#### CLOSING REMARKS FROM CHAIR

At this time, Bishop Katharine gave her closing remarks before departing to Alexandria, Egypt, for the Primates Meeting. She said that the most uplifting part of the Council meeting was hearing from the people of the Diocese and she gives immense thanks to the leadership. Regarding the budget, she was distressed that the commitment to mission has gone down while the budget for General Convention has gone up. She is aware that some of the staff have felt personally challenged by remarks in committee meetings and reminded everyone to be mindful of the way they treat people. She gave some statistics on the diversity of the staff, as reported by Human Resources. John Colon will be invited to the next meeting to give a complete report. Bishop Katharine ended by commending the work of the Executive Council and giving thanks for their ministry.

#### SATURDAY AFTERNOON

The afternoon session was chaired by Bonnie Anderson. She began by calling the consent calendar.

#### **CONSENT CALENDAR – *Adopted***

#### **CIM 037 – *Adopted***

To: Executive Council  
From: CIM  
Date: January 30, 2009  
RE: Constable Grant – Anti-Racism Training for American Churches in Europe

*Resolved*, That the Executive Council meeting to Stockton, California, from January 29 – 31, 2009, approve the proposal for Anti-Racism training for the American Churches in Europe, which was requested by the American Churches in Europe and the Social Justice Office for \$30,000.



**INC 058– Adopted**

To: Executive Council  
From: Standing Committee on International Concerns  
Date: December 11, 2008  
Subject: Extension of a Companion Diocese Relationship

*Resolved*, That the Executive Council meeting in Stockton, California, from January 29-31, 2009 vote to recognize an extension of the Companion Diocese Relationship between the Diocese of Iowa, the Diocese of Brechin in the Scottish Episcopal Church and the Diocese of Swaziland in the Anglican Church of Southern Africa, until terminated by mutual consent.

**NAC 043 – Adopted**

TO: Executive Council  
FROM: Gary Williams  
DATE: January 5, 2009  
SUBJECT: **Jubilee Programs**

Here is a list of Jubilee Programs reviewed by Executive Council on January 29, 2009 – January 31, 2009.

**NEW**

St. John's Episcopal Church  
170 N. Glenwood  
(Mail: P.O. Box 1690)  
Jackson, WY 83001  
Diocese of Wyoming

Cumberland Adult Reading Council (CARC)  
1038 Sparta Highway  
Crossville, TN 38572  
Diocese of East Tennessee

The Crisis Ministry of Princeton and Trenton  
Trinity Episcopal Church  
33 Mercer Street  
Princeton, NJ 08540  
Diocese of New Jersey

St. Luke's Thrift Shop  
St. Luke's Episcopal Church  
432 S. Burdick  
Kalamazoo, MI 49001  
Diocese of Western Michigan

**REAFFIRMATION**

Christ Church Cathedral  
125 Monument Circle, Suite 600

Indianapolis, IN 46204-2917  
Diocese of Indianapolis

Damien Center  
26 N. Arsenal Avenue  
Indianapolis, IN 46201  
Diocese of Indianapolis

**NAC 045 – Adopted**

To: Executive Council  
From: NAC  
Date: January 30, 2009  
Subject: Reception of the initial report concerning B-011: A Plan Moving Forward

*Resolved*, That the Executive Council meeting in Stockton, California, January 29-31, 2009, acknowledges receipt of the initial report: Response of the Episcopal Church to Hurricane Katrina: Parish, Pastoral, Diocesan and National Lessons Learned.

**Explanation**

This initial report is part of a three part strategy for the implementation of Resolution B-011, approved by the 75<sup>th</sup> General Convention. It is hoped a final report will be available for general distribution by January, 1, 2010, completing Stage One. Stage Two will include gathering comprehensive demographic data on identified geographic areas to identify new missional opportunities. The final step under B-011 would be to retain the services of a mission strategist to assist in making comprehensive development plans for new congregations. The funding of this strategist – who is yet to be identified – would be through the appropriation for B-011, approved by the 75<sup>th</sup> General Convention.

**A&F 087 – Adopted**

To: The Executive Council  
From: The Joint Standing Committee on Administration & Finance  
Date: January 29, 2009  
Subject: Trust Fund #1030 (Episcopal Diocese of Lexington – Endowment Fund)

*Resolved*, That Trust Fund # 1030, Episcopal Diocese of Lexington – Endowment Fund, be established as an investment account for Diocese of Lexington in Kentucky, which may withdraw principal and/or income upon request and may add to the principal at its discretion.

**EXPLANATION**

**Trust Fund # 1030 Episcopal Diocese of Lexington – Endowment Fund (2009)**

This fund was established with \$100,000.00 as an investment account by the Episcopal Diocese of Lexington, KY. This is a custodial-type fund, meaning that DFMS is not trustee for these funds, but as custodian is providing the owner (Diocese of Lexington, KY) with access to investment management through DFMS endowment. The owner may add to or withdraw principal funds at its discretion.

