THURSDAY, AUGUST 1, 2013

CALL TO ORDER

The meeting of the Executive Committee of the Presbyterian Mission Agency Board (“the Board”) was called to order and opened with prayer at 7:30 p.m. by the chair, Mr. Matt Schramm.

MEMBERS PRESENT:

Steve Aeschbacher – Member-at-large
Arthur Canada – Vice-chair
Bill Capel – Chair, Finance Committee
Mihee Kim-Kort – Chair, Worshiping Communities Committee
Cathy Piekarski – Member-at-large
Heath Rada – Member-at-large
Noelle Royer – Chair, Justice Committee
Matthew Schramm – Chair
Joyce Smith – Chair, Leadership Committee
Linda Valentine – Member ex-officio

LEADERSHIP CABINET

Terri Bate – Senior Director, Communications and Funds Development
Roger Dermody – Deputy Executive Director for Mission
Earline Williams – Deputy Executive Director for Shared Services

RECORER

Susan Abraham – Staff, Office of the Executive Director

OTHERS

Barry Creech – Staff, Office of the Executive Director
Dana Dages – Staff, Office of the Executive Director
Melody Smith – Staff, Communications and Funds Development

BOARD DEVELOPMENT

Mr. Steve Aeschbacher and Mr. Bill Capel reviewed and reflected on the chapters “Rule Number 6,” and “The Way Things Are,” from the book The Art of Possibility, by Benjamin and Rosamund Zander.

MID COUNCIL

Members of the Executive Committee thanked Mr. Schramm for the framework he laid out for the consultation with Mid Council staff and observed that the workshops were accompanied by a spirit of enthusiasm.

Following discussion of the Mid Council Consultation, Mr. Barry
Creech led the committee through the overall schedule for the Big Tent and the workshops that members of the Executive Committee would participate in.

**HOLY COMMUNION**

The Presbyterian Mission Agency Board Executive Committee **VOTED to approve** the celebration of Holy Communion during closing service of the Biennial Meeting of the National Middle Eastern Presbyterian Caucus on Thursday, August 1, 2013.

**Background:**
The National Middle Eastern Presbyterian Caucus requested permission to celebrate Holy Communion at the Presbyterian Center’s Chapel during the closing service of their Biennial Meeting. The event was held before the Big Tent event in Louisville, Kentucky, on Thursday, August 1, 2013. Middle Eastern PC (USA) teaching elders led at the Lord’s table.

**RECESS**
The Executive Committee recessed at 9:30 p.m. with prayer offered by Mr. Creech.

**FRIDAY, AUGUST 2, 2013**

**RECONVENE**
The Executive Committee reconvened at noon on Friday, August 2.

**STATE AND DIRECTION OF THE CHURCH**

Mr. Schramm invited Ms. Joyce Smith, Mr. Heath Rada, and Ms. Mihee Kim-Kort to describe the current state and direction of the Presbyterian church in their congregation, presbytery and synod respectively. The exercise was an effort to determine the role of the Board in responding to the demands of the fluctuating church in an effective and inspiring way.

**ORGANIZATION – CURRENT STATE, PLANS, VISION**

Ms. Valentine, Mr. Dermody, and Mr. Creech gave a progress report on work that has been done around objectives in the 2013-16 Mission Work Plan. Each directional goal has been assigned two sponsors and a cross-functional staff team. For the first time, each staff member has individual goals that are directly linked with one or more of the objectives in the Mission Work Plan. An online performance management system is in place to report and track progress on individual activities by each objective.

Ms. Terri Bate presented plans for funds development and funding trends for the Presbyterian Mission Agency for 2002-2012 (Appendix 1).

**PER CAPITA BUDGET**

Mr. Creech gave a presentation on Per Capita funds. The presentation included information on how the funds are used by the Office of the General Assembly and the Presbyterian Mission Agency and the impact
on the Mission Agency and Board meetings as a result of decreased Per Capita budget (Appendix 2).

CONVERSATION WITH EARLINE WILLIAMS

Mr. Bill Capel introduced the new Chief Financial Officer (CFO) and Deputy Executive Director for Shared Services, Ms. Earline Williams. Ms. Williams invited conversation around her work as CFO of the Presbyterian Mission Agency and expectations for Finance and Accounting.

BOARD EFFECTIVENESS I

Mr. Steve Aeschbacher, chair of the Board Nominating and Governance Subcommittee, facilitated a discussion around board effectiveness, governance, and leadership. Mr. Aeschbacher used the resource from BoardSource titled, “Twelve Principles of Governance That Power Exceptional Boards,” to enable this discussion. The Executive Committee discussed ways in which the Board demonstrated the following principles, and discussed ways to become a more effective Board:

- Constructive Partnership
- Mission Driven
- Strategic Thinking
- Culture of Inquiry
- Independent-Mindedness
- Ethos of Transparency
- Compliance with Integrity
- Sustaining Resources
- Results-Oriented
- Intentional Board Practices
- Continuous Learning
- Revitalization

CLOSED SESSION

The Executive Committee went into closed session at 5:00 p.m. for the Executive Director’s annual review.

