

**ITEM A.106
FOR ACTION**

<i>FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR'S OFFICE USE ONLY</i>			
A. Finance		E. Corporate Property, Legal, Finance	J. Board Nominating & Governance Subcommittee
B. Justice		F. PC(USA), A Corporation	P. Plenary
C. Leadership		G. Audit	
D. Worshipping Communities		H. Executive Committee	

Subject: Report of the Stony Point Project Sponsors

Recommendation:

The Finance Committee recommends that the Presbyterian Mission Agency Board:

- 1. Affirm the mission of Stony Point Center as consistent with the proposed Interreligious Stance to be considered by the 221st General Assembly (2014).¹**
- 2. Express appreciation for the work done by staff to synthesize concerns regarding Stony Point Center and develop a working plan to move forward.**
- 3. Direct the Sponsors (defined below) to establish a set of milestones to move Stony Point Center toward full financial sustainability over a period of three years. If the milestones are met, the plan will continue for another year. If the milestones are not met for two consecutive periods, staff will begin the process of winding down the operation of Stony Point Center. Annual reports will be submitted to the PMA Board by the Sponsors concerning the plan and whether Stony Point Center has achieved the milestones for the year.**
- 4. Dismiss the Stony Point Transitional Task Team and the Evaluation Committee effect August 15, 2014 with deep gratitude for their formative and foundational work toward this resolution, and commend all ongoing work of reconciliation among staff and board members, with a report to the executive committee prior to the September 2014 board meeting.**

Background:

During the Presbyterian Mission Agency Board's February 2014 meeting, Linda Valentine, Executive Director, Presbyterian Mission Agency; Roger Dermody, Deputy Executive Director for Mission, Presbyterian Mission Agency; and Rick and Kitty Ufford-Chase, the Co-Executive Directors of Stony Point Center ("the Sponsors") told the Board they would engage in reconciliation and develop a proposal for the future of Stony Point Center.

In the past two months the Sponsors met face-to-face, via telephone, and by videoconference and they met with other staff to begin to develop a work plan. This report addresses four important elements of the work plan: reassignment of the reporting relationship of the Co-Executive Directors of Stony Point Center; a report on the enhanced relationship between Stony Point Center and the Synod of the Northeast;

¹ The Stance can be found at this link:
[http://www.pc-biz.org/MeetingPapers/\(S\(odfyua140lmnkjc20pku3i13\)\)/Explorer.aspx](http://www.pc-biz.org/MeetingPapers/(S(odfyua140lmnkjc20pku3i13))/Explorer.aspx)

development of a covenant with the Stony Point Advisory Board; and planned revisions to the Stony Point Center business plan. It also includes some avenues that staff will explore regarding Stony Point Center's destination through December 31, 2017.

Affirmation of the Mission of Stony Point Center

During our Sponsors meeting in Louisville in February 2014, we affirmed the mission of Stony Point Center:

“Stony Point Center, modeling the love of Jesus, welcomes people of all faiths and nations to discern, discover, learn and lead. Together, bold dreamers experience the movement of God’s Spirit to create pathways to peace, nonviolence and justice.”

The Mission Agency Mission Work Plan affirms the importance of interfaith relationships, given the increasingly diverse faith environments in which Presbyterians find themselves. Stony Point Center, through its various ministries, including the Community of Living Traditions, strives to nurture the multifaith movement for justice, peace and nonviolence and to strengthen the PC(USA) to offer a distinctive witness in that movement. Its work aligns with the proposed Interreligious Stance and the Mission Work Plan, and complements existing work within Theology, Worship and Education.

Reassignment of Reporting Relationship

The Co-Executive Directors were in a reporting structure through which they reported to the Director of Evangelism and Church Growth. The Co-Executive Directors interacted regularly with the Associate for Camps and Conference Centers, who reports to the Director of Evangelism and Church Growth.

In February 2014, after the Sponsors met in Louisville, Stony Point Center became a ministry within Theology, Worship and Education. The Co-Executive Directors now report to the Director of Theology, Worship and Education. This reassignment was based upon several factors:

1. Stony Point Center has chosen to intentionally reach out to build relationships with partners of other faith traditions. It currently hosts the Community of Living Traditions, a multi-faith community dedicated to the practice and study of hospitality, nonviolence and justice. Interfaith Relations is lodged in Theology, Worship and Education. The Interfaith Relations office works with Presbyterian congregations toward building deeper relationships with their multi-faith neighbors. The Co-Executive Directors can work with the Theology, Worship and Education Interfaith office on a variety of issues pertaining to Stony Point Center's work in multi-faith relations.
2. The Director of Theology, Worship and Education, the Rev. Charles “Chip” Hardwick, holds a Masters of Business Administration from the Kellogg School at Northwestern University. Prior to his ordination, Hardwick served as a manager and consultant with Bain and Company at offices in Dallas, Texas, and Madrid, Spain. Hence, Hardwick's background will enable him to provide sound business advice and theological guidance to Stony Point Center in its efforts to become financially viable and self-sufficient.