**A&F 088 – Adopted**

To: The Executive Council  
From: The Joint Standing Committee on Administration & Finance

Date: January 29, 2009  
Subject: Trust Fund #1031 (Episcopal Diocese of Lexington – Domain Fund)

*Resolved*, That Trust Fund # 1031, Episcopal Diocese of Lexington – Domain Fund, be established as an investment account for Diocese of Lexington in Kentucky, which may withdraw principal and/or income upon request and may add to the principal at its discretion.

#### EXPLANATION

##### **Trust Fund # 1031 Episcopal Diocese of Lexington – Domain Fund (2009)**

This fund was established with \$100,000.00 as an investment account by the Episcopal Diocese of Lexington, KY. This is a custodial-type fund, meaning that DFMS is not trustee for these funds, but as custodian is providing the owner (Diocese of Lexington, KY) with access to investment management through DFMS endowment. The owner may add to or withdraw principal funds at its discretion.

##### **A&F 089 – Adopted**

To: The Executive Council  
From: The Joint Standing Committee on Administration & Finance  
Date: January 29, 2009  
Subject: Trust Fund #1032 (Episcopal Diocese of Lexington – Discretionary Fund)

*Resolved*, That Trust Fund # 1032, Episcopal Diocese of Lexington – Discretionary Fund, be established as an investment account for Diocese of Lexington in Kentucky, which may withdraw principal and/or income upon request and may add to the principal at its discretion.

#### EXPLANATION

##### **Trust Fund # 1032 Episcopal Diocese of Lexington – Discretionary Fund (2009)**

This fund was established with \$100,000.00 as an investment account by the Episcopal Diocese of Lexington, KY. This is a custodial-type fund, meaning that DFMS is not trustee for these funds, but as custodian is providing the owner (Diocese of Lexington, KY) with access to investment management through DFMS endowment. The owner may add to or withdraw principal funds at its discretion.

End of Consent Calendar

Next, Bonnie called for reports from all live task forces of Executive Council:

A&F 048 – Chaired by Clayton Crawley; up and running  
A&F 031 – Chaired by Josephine Hicks; has completed its work  
A&F 068 – Chaired by Mark Harris; on-going  
INC 005 – Convened by Bonnie Anderson; on-going  
INC 021 – Chaired by Rosalie Ballentine; on-going  
INC 055 – Chaired by Ian Douglas; will have first face-to-face meeting in March

#### COMPANION CHURCH REPORTS

Our partner from the Anglican Church of Canada, Dorothy Davies Flindall, thanked everyone for the welcome she received. She noted that the table group format, the emphasis on mission and work on the response to the St. Andrews Draft covenant are common areas the Episcopal Church shares with the

Anglican Church of Canada. She mentioned an expense committee as something Council may want to adopt as part of the process when resolutions have financial implications. She ended by thanking everyone for the opportunity to observe.

Next, Petero Sabune, our liaison with the Anglican Church of Canada, relayed his experience as an observer at their meeting. He noted their commitment to mission, as well as reconciliation, and said that although they struggle with budget and have had to cut staff, they have added a full time officer for philanthropy.

Our representative with the ELCA, Vicki Garvey, reported that the Lutherans have gone entirely paperless. They are very health conscious, and have added an exercise break to their schedule. They want to strengthen the partnership between The Episcopal Church and the ELCA, and their Presiding Bishop opined that Vicki should have voice and vote.

Gregory Straub conducted Real Time Evaluation (See Attachment B). He also thanked Winnie Varghese and Brian Prior for their work on the liturgy and asked for a volunteer for the next meeting. Lee Allison Crawford volunteered to develop the liturgy for the April meeting.

#### CLOSING REMARKS FROM VICE CHAIR

Bonnie Anderson spoke her pleasure to be in the Diocese of San Joaquin and said that it has set a model of ministry for all the baptized. She also reminded everyone that although we are going through some tough times, tough times for us are like a resort vacation for two-thirds of the world. A highlight of this meeting for her was the film shown as part of the anti-racism training. She thanked everyone for their good will and patience.

The meeting was adjourned at 2:50 p.m.

## **Attachment 1**

### **Proxy voting review**

State Street Corporation is a respected leader in the financial services industry and State Street Global Advisors (SsgA) has a long track record of responsive service to investment management clients.

State Street publishes an annual Corporate Social Responsibility (CSR) Report, describing a broad spectrum of policies and programs addressing sustainability concerns. “Simply put, corporate social responsibility is good for business,” asserts the 2007 CSR Report.

The 2006 CSR report states “You will read about how we protect shareholder value through corporate governance; conduct our global business by collaborating with customers and strategic partners; preserve the environment; create a positive work environment for our employees; and serve our communities...and why we think sustainability is important to our long-term success.”

Furthermore, since 1986 SsgA has offered socially screened portfolios for clients. By 2007, according to the CSR Report, SsgA was managing \$80 billion in assets incorporating environmental, social and governance factors.

As part of its fiduciary duty, State Street is responsible for voting proxies of companies in which it holds stock on behalf of clients. However, its proxy voting record seems to ignore State Street’s proclaimed environmental commitment and stated position regarding the impact of key environmental factors on shareholder value. A thoughtful fiduciary must carefully review the economic rationale for all proxy initiatives.

