

**Orthodox Church in America
Joint Holy Synod/Metropolitan Council Meeting
Minutes, October 16-17, 2007**

His Beatitude, Metropolitan HERMAN, addressed the Council and Holy Synod following Divine Liturgy at St. Sergius of Radonezh Chapel. His comments were distributed to all members and can be found at <http://www.oca.org/news.asp?ID=1350&SID=19>

**Minutes
Metropolitan Council
October 16, 2007**

Following the singing of "O Heavenly King," Father Alexander Garklavs, OCA Chancellor, opened the meeting at 10:15am. He announced that His Beatitude had asked him to serve as Chairman and provided a written agenda.

1. Roll Call:

Present:

Officers of the Church: Archpriest Alexander Garklavs, Chancellor and Acting Chairman; Archpriest Paul Kucynda, Acting Treasurer. *Representatives elected by the All-American Council:* Archpriest Theodore Boback, Archpriest Gregory Safchuk, Eleana Silk, Dr. Faith Skordinski; *Diocesan Representatives:* *Diocese of Alaska,* Minadora Jacobs; *Albanian Archdiocese,* Archpriest Matthew Searfoorce; *Archdiocese of Canada,* Archpriest John Tkachuk, Richard Schneider; *Diocese of Eastern Pennsylvania,* Archpriest John Onofrey, Peter Bohlender; *Diocese of the Midwest,* Archpriest Michael Matsko, Dr. Richard West; *Diocese of New England,* Archpriest Mark Sherman, Deacon John Zarras; *Diocese of the South,* Archpriest Philip Reese, George Popovich; *Diocese of Washington and New York,* Archpriest George Hasenecz, Robert Kornafel; *Diocese of the West,* Archpriest Matthew Tate, Dr. Dmitri Solodow; *Diocese of Western Pennsylvania,* Archpriest John Reeves, Gregory Nescott. (Note: The following members arrived after Roll Call: Representative elected by the All-American Council, Dr. Alice Woog; *Albanian Diocese,* L. William Peters.

Absent: His Beatitude Metropolitan HERMAN, Chairman; *Elected by the All-American Council,* V. Rev Constantine White; *Diocese of Alaska,* Archimandrite Isadore (Brittain).

Guests: Paul Bodnar, Pending OCA Secretary Appointee; Archpriest Myron Manzuk, AAC Manager, Archpriest Andrew Jarmus, Director of Ministries and Communications; Archpriest Paul Suda, OCA Audit Committee (present for his portion of the agenda); Al Wetmore (Organizational Task Force), Carol Wetmore (Recorder).

2. Agenda: The Council discussed its agenda and agreed to move the Audit Report to the afternoon of the 16th. Gregg Nescott made a motion to place the Special Investigating Committee on the Agenda for the October 16th. Father Sherman seconded. After discussion establishing the responsibility of the Council to set its own agenda, and the appropriateness of deciding matters regarding the Committee when both the Council and Synod are present, Mr. Nescott clarified his motion to say "place the Special Investigating Committee on the agenda as an item for discussion." The Council voted unanimously in favor of the motion.

3. Minutes of June 12-13, 2007 Metropolitan Council meeting were approved unanimously on a motion by Robert Kornafel, seconded by Eleana Silk.

4. Chancellor Comments: Father Garklavs spoke briefly about the need to find common ground in a dark, difficult time for the Church. He spoke of those who would like to see “the Syosset machine” fall apart and of the need to find common ground. He asked for honesty and respectfulness – that “we speak truth and act in love.” He stressed that the Church’s situation is a chance to see what the OCA can and should be; this is an historic moment, and a lot is riding on it.