Other Louisville staff members continue to work to enhance their interactions and communications with Stony Point Center. Human Resources and Legal Services have begun a process of regular check-in calls with the Co-Executive Directors. During those calls Louisville staff can hear what is happening at Stony Point Center pertaining to staff and operations issues and the Co-Executive Directors can pose questions

and raise issues. These meetings will eventually be scheduled monthly. Similarly, Finance and Accounting staff are conducting regular telephone conferences with the Co-Executive Directors to discuss the 2014 budget, a revised business plan, and related issues. The strategy behind this is to address issues before they become problems and so Louisville staff can be more connected to the mission, programs, and operations of Stony Point Center.

Enhanced Relationship With the Synod of the Northeast

During the Sponsors' first gathering in February 2014, they spoke with Rev. Harold Delhagen, Synod of the Northeast's Transitional Leader, and Rev. Susan Andrews, General Presbyterian of the Hudson River Presbytery. Out of that conversation came an invitation to Stony Point Center to seek funding from the Synod to build financial strength by helping to support a full-time staff position for fundraising and/or marketing. It was also clear from that conversation that the Synod welcomed further discussions to expand the connections between the Synod and Stony Point Center.

As of the date of the posting of this Report, the Co-Executive Directors have drafted a request to the Synod asking for an "Innovation Grant." The request will be to provide significant funds to support Stony Point Center in building financial capacity - primarily through increasing sales and marketing efforts to significantly increase the number of mid-week conference center guests. The Synod's Grants Committee will be making the final decision on the Innovation grant request. Other joint efforts with the Synod will include strengthening their shared work around common goals and objectives for ministry, as well as strengthening Stony Point Center's capacity in fundraising.

SPC Advisory Board Covenant

In 2001, the Presbyterian Mission Agency Board approved a covenant with the Stony Point Center Governing Board designed to delegate some governance responsibilities from the Mission Agency Board to the Stony Point Board. By its terms, the covenant should have been reviewed in 2006; it was not reviewed. Since 2006, both parties have lived in limbo, at times assuming that an agreement was in place, and at times suffering from the lack of clear guidelines for the relationship.

The Sponsors have drafted a new covenant that follows the relationship agreement model adopted by the Mission Agency Board in 2012 and added to the Manual of Operations (see Appendix 1G). In the new covenant, the Governing Board would be appropriately renamed as an Advisory Board. This change is not only a more accurate description of the important work done by the Advisory Board, but it also enables the Advisory Board to include members of various faiths representative of Stony Point's constituency. (Governing boards, by *Book of Order* mandates, must consist of PC(USA) Teaching Elders and Ruling Elders.) This diversity would represent the diverse faith communities that live together in the Community of Living Traditions at Stony Point.

The covenant proposes to clarify oversight and guidance on: program and mission, budget and financial administration, personnel matters, financial support, facilities and property management, long-range-planning, nominating, and board composition. The Sponsors have agreed upon a draft covenant which will be submitted to the Stony Point Governing Board for review and then to the Leadership Cabinet of the Presbyterian Mission Agency for approval. The Mission Agency Board will be notified following approval, and the agreement will be celebrated at the following Board meeting (per the process defined in Appendix 1G of the Manual of Operations.)

Avenues to Explore/Destinations for Stony Point Center

The Sponsors have examined the possible options for the future of Stony Point Center, what we are calling the “destination postcards.” The destination postcards for Stony Point Center foreseen by the Sponsors are:

- (1) it remains a mission of the Presbyterian Mission agency (status quo);
- (2) it becomes a mission of the Synod of the Northeast (terms regarding use of property will need to be determined);
- (3) it becomes a separate 501(c)(3) corporation (terms regarding use of property will need to be determined);
- (4) it moves the mission to another location and the property is sold or leased to another entity; or
- (5) the mission is discontinued and the property is sold or leased to another entity.