To the best of our knowledge, SsgA uniformly votes against all shareholder resolutions on social, environmental and climate change matters, backing management recommendations even when major proxy advisory services, such as RiskMetrics, support such resolutions with a clear, economic rationale.

For example, increasingly investors around the world acknowledge the potential for climate change to affect long-term business success. Pension funds, investment management firms and other investors with over \$50 trillion in assets under management support the Carbon Disclosure Project, an organization calling on companies to disclose their greenhouse gas emissions and reduction plans.

In 2008 over 50 resolutions were filed at companies facing a potential, significant business impact from climate change. Many of the resolutions simply asked for more disclosure, noting that thousands of companies globally report on their carbon emissions and steps they are taking to reduce them. State Street voted against such resolutions, in contrast to investment firms such as Goldman Sachs, Schwab and Lazard who supported some of them.

Ironically, State Street reports its own greenhouse gas emissions in its CSR Reports and further describes the company’s active role in addressing climate change.

We are disappointed that State Street’s proxy voting record does not reflect the company’s own commitment to climate change, as well as other social and environmental factors with the potential to impact long term shareholder value.

**RESOLVED:** Shareholders request the Board to initiate a review of SsgA's Proxy Voting Policies, taking into account State Street's own corporate responsibility and environmental positions and the fiduciary and economic case for the shareholder resolutions presented. The review should consider updating State Street policies. The results of the review, conducted at reasonable cost and excluding proprietary information, should be reported to investors by October 2009.

## **Attachment 2**

### **Disclosure of consulting services**

**RESOLVED**, that stockholders of Citigroup Inc. (“Citigroup”) urge the board of directors to adopt a policy that Citigroup shall include in the Compensation Discussion and Analysis section of the proxy statement the following information:

- a. A description of any services, other than executive compensation consulting (“Other Services”), provided by any firm that provides executive compensation consulting services (each, a “Firm”) to Citigroup’s board’s Personnel and Compensation Committee (the “Committee”), in the last full fiscal year;
- b. If a Firm has provided Other Services-
  - i. The fees paid by Citigroup to the Firm in the last full fiscal year for (i) executive compensation consulting services and (ii) Other Services;
  - ii. Whether individual consultants who provide executive compensation advice are permitted to own equity interests in the Firm; and
  - iii. Whether incentive compensation arrangements link the pay of consultants who provide executive compensation advice to the Firm’s provision of Other Services.

**Supporting Statement:** As long-term owners, we believe that a company’s pay practices reflect how well a board aligns management and shareholder interests. The current financial crisis has made clear that executive compensation at many companies is on an unsustainable trajectory and has become unmoored from company performance.

As compensation has become more complex, board compensation committees are increasingly turning to compensation consultants to craft executive pay packages. We believe a potential conflict of interest exists at companies like Citigroup in which firms are hired to do work for both the board’s compensation committee and the company or its management. We note that Citigroup’s most recent proxy statement characterizes Mercer Human Resource Consulting’s additional engagements with Citigroup as “substantial,” but does not disclose the fees paid to Mercer for either compensation consulting or other services.

The potential conflict of interest stems from the fact that executive compensation consulting is often much less lucrative than providing other kinds of services, such as employee benefits management, information technology, and actuarial consulting. One independent consultant has estimated that executive compensation consulting accounts for only between .5% and 2% of total firm revenue. (Comment Letter of James F. Reda & Associates LLC on S7-03-06, “Proposed Rules on Executive Compensation and Related Party Disclosure,” at 5 (Apr. 6, 2006)) A 2007 study by the House Committee on Oversight and Governmental Reform, using data subpoenaed from consulting firms, found that on average, consulting firms that provided both executive compensation and other kinds of consulting were paid nearly 11 times more for the other consulting than for the executive compensation services.

Given the key role compensation consultants play, we believe that stockholders should be given the information needed to assess the independence of the board’s compensation consultant. This proposal urges Citigroup to disclose facts we think stockholders would view as material to the consultant’s independence and the objectivity of its advice.

We urge stockholders to vote FOR this proposal.

### **Attachment 3 Predatory credit card practices**

**WHEREAS:** Our company is one of the nation's largest credit card issuers, with tens of billions of dollars in outstanding credit card loans to consumers.

Amid the economic uncertainty sparked by the sub-prime mortgage crisis, some banks are turning to their high-margin credit card divisions to help offset their losses elsewhere.

In the wake of declining home values and the inability to tap into this source of funds, many Americans are turning to credit cards as a last source of capital to get them through difficult times.

According to the Federal Reserve Statistical Release, revolving debt as a percentage of total debt in US households is dramatically increasing and credit card loans are at their highest delinquency rates since 1993.

The sub-prime borrowing class is the most profitable market segment for credit card issuers, and most vulnerable to predatory practices.