5. Points of Order:

a. Staff Immigration Report: Deacon Zarras reported on the immigration status of Paul Bodnar, recently named as OCA Secretary. His visa extension application is delayed in routine INS processing. In regular contacts from the Church, the INS is reporting processing backlog. Advice from two attorneys has been to wait on the processing and in the meantime not to place Mr. Bodnar on the payroll. Attorneys have affirmed that the Church’s position thereby is legally correct. Accountant advice has enabled his expenses to be covered until his transfer is approved. At this time he is not an Officer or employee of the Church. He has no benefits coverage and is not enrolled in the retirement plan. After discussion, the Council agreed to afford Mr. Bodnar non-voting observer status at the meeting.

b. Best Practices Acknowledgements (BPA’s): The Chairman requested the Council decide on appropriate action regarding Council members who have not signed BPA’s related to Ethics, Whistleblowing, and Conflict of Interest. In discussion the group agreed that members who do not sign the BPA’s should not be seated at Council meetings, but some flexibility is necessary, especially for the initial signing. All (13) members who have not signed will be asked to sign during the morning break. Ms. Jacobs reported she has not signed because her hierarch, His Grace Bishop NIKOLAI, has a letter to present to the Holy Synod concerning the Best Practices document. Her signature depends on the outcome of that presentation. *Note: at 12:00, following the break, Father Garklavs announced all members except Ms. Jacobs had signed the BPA’s.*

c. Assessments: The Chairman asked for the sense of the Council regarding seating of delegates, specifically those from the Diocese of the Midwest, whose Diocese has not paid its assessments. The OCA Statute is not explicit on the subject. Mr. Schneider made a motion: “Without setting a precedent, the representatives from the Diocese of the Midwest be permitted to engage in discussion and to vote at this meeting of the Metropolitan Council.” Father Searfoorce seconded. Discussion ensued regarding a past situation regarding the Diocese of NY/NJ, which was in arrears at one time. No Metropolitan Council meeting occurred during the period of arrears. The motion passed with 3 abstentions.

6. Governance Issues:

a. Father Jarmus presented a draft Protocol to govern communications between the Council and the Chancery “Administrative Team” (3 Officers and Dir, Mins & Commun). In discussion, the Council requested a review for compliance with NY law; endorsed the proposal that the MC identify a “most responsible person” to execute its mandates; and pointed out questionable areas, e.g., a perceived requirement to channel all questions through Committee Chairs before sending to Chancery staff. Father Jarmus agreed to rework the document in consideration of the Council’s discussion points.

b. Charters for MC Committees: Committee Chairs reported on status of their Charters: Investment (Father Reese) – working on a charter now; Charity (Father Reeves) – Submitted a proposed charter at the June meeting; Financial (Father Tate) – presently operating without a charter, acknowledges need for one and will have one for next meeting; Ethics (Father Sherman) – working on a third draft; Internal Audit – no charter; whole team is vacant at present.

Break 11:45-12:00

7. All American Council (AAC): Father Manzuk presented a report with a series of Action Items, proposing the Church's 15th AAC be held November 10-13, 2008, headquartered at the Hilton Hotel, Pittsburgh, PA. In planning the AAC, he has used the services of Conference Direct, a conference planning company. After discussion about the site and date, the Council unanimously approved Father Manzuk's recommendation (Action Item #1) on a motion by Mr. Bohlender, seconded by Ms. Jacobs. The Council agreed to continue with the Action Items following the Audit report this afternoon. (See Item 9 below)

Lunch 12:20 – 1:20

8. Archpriest Paul Suda, Chairman of the OCA Audit Committee, reported orally and in writing on review of April–June, 2007, credit card, expense reimbursement, and payroll transactions. In summary, he noted: the Chancery presently has no credit card, so no credit card transactions were reviewed; allocations to expense categories were appropriate for expense reimbursements; all but “a few” transactions had proper receipt documentation; and no unauthorized payroll transactions were indicated. He endorsed the Lambrides, Lamos, Moulthrop, LLP, comprehensive report, and noted the continued need for a full-time Treasurer of the Church. In discussion, Father Suda said his report does not cover the Alaska Lands issues. He reported that Mr. Donlick resigned from the audit team and that Mr. Tkacz, as alternate, replaced him. Mr. Nescott noted, and Father Suda concurred, that as a stipended employee Mr. Tkacz should not be eligible for reelection as Auditor at the next All-American Council, IAW with the Church's Best Practices. Father Reeves moved to restored controlled use of corporate credit cards in the Chancery. Mr. Popovich seconded. Discussion resulted in recommendations that the corporate cards be restricted to Officers and those few others with recurring need to make purchases, including the AAC Manager; and that for the first year at least, requests for corporate credit cards be submitted in writing to the Financial Committee Chair. Motion passed unanimously.