SATURDAY, AUGUST 03, 2013

RECONVENE

The Executive reconvened with prayer at 8:30 a.m. on Saturday, August
Mr. Dermody led a discussion of potential recommendations that the Presbyterian Mission Agency could bring to the General Assembly in 2014. The Executive Committee offered feedback and additional suggestions. Staff will incorporate the feedback of the Executive Committee and bring ideas to the September meeting for further refinement.

Mr. Creech reported that the 222nd General Assembly (2016) will include a review of the Presbyterian Mission Agency among its items of business. A review committee will be elected by the 221st General Assembly (2014) to perform this assessment which takes place every six years.

The Executive Committee, in preparation for this review, talked about stories they want told about the work of the Presbyterian Mission Agency and the Board. Each member of the Committee began the process of setting individual goals and discerned together their hopes for the Board as a whole.

Mr. Schramm reviewed dates of upcoming Board meetings and the theme for each meeting. At each meeting, staff will present how their work intersects with that theme.

### 2013
- September 25-27, 2013
  Compassionate and Prophetic Discipleship

### 2014
- February 5-7, 2014
  Transformational Leadership

- April 23-25, 2014
  General Assembly Engagement and Organizational Integrity

- September 24-26

### 2015
- April 15-17
- September 23-25

### 2016
- February 10-12
- April 27-29
September 14-16

**NOMINATING PROCESS**

Mr. Aeschbacher reported that the Nominating and Governance Subcommittee will assist the General Assembly Nominating Committee with filling vacancies on the Board by identifying qualities, skills, and expertise needed in the incoming Class of 2020. The Nominating and Governance Subcommittee will also soon start the process for the election of the new chair and vice-chair of the Board.

**CLOSING PRAYER AND ADJOURNMENT**

The meeting of the Executive Committee was adjourned at 11:50 a.m. by Mr. Schramm, and closed with prayer by Mr. Arthur Canada.

__________________________________________

Mr. Matthew Schramm

Chair, Presbyterian Mission Agency Board

__________________________________________

Ms. Linda Valentine

Executive Director, Presbyterian Mission Agency
<table>
<thead>
<tr>
<th>Revenue Stream</th>
<th>10 year trend 2002-2012</th>
<th>Constituents (Where it comes from)</th>
<th>Who decides which funds PMA receives and how</th>
<th>What affects amounts sent to PMA</th>
<th>What it funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic Mission</strong></td>
<td>- 53%</td>
<td>Initially, congregations to presbyteries; presbyteries to Mission Agency – some individuals</td>
<td>Presbyteries decide what amount or % of what they receive is sent to PMA.</td>
<td>Presbyterian financial pressure; presbytery and congregation connection to PMA</td>
<td>Unrestricted can be used for any purpose; all ministry areas and common services receive some unrestricted funding.</td>
</tr>
<tr>
<td>- Shared (unrestricted)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- 38%</td>
<td>Congregations</td>
<td>Amount of directed is determined by congregations</td>
<td>PMA interpretation in the church – connection to PMA</td>
<td>Designated support – Most directed is for WM mission co-worker support.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ECO Contributions</strong></td>
<td>+ 39%</td>
<td>Individuals, congregations, presbyteries, synods</td>
<td>Determined by donor</td>
<td>Relationship with donor – interpretation</td>
<td>Restricted based on donor preference.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Special Offerings</strong></td>
<td>- 25%</td>
<td>Individuals, through congregations</td>
<td>Individuals</td>
<td>Congregation promotion; compelling story; competition of other organizations/causes</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Endowment receipts</strong></td>
<td>- 42%</td>
<td>Individuals gave through the foundation</td>
<td>Fund restrictions determined and set up by donor</td>
<td>Relationship with donor – by PMA, by congregation, by FDN</td>
<td>Specified by fund restrictions: (2012) 56% is unrestricted</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Endowments at FDN</strong></td>
<td></td>
<td>Difference in Principal -16%</td>
<td>Fund restrictions determined and set up by donor</td>
<td>Relationship with donor – by PMA, by congregation, by FDN</td>
<td>Unrestricted – any purpose; Restricted – various (largest is for World Mission)</td>
</tr>
<tr>
<td>40% unrestricted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60% restricted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other bequests and annuities</strong></td>
<td>NA</td>
<td>Individuals</td>
<td>Individual</td>
<td>Unpredictable</td>
<td>As specified by donor</td>
</tr>
</tbody>
</table>

Not included: Sales, special appeals, Theological Education Fund
Per Capita and the Presbyterian Mission Agency

Projections for 2014-2016
What is Per Capita?
How is Per Capita used?