Sub-prime consumers, specifically those with FICO credit scores less than 660, are often targeted with "fee harvesting" cards. These cards, which typically carry a limit of no more than \$500, can cost borrowers up to half or more of their credit limit simply in activation and maintenance fees, while positioning the cardholder to unknowingly incur late, over-the-limit and other fees.

Based on an October 2008 report by Innovest, 28% of our company's credit card accounts are classified as sub-prime.

Aggressive and questionable marketing to teenagers and college students – often using poor lending criteria – has contributed to a rise in undergraduate credit card debt from an average of \$2,169 in 2004 to \$8,612 in 2006.

Provisions such as universal default, sometimes known as risk-based pricing, unfairly penalize borrowers with higher rates on accounts where they have never missed a payment.

Typical credit card practices such as bait and switch marketing, changes of mailing address, delayed billing, hidden fees and unintelligible cardholder agreements hurt consumers.

Resolved: That the shareholders request the Board of Directors to complete a report to shareholders, prepared at reasonable cost and omitting proprietary information, evaluating with respect to practices commonly deemed to be predatory, our company's credit card marketing, lending and collection practices and the impact these practices have on borrowers.

**Supporting Statement:** Trapping consumers in debt under predatory terms that make successful repayment virtually impossible weakens the long-term financial prospects of our company and the national economy as a whole. Credit card policies and practices designed to strengthen (rather than abuse) consumers' financial health are in the best interest of our company and its clients.



**Attachment 4**  
**Disclosure of credit default swap trades**

**WHEREAS** the Financial Stability Forum (group consisting of finance ministries, central bankers, and international financial bodies. Founded in 1999), has stated that “enhanced disclosure by financial firms of more meaningful and consistent quantitative and qualitative information about risk exposures, valuations, off-balance sheet entities and related policies would be very useful in restoring market confidence.” (Report Resilience, April 2008)

**WHEREAS** President Bush’s Working Group on financial markets (comprising of the Treasury Secretary, the chairs of the Board of Governors of the Federal Reserve, the Securities and Exchange Commission, the Commodities Future Trading Commission) has stated that U.S. banking regulators and the SEC should promptly assess current guidance and develop common guidance to address the risk management weaknesses revealed by the recent market turmoil, including improvements to:

- \* management information systems, including procedures that ensure aggregation of exposures across all business lines and ensure rigorous valuations of instruments and exposures;
- \* concentration risk management, liquidity risk management, stress testing and other risk management practices that are necessary to ensure that liquidity and capital cushions are sufficiently robust to absorb extreme system-wide shocks; and
- \* governance of the risk management and control framework, including the development of, and adherence to, practices that address incentive problems in compensation policies.

And further recommends that

- \* U.S. authorities should encourage other supervisors of global firms to make complementary efforts to develop guidance along the same lines.

**WHEREAS** in May 2006 the chair of the New York Federal Reserve Bank, warned that “it is very important that the major dealers make the investments necessary to improve the operational infrastructure that underpins the credit derivatives and broader OTC derivatives market. Operational risk and infrastructure failures have played a prominent role in past financial crises, and the infrastructure weaknesses that have characterized the credit derivatives markets since their inception are an ongoing source of concern” (May 2006 Stern School of Business)

**WHEREAS** SEC Chair Christopher Cox has called for legislation that would make credit default swaps more transparent and give regulators “the power to rein in fraudulent or manipulative trading practices and help everyone better assess the risks involved”.

**WHEREAS** Chairman Cox has further stated that, “Transparency is a powerful antidote for what ails our capital markets.”

**BE IT RESOLVED** that the shareholders request that our company periodically report publicly both the category of trades and the value of their trades, (but not the names of their counterparties), in over the counter credit default swaps.

Supporting Statement

The sustained turmoil in global financial markets highlights a serious lack of trust and confidence that is systemic in nature and extends to individual institutions, active in financial markets. Enhanced public disclosure of the number and size of trades in credit default swaps can make an important contribution to restoring trust and allowing credit markets to function smoothly. By agreeing to such disclosure, our Company can play a key role in this rebuilding process and restore the confidence of shareholders and stakeholders.

**Attachment 5**  
**Racial disparities in home preservation**

**WHEREAS**, mortgage foreclosures in 2007 and 2008 threaten the stability and profits of virtually all lending companies, including Wells Fargo. Federal Reserve Chair Ben Bernanke testified in March 2008 that total losses on subprime mortgage foreclosures in the fourth quarter of 2007 exceeded 50% of the principal balance;

A report by Merrill Lynch has projected that losses on subprime mortgages could reach \$250 billion, based upon the forecasted 2.3 million loans expected to default in 2008 and 2009 (Center for Responsible Lending, Issue Brief Aug 2008);

Wells Fargo has made a good effort to clear its books of subprime loans, but has estimated it will record \$65 billion in losses on \$498 billion of Wachovia loans after its proposed purchase;

Conventional subprime loans often include high fees and do not require escrowing of taxes and insurance, placing the burden of paying these large lump sum expenses on the homeowner(s);

The 2007 Federal Home Mortgage Disclosure Act (HMDA) data reveals that the incidence of these high-cost conventional subprime loans issued to African Americans was 34%; to Hispanics, 29%; yet the incidence of subprime loans to Caucasian borrowers was 11%. The Federal Reserve concluded that this disparity in the incidence of high-priced loans could not be adequately explained by borrower income or by other borrower-related factors in the HMDA data.