9. All American Council (AAC) Continued:

Action Item, Anticipated Attendance: Father Manzuk proposed planning for 580 attendees. Substantial discussion ensued regarding hotel conference room capacity, the advisability of including observers, and plenary session room arrangements to ensure both maximum capacity and adequate work space. Options discussed re hotel capacity included notifying observers that they must make their own room arrangements. Dr. Woog made a motion that the Metropolitan Council recommend to the Holy Synod that the 15th AAC consist of Delegates and also Observers as allowed by space, and that details such as registration be handled by the Pre-Conciliar Commission. Father Reeves seconded, and the motion passed unanimously.

Action Item, Status of Retired Clergy: Father Tate moved that retired clergy be allowed to come to the 15th AAC as non-voting clergy delegates. Dr. Skordinski seconded, and the motion passed unanimously.

Action Item, Will lay delegate alternates be permitted to register and attend? (See Action Item Anticipated Attendance above).

Action Item, Confirm Projected Room Block for Planning Purposes: Father Manzuk recommended 1300 rooms, which he characterized as “conservative.” He added that the hotel contract, to be signed 10/29 permits adjustment by 10% 90 days before the Conference, and another 20% adjustment 30 days before. Father Tate made a motion that Father Manzuk look at historic trends regarding elected delegates and accommodations needed, and plan for registrations for that many. Father Manzuk clarified that 1300 rooms means a peak of 300 rooms for any one night. Father Reeves seconded; the motion passed unanimously.

Action Item, Approve Preconciliar Commission Members and set a date for their first meeting: Father Manzuk distributed a list of people who, if chosen, would serve; he asked for input. Council members discussed the list and suggested emphasis on younger members and on

expanding women's roles. In light of Commission Budget of \$50,000.00, Commission size and geographic locations for meetings is important. Father Tate moved: That the members of the Preconciliar Commission consist of the 3 Officers, the Director of Ministries and Communications, the AAC Manager, and 4 more members, 2 female and 2 male, from anywhere in the country, without restriction. Mr. Nescott seconded. In discussion, Council members agreed to offer supplementary names for the list, and to provide the list to the Holy Synod for selection of the 4 unspecified members. The motion passed unanimously.

Action Item, Determine an AAC Assessment and a date for sending solicitations: Father Manzuk reported past practice: for parishes of 50 or fewer members, the assessment was \$400.00. For parishes with more than 50, the assessment was \$8.00 per member. Father Tate moved that the assessment for the 15th AAC be \$8.00 per member in every setting, and that solicitations be sent out within one week. Father Reese seconded. Motion passed unanimously.

Action Item, Discuss a Council Theme: The Council discussed the scaled-down nature of the AAC and the critical times in which it occurs, but did not arrive at a theme.

Break: 3:40-4:05

10. Special Investigating Committee: Father Sherman presented a resolution establishing a Metropolitan Council Special Investigating Committee, from whose activities the Metropolitan would recuse himself due to potential conflict of interest. Key points of the Resolution: The fiduciary and legal responsibilities of the Council, the appearance of conflict of interest on the part of the Metropolitan, and the need for the Council to guide the Committee, select its (6) members, and receive its reports. Father Sherman made motion to accept the Resolution. Stressing that the intent is totally positive, he reviewed each section. In discussion he amended the resolution to strike Members 5 and 6. Lengthy discussion covered history of the first Special Investigating Committee, the concept and appearance of conflict of interest, the difficulties caused by failure to achieve a credible Committee and to release the first Committee's report of charges, and the need for a credible, independent investigating body. The group discussed the divisiveness of taking action in opposition to the Holy Synod. Mr. Schneider made a motion to table the Resolution until tomorrow and to take a straw vote in order to have the mind of meeting to present to the Holy Synod. Mr. Bohlender seconded. Motion to table passed: 13 in favor; 10 opposed; 1 abstention. The straw poll resulted in 17 in favor of the Resolution; 6 opposed, 1 abstention. Father Sherman moved that the Council present the Resolution to the members of the Holy Synod tonight, with the message that it has been tabled to allow them to consider and discuss it. Mr. Nescott seconded. Discussion ensued about rewording the Resolution, and Father Sherman agreed to do so during dinner.