One cannot arrive at a destination without a journey and most successful journeys have an itinerary and a plan. The first part of the Sponsors’ plan is to create milestones--operational benchmarks for Stony Point Center. The second part of the plan is to study the financial sustainability of Stony Point Center and its ability to meet the milestones. If Stony Point Center becomes consistently financially sustainable (thereby meeting the milestones), options 1-3 will be considered. If it does not become financially sustainable (and therefore does not meet the milestones), Stony Point Center will go through a phased wind-down and the mission will be discontinued or moved to another location. In that process, options for the property would be considered, including sale or leasing to another entity.

Business Plan

As noted above, specific benchmarks will be part of an overall business plan and will be developed in order to guide Stony Point toward the attainment of financial viability.

We have agreed on the following assumptions to guide us as we develop the specific financial benchmarks against which we will evaluate Stony Point Center’s sustainability. We expect to have those benchmarks in place by June 1, 2014.

Operational Sustainability:

Stony Point Center must be financially self-sustaining by December 31, 2017, including paying an appropriate amount for any services rendered by the Mission Agency on Stony Point Center’s behalf. If Stony Point is unable to meet that goal by the end of 2017, proceedings should be considered to wind down operations.

“Financially self-sustaining” must include:

1. Appropriate investment in campus development to assure that all buildings and grounds are safe, hospitable, and welcoming.
2. The ability to cover any administrative costs contracted between Stony Point Center and the PMA – through an allocation of costs from Financial Services, HR, Legal, Risk Management, IT and Executive Offices.
3. Covering all of Stony Point Center’s operating budget, which includes managing seasonal cash flow and finishing the year with a positive balance on the profit/loss statement.

Negative Interfund Balance/Accumulated Loss:

We have agreed in principle to deal with the negative Interfund balance in the following way – If the way be clear:

1. We will establish a separate fund, independent of the Interfund balance, to maintain Stony Point Center's Temporarily Restricted Funds, recognizing that to do so will increase the negative Interfund Balance. (This will have the impact of creating a much closer correlation between Stony Point Center's Net Income on their Balance Sheet and the fluctuations in the Interfund Balance.)
2. We will monitor the Negative Interfund Balance closely to assure that it does not grow larger from year to year.
3. On a month-to-month basis, the Interfund Balance may fluctuate up to \$150,000 due to cash flow needs.
4. Assuming that Stony Point Center has achieved financial self-sustainability by December 31, 2017, we will negotiate an appropriate plan to begin to pay down the negative Interfund balance, taking into account Stony Point Center's need to continue to make significant investments in campus improvements.

Opportunity Cost/Market Value Rent:

Stony Point Center, in this current configuration, will not be expected to cover any "opportunity cost" or rent.

Contributions of the Transitional Task Team and the Evaluation Committee

In our conversations and planning we have used as our lodestars the work of the Transitional Task Team and the Evaluation Committee. In our Board check-ins we have provided examples of how their formative and foundational work informed our work.

One example is evaluating the mission work of Stony Point Center and whether the Mission Agency wants to be engaged in multi-faith ministry. As we have stated, the Sponsors have affirmed the ministry and work of Stony Point. We have demonstrated our ongoing support by reassigning the reporting of the Co-Executive Directors to the Director of Theology, Worship and Education and connecting them with the Interfaith office of TWE. Having affirmed the mission, our discussions shifted to the same analysis which is applied to all of our mission areas: if the work is in alignment with our mission plan, is it financially sustainable work?

That leads up to another example. The TTT engaged in much discussion about the Interfund debt/accumulated loss ("Interfund") of the operation of Stony Point Center. The Co-Executive Directors have engaged in a number of conversations with Finance and Accounting and the Sponsors have gained a thorough understanding of the Interfund. Although we have not chosen to recommend a full forgiveness of the Interfund debt, as we show in our assumptions, our business plan will not require Stony Point to begin to pay down the Interfund until it becomes financially sustainable.

A final example: benchmarks. We have spent considerable time understanding Stony Point's operations, profit and loss statements, seasonal fluctuations, bank accounts, property restrictions, and potential costs for deferred maintenance. The information we have gathered underpins the list of assumptions in the Business Plan section of this report. In the next two months we intend to establish benchmarks designed as steps to guide Stony Point toward financial sustainability while at the same time providing us with measures to determine if our plans are succeeding or, despite our best efforts, the operation is not proving viable.

In sum, as we have worked in the last two months and as we continue to work in the months ahead, the foundational work of the Transitional Task Team and the Evaluation Committee will be used to guide our efforts.