Data shows that families receiving high-cost conventional subprime loans (as stated above, predominantly African-American and Hispanic families) are more likely to foreclose than families receiving Community Development Financial Institution (CDFI) subprime loans (Risky Borrowers or Risky Mortgages, Center for Community Capital, October 2008). In a 2008 study, high-cost conventional subprime loans had a default rate four times higher than a representative CDFIs subprime loans, as of September 2007;

The cost of foreclosure to our Company is high, creating a negative impact on shareholder value. Preventing foreclosure through home preservation and solid lending practices can save lenders 87% of the cost of the foreclosure process. Home preservation occurs when defaulting borrowers are able to retain ownership of their homes through refinancing, repayment or forbearance plans, and/or loan modification.

**RESOLVED**, shareholders request that the Board publish a report to shareholders within six months, omitting proprietary information and at a reasonable cost, of the Company's home preservation rates from 2003 to 2008. This report should disaggregate the data for African-American, Hispanic, and Caucasian mortgage borrowers.

**Supporting Statement:** Preserving homeownership curtails losses for our Company and halts the negative impacts of foreclosure on communities: e.g., abandoned houses, increased crime, devaluation of neighboring homes, and erosion of the tax base.

## **Attachment 6**

### **Compact fluorescent light bulbs**

**WHEREAS** compact fluorescent lamps (CFL) manufactured for Lowe's are positive, energy-saving products that save up to 75% in energy costs and last far longer than incandescent bulbs. However, CFLs contain mercury and therefore pose health risks to consumers when broken requiring appropriate package labeling and risk disclosure.

Ed Yandek, chairman of the National Electrical Manufacturers Association (NEMA) Lamp Section Technical Committee has stated that "it is to the lighting industry's advantage to limit the total mercury content of CFLs and to work with all stakeholders so that CFLs are managed in an environmentally responsible manner at end-of-life."

Current technology requires mercury for operation of fluorescent lamps, but accidental exposure to mercury in the bulbs through consumer breakage poses potential threats to environmental health. Overexposure to mercury can result in respiratory failure, affect kidney and brain functions, and cause long-term neurobehavioral problems in children whose mothers were exposed during pregnancy ([http://www.oehha.ca.gov/air/toxic\\_contaminants/pdf\\_zip/Mercury\\_postSRP3.pdf](http://www.oehha.ca.gov/air/toxic_contaminants/pdf_zip/Mercury_postSRP3.pdf) p 1).

EPA has established a level of safe exposure of mercury in the air at 300nanograms/cubic meter. The Centers for Disease Control consider minimal risk to be at 200nanograms/cubic meter. Studies indicate that a broken CFL with 5mg of mercury can produce mercury vapor levels well in excess of these levels – from 8,000 to 150,000nanograms/cubic meter ([http://mpp.cclearn.org/wp-content/uploads/2008/08/final\\_shedding\\_light\\_all.pdf](http://mpp.cclearn.org/wp-content/uploads/2008/08/final_shedding_light_all.pdf) pp 4, 6, 7).

Consumers need disclosure of the precise amount of mercury present in each individual lamp, not an average or range, in order to make informed purchasing decisions based on environmental impact and potential threat to human health. Packaging should also include information on clean-up procedures to be followed by consumers when bulbs break as recommended by Environmental Protection Agency (EPA).

**RESOLVED:** Shareholders request the company to adopt a policy of labeling its CFL products to disclose the precise amount of mercury contained in each fluorescent and mercury-containing lamp, and to provide information on special procedures for safe clean-up recommended by EPA if lamps break during normal service or handling.

**Supporting Statement:** Providing mercury content information on the package will give Lowe's Bright Effects brand products a potential advantage over its competition. It will provide a valuable service to consumers in situations where CFL breakage could pose health threats to family members or pets. Providing clean up information with each package allows consumers to be informed and ready to follow proper procedures before accidents happen, eliminating the need for urgent calls to local authorities after product breakage.

**Attachment 7**  
**Internet – public expectation of privacy**

The Internet is becoming the defining infrastructure of our economy and society in the 21st century. Its potential to open markets for commerce, venues for cultural expression and modalities of civic engagement is without historic parallel.

Internet Service Providers (ISPs) are gatekeepers to this infrastructure: providing access, managing traffic, insuring communication, and forging rules that shape, enable and limit the public's Internet use.

As such, ISPs have a weighty responsibility in devising network management practices. ISPs must give far-ranging thought to how these practices serve to promote--or inhibit--the public's participation in the economy and in civil society.

Of fundamental concern is the effect ISPs' network management practices have on public expectations of privacy and freedom of expression on the Internet.