Dinner 6:00 – 7:00

10. (Cont'd) Special Investigating Committee: His Grace, Bishop BENJAMIN discussed with the Council his intentions as Chairman of the Special Investigating Committee. He stressed that he intends to select the members and that the Committee will be free from interference, or else he will resign. He wants Committee members to be more representative, with members who have not prejudiced themselves, e.g., by posting on the Internet. He thinks it best that the Committee be approved by both the Holy Synod and the Metropolitan Council. He discussed the proposal that the Metropolitan recuse himself and said that the Metropolitan will have nothing more to do with the Committee than to appoint him (His Grace) as Chair. He wants the work done as quickly and thoroughly as possible; he will set a goal of January or February at the latest. He will present reports to both the Synod and the Council. He observed that the faithful of the OCA want to know not just who, but also what happened, that their donations are secure, and that checks and balances are in place so that to the best of our ability the wrongs won't happen again. Father Sherman moved to pass the reworded Resolution; Mr.

Popovich seconded. The motion passed 18 in favor, 1 opposed, 2 abstentions. Father Sherman presented the reworded Resolution to the Council. The resolution reads:

“Whereas, the Metropolitan Council is given in the OCA Statute the competence to ‘examine all financial reports of the potential conflict of interest in accordance with the Best Practices with regard to such an investigation;’

Be it therefore resolved by the Metropolitan Council of the Orthodox Church in America that the Metropolitan Council respectfully requests that the investigation be conducted by a HS/MC Special Investigation Committee established by the Metropolitan Council in conjunction with the Holy Synod of Bishop of the Orthodox Church in America.

Be it further resolved that the HS/MC Special Investigative Committee shall:

- 1. Determine what tasks need to be concluded in order to determine what happened in the financial affairs from 1998-2007, what were the root causes that allowed inappropriate financial transactions, and what corrective actions are necessary to prevent recurrence of such inappropriate financial transactions;*
- 2. Conduct all necessary interviews of persons that in the committee’s judgment may have information germane to the matters in issue, considering no witnesses off limits;*
- 3. Make written recommendations to the Metropolitan Council and the Holy Synod regarding implementation of the corrective actions necessary to prevent recurrence of inappropriate transactions;*
- 4. Recommend such other actions as the committee may feel appropriate;*
- 5. Provide quarterly reports to the Metropolitan Council and the Holy Synod regarding the progress of the committee;*
- 6. Make decisions within the committee by majority vote of the committee, with the Chair voting to resolve tie votes;*
- 7. Conclude the investigation and provide a written report to the Metropolitan Council and the Holy Synod of the committee’s complete findings.*

Be it further resolved that the Metropolitan Council asks, for the good of the Church, that the Metropolitan recognize his potential conflict of interest by stepping aside and appointing a temporary administrator to act in his stead regarding matters associated with the investigation.”

His Grace, Bishop BENJAMIN commented that he has some semantics problems with it but feels “we are not too far apart.” Father Sherman moved to pass the reworded Resolution; Mr. Popovich seconded. The motion passed 18 in favor, 1 opposed, 2 abstentions.

11. Budgets 2007 and 2008: Father Reeves moved to work on the budgets as late as possible into the evening and then to reconvene at 9:00am to continue. Mr. Popovich seconded; motion passed unanimously.

a. Father Tate presented a 2007 budget, revised due to the Midwest boycott, and also a 2008 budget, which he characterized as “a roadmap.” He expressed thanks to Financial Committee members, Ms. Silk and Mr. Popovich, as well as to Father Ivanoff. He presented objectives: (1) to achieve positive cash flow and retained earnings, at least for a few years; and (2) to shrink the budget over time. He referred to the OCA Treasurer position, conceding in the short run to hiring a full-time employee, but warning in the long run about the continued viability of a high-level full-time position. He spoke of the difficulty of unraveling and identifying expenditures, particularly stipends and salaries, and recommended examination of employee benefits as an unusually high expense, as well as the location of the Chancery, as a driver of unusually high salaries.