Office of the General Assembly

Presbyterian Mission Agency Board
2012 Per Capita Revenue

Apportionments to mid councils $13.2M
Uncollectible $1.6M
From reserves $0.7M
From prior year to fund GA 220 $1.4M

Total ~$13.7M
2012 Per Capita Expense

Office of the General Assembly $10.6M

Presbyterian Mission Agency $1.7M

Fair share of mission support costs $1.5M

Total ~$13.8M
Requests for per capita budget increases from COGA/PMAB may not exceed 3% of the total budget. (Manual of Operations, Appendix 10)
Office of the General Assembly prepares for reorganization

ECCLESIASTICAL AND ECONOMIC REALITIES CITED AS KEY FACTORS IN REDEFINING AGENCY’S MISSION

OCTOBER 30, 2012

In a rapidly changing denominational landscape – faced with both financial and ecclesiastical challenges – Presbyterian Church (U.S.A.) General Assembly Stated Clerk Gradye Parsons is committed to helping the Office of the General Assembly (OGA) envision a new future in service to Christ’s church.

Driven by the current economic climate and the larger context of the 21st century church’s leadership needs, members of the OGA staff and its board – the Committee on the Office of the General Assembly (COGA) – have initiated a proactive process to redefine the agency’s vision, mission, and strategic direction.

“The Office of the General Assembly is by no means exempted from the financial crunch that is being felt by every part of the church,” Parsons said. “Planning ahead responsibly requires getting a balcony view of the OGA’s ministry.”

Parsons said that members of the OGA leadership team spent time during the summer praying, discerning, and discussing future challenges and opportunities for both the agency and the denomination. “We wrestled with such questions as how we best serve and partner with our mid councils and congregations, how we plan and execute General Assemblies that witness to our unity in Christ amidst our diversity, and how we become relevant to people of all ages, backgrounds, and nationalities in the midst of a changing church,” he said.

The agency’s current financial challenges come as a result of the PC(USA)’s decline in membership – which equates to a decline in per capita contributions – and an increase in unpaid per capita from 2% to 8.5% over the last decade.

“While these two forces have put us into the position of having to cut the budget, they also give us an opportunity to realign our mission with the larger shift in denominational leadership,” said Tom Hay, director of operations for the OGA.
Committee on the Office of the General Assembly approves reorganization for the Office of the General Assembly

NEW STRUCTURE WILL FOCUS THE AGENCY’S WORK ACROSS THREE ESSENTIAL AREAS OF MINISTRY

FEBRUARY 27, 2013

LOUISVILLE

EMILY ENDERS ODOM
Communications Coordinator

The Committee on the Office of the General Assembly (COGA) voted to approve a new organizational structure for the Office of the General Assembly (OGA) at its meeting held by telephone conference call on February 27.

The new structure and leadership design approved by the committee was the result of a comprehensive process conducted by Dudley Hamilton Associates, a New Jersey-based global management consulting firm.

Although the process of redefining the OGA’s vision, mission, and strategic direction was initiated in large part to reduce and realign the agency’s operating budget for 2013-2014, the OGA’s goals for reorganization transcended a traditional restructuring geared solely to meet financial challenges.
Financial Goal of Reductions

- Maintain current per capita rate for 2015-2016
- Responsible budgeting
- Anticipate a total Per Capita budget of $10.7M by 2016
Planning Reductions

• The Per Capita budget has three components:
  – Fair share of mission support costs
  – OGA (85.69% of remaining funds)
  – PMA (14.31% of remaining funds)
Challenge – Mission Support

• Reducing mission support costs:
  – Legal Services
  – Audit Services
  – Building Operations
  – Finance & Accounting Services
  – Information Technology
  – Human Resources

• Each service has reduced cost significantly over the past decade
Challenge – OGA

• To reach a $10.7M budget by 2016, OGA may need as much as $2.9M in reductions.

• OGA is well on its way toward this goal -- their 2013 reductions will produce $1.6M in annual savings by 2014.
Challenge – Presbyterian Mission Agency

• To keep pace with OGA’s progress toward the goal, these reductions may be necessary:
  – 2014: at least $140K
  – By 2016: a total of $495K
Source for PMA Reductions

- Board-related meetings $0.4M
- ACSWP, ACREC and ACWC $0.2M
- EDO/CFO staffing & travel $1.1M
Next Steps

• Investigate options for reducing cost of mission support

• Seek collaborative efforts in reducing cost within PMA per capita funded offices

• Identify areas that might be funded by the Mission Budget

• Bring proposal to February 2014 Board meeting for:
  – Revising the 2014 Per Capita Budget
  – Recommending a balanced 2015-2016 per capita budget to GA 221.