**WHEREAS:**

- \* More than 211 million Americans--70% of the population--use the Internet;
- \* The Internet serves as an engine of opportunity for social, cultural and civic participation in society;
- \* 46% of Americans have used the internet, e-mail or text messaging to participate in the 2008 political process;
- \* The Internet yields significant economic benefits to society, with online U.S. retailing revenues – only one gauge of e-commerce - exceeding \$200 billion in 2008;
- \* The Internet plays a critical role in addressing societal challenges such as provision of health care, with over 8 million Americans looking for health information online daily;
- \* 72% of Americans are concerned that their online behaviors are being tracked and profiled by companies;
- \* 54% of Americans are uncomfortable with third parties collecting information about their online behavior;
- \* Our Company provides Internet access to a very large number of subscribers and is considered a leading ISP;
- \* Our Company's network management practices have been questioned by consumers, civil liberties groups and shareholders; specifically, AT&T was scrutinized for censoring political speech; was the focus of a *BusinessWeek* story discussing content monitoring; and was called before Congress to testify on these issues;
- \* Class action lawsuits in several states are challenging the propriety of ISPs' network management practices;

\* Internet network management is a significant public policy issue; failure to fully and publicly address this issue poses potential competitive, legal and reputational harm to our Company;

\* Any perceived compromise by ISPs of public expectations of privacy and freedom of expression on the Internet could have a chilling effect on the use of the Internet and detrimental effects on society.

**THEREFORE, BE IT RESOLVED**, that shareholders request the board issue a report by October 2009, excluding proprietary and confidential information, examining the effects of the company's Internet network management practices in the context of the significant public policy concerns regarding the public's expectations of privacy and freedom of expression on the Internet.

**Supporting Statement:** One example of an issue to be examined could be the social and political effects of collecting and selling personal information to third-parties, including information companies such as First Advantage and Equifax.

## **Attachment 8**

### **Internet privacy**

**WHEREAS:** On February 15, 2006, Cisco Systems, Yahoo, Google and Microsoft testified before the Committee on International Relations of the U.S. House of Representatives about alleged complicity in human rights violations in China;

Mark Chandler, General Counsel of Cisco Systems, testified that:

“Some countries have chosen to restrict or limit access to information on the Internet based on political considerations.... While many have commented on the activities of the Chinese government in this regard, the issue is, in fact, global. Some Middle Eastern countries block sites critical of their leadership.”

“Efforts are underway ... to balkanize the Internet. Policies which promote that—even inadvertently—will undermine rather than support the many projects which help users evade censorship and will exacerbate rather than solve the problems we are discussing today.”

“The liberating power of the Internet depends on its existence as one global Internet. ... Any policies in this area should, we believe, proceed from the realization that its very global nature provides a unique tool for the dissemination of ideas and cultivation of freedoms. We should do nothing to disturb its promise.”

Cisco sells its products, including Internet and surveillance technology, primarily through resellers, to government agencies and state-owned entities throughout the world. The U.S. State Department and others have documented how various governments, including several governments with which our Company does business, monitor, censor and jail Internet users, through manipulation of Internet technology.

Mr. Chandler testified that the key to the growth of the Internet “has been the standardization of one global network. This has been and remains the core of Cisco’s mission.”

In October 1998, Cisco announced it was selected as a key supplier for building China’s nation-wide IP backbone. China’s network has been called “the Great Firewall of China”, and has become synonymous with the censored, closed network which, according to Mr. Chandler, threatens the realization of Cisco’s core mission. In November 2007, Cisco renewed its commitment to China with a multi-year investment program.

The US State Department has also documented concerted efforts to thwart the development of one global Internet in Saudi Arabia, where Cisco recently announced a five year investment of over \$265 Million and has over 140 Cisco Partners.

Legislation has been introduced in the House prohibiting, “business from cooperating with officials of Internet-restricting countries in effecting the political censorship of on-line content.” The proposed legislation provides for both fines and jail time (The Global Online Freedom Act of 2007 (H.R. 275)).

**RESOLVED:** Shareholders request the Board to publish a report to shareholders within six months, at reasonable expense and omitting proprietary information, providing a

summarized listing and assessment of concrete steps the company could reasonably take to reduce the likelihood that its business practices might enable or encourage the violation of human rights, including freedom of expression and privacy, or otherwise encourage or enable fragmentation of the internet.



## **Attachment 9**

### **Mountaintop Removal/Community Accountability**

WHEREAS: Citigroup is a diversified financial services company providing banking, investment, investment banking, credit card and consumer finance services, with a stated commitment to environmental and social sustainability as a matter of good business practice:

“We analyze the potential impacts of our business activities and take action to reduce environmental risk and impact.” <http://www.citigroup.com/citigroup/environment/index.htm>

Citigroup’s Position Statement on Climate Change acknowledges “Climate change poses significant risks to the global economy that require urgent action. The burning of fossil fuels to meet energy needs, loss of forests, and other activities are increasing the concentration of greenhouse gases (GHG) and contributing to climate change.”  
[http://www.citigroup.com/citigroup/environment/climate\\_position.htm](http://www.citigroup.com/citigroup/environment/climate_position.htm)

Citigroup has invested in and financed alternative energy, and calls for “early and aggressive actions,” starting now, “to avert increasingly costly and irreversible impacts” of climate. Citigroup also set a goal of reducing greenhouse gas (GHG) emissions from its facilities and its real estate portfolio by 10%, by 2011. However, Citi has not adopted GHG reduction goals for its energy or utility portfolio, as has its competitor, Bank of America.

Citigroup's greatest impact on climate change and the environment arises from its financing of businesses, such as electric power from coal-burning plants, that emit substantial greenhouse gases (e.g., carbon dioxide) and other pollutants. Recognizing the importance of climate risk, Citigroup signed the Carbon Principles, committing it to an enhanced diligence process for financing coal-burning power plants. In signing the Carbon Principles Citigroup has shown leadership on a critical environmental issue, as it did in signing the Equator Principles on social and environmental risk in international project finance.

Citigroup, however, continues to provide financing for companies engaged in mountain top removal (MTR) coal mining, which in addition to having serious adverse impacts on communities, the environment, and public health, will increase long-term GHG emissions.

MTR devastates the environment. Trees are clear-cut; the tops of mountains are blasted away to reveal coal seams and the resulting rubble is dumped into the valleys below, filling streams and destroying water resources. Between 1992 and 2012, the EPA estimates MTR will have destroyed approximately 7% of Appalachian forests in coal mining regions studied.  
[http://www.epa.gov/Region3/mtntop/pdf/mtm-vf\\_fpeis\\_full-document.pdf](http://www.epa.gov/Region3/mtntop/pdf/mtm-vf_fpeis_full-document.pdf)

Deforestation is the second leading source of GHG emissions worldwide.  
[http://www.gsfc.nasa.gov/gsfc/service/gallery/fact\\_sheets/earthsci/green.htm](http://www.gsfc.nasa.gov/gsfc/service/gallery/fact_sheets/earthsci/green.htm).

Scientists estimate carbon sequestered in Appalachian forests exceeds 2.75 billion metric tons. (Forest Ecology and Management, Vol. 222, Issues 1-3, pp 191-201.) The carbon sequestration lost in forests destroyed by MTR each year is roughly equivalent to the annual emissions from two 800 mega-watt coal-fired power plants.

Citigroup's financing of activities that significantly contribute to the destruction of this carbon sink and to global climate change undermine its warnings that climate change is a threat to the functioning of the global economy. Such financing is inconsistent with the environmental

leadership Citigroup has shown in signing the Carbon Principles and the Equator principles and damages our banks credibility as a responsible corporate citizen.

RESOLVED: Shareholders request Citigroup's board of directors amend its GHG emissions policies to cease all financing of MTR coal mining.

**Attachment 10**  
**Human right to water**

**WHEREAS**, water is the number one ingredient in our company's beverage products, and therefore water quality and quantity is vital for PepsiCo's success;

PepsiCo utilizes natural water resources in the global community to benefit the creation and development of our beverage products;

In 2003, our company's water-use license was revoked in Pudussery, India due to claims that PepsiCo bottling plants were over-consuming and depleting community groundwater;

Over-consuming and depleting community groundwater is a direct violation of the Human Right to Water that the UN Committee on Economic, Social and Cultural Rights defines as all people's right to safe, sufficient, acceptable, physically accessible and affordable water for personal and domestic use;

PepsiCo conducts business in countries that have constitutional provisions protecting the Human Right to Water, and in countries which enforce the Human Right to Water through the right to healthy environment and life;

The UN High Commissioner for Human Rights has issued a report on the scope of the human rights obligations related to equitable access to safe drinking water and sanitation, and her comments place responsibility for ensuring this level of access not only on governments, but on private water providers and bottlers;

We believe that global corporations operating without strong human rights and environmental policies face serious risks to their reputation and share value if they are seen to be responsible for or complicit in human rights violations, specifically the violation or erosion of the Human Right to Water;

We believe that significant commercial advantages may accrue to our company by adopting a comprehensive Human Right to Water policy, including enhanced corporate reputation, improved employee recruitment and retention, improved community and stakeholder relations, and reduced risk of adverse publicity, consumer boycotts, divestment campaigns, and lawsuits;

**BE IT RESOLVED** that the shareholders request the Board of Directors to create a comprehensive policy articulating our company's respect for and commitment to the Human Right to Water.

**Supporting Statement:** Proponents believe the policy should address potability, volume, physical accessibility and affordability of water. In defining "human rights," proponents suggest that the Board could use the Universal Declaration of Human Rights as nonbinding benchmark or reference document.

## **Attachment 11**

### **Director With Environmental Expertise**

**RESOLVED**, that the shareholders request that, as the terms in office of elected directors expire, at least one candidate shall be selected and recommended for election to the company's board who:

(i) has a high level of expertise and experience in environmental matters relevant to mining and is widely recognized in the business and environmental communities as an authority in such field, in each case as reasonably determined by the company's board, and

(ii) will qualify, subject to limited exceptions in extraordinary circumstances explicitly specified by the board, as an independent director under the standards applicable to the company as a New York Stock Exchange listed company, in order that the company's board includes at least one director satisfying the foregoing criteria, which director shall have designated responsibility on the board for environmental matters.

**Supporting Statement:** Environmental expertise is critical to the success of mining companies in the twenty-first century because of the significant environmental impacts mining can have. Shareholders, lenders, host country governments and regulators, as well as affected communities, are focused on the environmental impact of mining operations. A company's inability to demonstrate that its environmental performance matches internationally accepted standards can lead to difficulties in accessing capital for new projects and obtaining the necessary regulatory licenses.

The company continues to receive sharp criticism regarding its environmental policies and practices, notably over the impact of riverine tailings disposal at its Grasberg operation (see e.g. The Environmental Impacts of Freeport-Rio Tinto's Copper and Gold Mining Operation in Papua, by WALHI – The Indonesian Forum for Environment, <http://www.eng.walhi.or.id/kampanye/tambang/frpt-report-may-06/>).

We believe that this controversy damages shareholder value and that the company must respond to its environmental challenges in an effective, strategic and transparent manner in order to restore trust in the company and minimize the adverse environmental impact of its operations.

Freeport does not currently have an independent director with environmental expertise and designated responsibility for environmental matters – yet environmental management is critical to the company's future success. We believe it would benefit the company to address the environmental impact of its business at the most strategic level in a similar manner to the way it has addressed human rights – by appointing a specialist to the board. An authoritative figure with acknowledged environmental expertise and standing who is respected in the environmental community could perform a valuable and strategic role for the company. Such leadership would enable the company more effectively to address the environmental issues inherent in its business, including the environmental and health impacts of riverine tailings disposal and the feasibility of long-term rehabilitation of the tailings deposition area at Grasberg. It would also help ensure that the highest levels of attention are devoted to environmental standards at new developments. Such a board role would strengthen the company's ability to demonstrate the seriousness with which it is addressing these issues.

## Policy support for Attachments 3 and 5

EXC101995.33    **Support for the Community Reinvestment Act**

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**Committee:** Program (report 17)

**Citation:**    *Executive Council Minutes*, Oct. 30-Nov. 3, 1995, Birmingham, AL, pp. 61-62.

Resolved, That the Executive Council, meeting in Birmingham, Alabama, October 30-November 3, 1995, expresses its support for the Community Reinvestment Act as a means of ensuring access to capital in low- and moderate-income communities; and be it further

Resolved, That the Church encourages banks and other institutions, whether they have obligations under the CRA or not, to continue to make sound loans in these communities; and be it further

Resolved, That all Church institutions continue to explore ways, including low- and moderate-income lending, that our financial resources can be used to promote justice; and be it further

Resolved, That copies of this resolution be sent to the President, the Senate Banking, Housing, and Urban Affairs Committee, and the House Banking and Financial Services Committee, together with a letter expressing the church's support for public policies, like the CRA, which are good for both financial and intermediaries and the communities they serve.

## Policy support for Attachment 9

**Resolution Number:** 2000-D005  
**Title:** Oppose Environmental Racism  
**Legislative Action Taken:** Concurred as Submitted  
**Final Text:**

*Resolved, That the 73rd General Convention of the Episcopal Church call on those present at this Convention to seek every opportunity to oppose environmental racism; and be it further*

*Resolved, That the Washington office track legislation seeking to eliminate the practice of locating polluting industries disproportionately near neighborhoods inhabited by people of color or the poor; and be it further*

*Resolved, That the Washington office monitor and issue policy alerts regarding the practice of mountain top removal and valley fill mining and other large scale mining operations that threaten the ecology and low income communities; and be it further*

*Resolved, That the Committee on Social Responsibilities in Investments review the environmental racism issue.*

**Citation:** General Convention, *Journal of the General Convention of...The Episcopal Church, Denver, 2000* (New York: General Convention, 2001), p. 677f.

Real Time Evaluation 1-31-09

Q - How did you find accessing documents on line – easier?

- Most said yes, but one person found it hard to download than the Episcopal Communities site.

Q - Meetings rooms here had natural light and Wi-Fi – was this helpful?

- Yes.

Q -Any comments GCO should take into account for choosing sights for future meetings?

- Meeting rooms should have more than one plug in the room – that is important.

Q - Comments/criticisms of this meeting that should be considered by the agenda committee for future?

- Would appreciate not having the Eucharist on the first day – feel a need for it later on in the meeting

Q - The last meeting of the triennium will be held in Portland, Maine. Standing committees with staff reporting to them generally have dinner together off site one night. Photos have been suggested - are there additional requests that might enhance the leave-taking of the class of 2009?

Additional comments?

- Could we have more caffeinated cold drinks?
- Sound system was frustrating with microphones cutting in and out – need a better sound system.
- Concerns that we somehow, since we have separated ERD, don't have any way of celebrating and including what they do – in terms of both income and gifting out – as part of TEC. That's a hole.
- The hotel needs to be complimented on how well they accommodated us during their own transition.