b. 2007 Budget: Father Tate explained that 2007 income is anticipated to be \$50,000.00 per month lower than projected, owing to assessment withholding by the Midwest Diocese, which began with the August assessment. Taking the Council through the budget line

by line, he identified proposed cuts. Salient points presented and discussed: by agreement of the Council, the OCA exceeded its budget in computer services; the temporary accounting firm was an acknowledged necessity but entailed administrative expenses; capital improvements are eliminated for 2007; stipends are generally eliminated for 2007, including retired bishops' stipends, except where a hardship would ensue; the Chancery's separated employees have a "tail" of entitlements costs that continue weeks or months after their departure; and His Beatitude receives remuneration from his Diocese and honoraria from visits, as well as a salary from the central Church. Father Tate observed that the Church has historically operated with large (\$400,000.00 to \$700,000.00) deficits. He remarked that the Church reports 25,000 members because reporting true censuses would result in higher bills to parishes. Father Tate and the Council discussed the prospect of cutting salaries, including the Metropolitan's salary, which may be necessary if the Midwest withholding continues. Salary cuts will have to be substantial to recoup the shortfall. Before adjourning for the day, the Council discussed whether the Midwest Diocese's "benchmarks" have been met and the likelihood that the Midwest's action will be adopted by other dioceses. The representatives from the Midwest agreed to consult with their hierarch before tomorrow's meeting to determine whether the benchmarks have been met.

Meeting adjourned for the day at 10:10pm on a motion by Dr. Solodow, seconded by Father Reeves.

**Minutes
Joint Holy Synod/ Metropolitan Council Meeting
October 17, 2007**

The meeting of the Metropolitan Council opened at 9:10am with the singing of 'O Heavenly King.'

1. Roll Call: Attendance, including guests, was the same as the day prior with the addition of Archpriest Alexey Karlgut as a guest. Father Garklavs and Ms. Woog arrived after the roll call. In the absence of Father Garklavs, Father Safchuk chaired the initial segment of the meeting (Items 2 and 3).

2. Organizational Task Force: Mr. Kornafel briefly described Task Force activities and presented a candidate for Treasurer of the OCA: Father Michael Tassos. Father Tassos is a CPA with 20+ years accounting experience, largely in the medical field. He also has development experience and comes highly recommended by Orthodox and non-Orthodox references. He has met with Chancery staff and His Beatitude. Mr. Nescott questioned a change in selection team members and asked if a candidate had been recommended by the selection team and then rejected by the Task Force. Deacon Zarras replied that no candidate had been rejected. He explained reasons for extending the recruitment period and replacing selection team members. One candidate had a fairly extensive history of posting comments critical of the Church's managers. The Task Force evaluated the likelihood of that candidate being acceptable to the Holy Synod, and did not initially invite that candidate for visit to the Chancery or refer him to the Metropolitan Council. The reconstituted selection team interviewed that candidate, and others. The first candidate, as well as Father Tassos, was offered an interview at the Chancery after the second interview, but he declined based on another job offer. Peter Bohlender moved to recommend Father Michael Tassos to the Holy Synod as Treasurer of the OCA. Father Searforce seconded; motion passed unanimously.

3. Budgets 2007-2008: Father Tate provided a draft 2008 budget and explained that his assumptions for 2008 were that all Diocesan assessments would be level for 3 years. He presented income projections that he characterized as conservative and authentic, totaling \$2,722,000.00. Father Reeves presented a Resolution and a Petition to the Holy Synod from

the Diocese of Western Pennsylvania, which he requested be included in the Minutes and described as having passed in that Diocese virtually unanimously. The Resolution:

**“A RESOLUTION REGARDING ASSESSMENTS FOR THE CENTRAL CHURCH
ADMINISTRATION OF THE ORTHODOX CHURCH IN AMERICA**

Whereas the Statute of the Orthodox Church in America gives to the Metropolitan Council sole budgetary responsibility and financial oversight for the work of the central administration, and to the All-American Councils, the authority to set the rate of assessments to fund the programs of the same':

Be it resolved that we petition the Metropolitan Council to develop and prepare its budgets for the next triennium (2008-2010) at a level which is equal to no more than \$50.00 per capita of the 2008 census of the participating dioceses;

And be it further resolved that we petition the Metropolitan Council to present to the next all-American Council a motion to fix the per capita assessment for the participating dioceses at an amount not to exceed \$50.00 per capita for the next triennium.

Moved by Archpriest Andrew Matychak and seconded by Archpriest Mark Meholick. Adopted unanimously by the clergy of the Altoona-Johnstown Deanery, September 26, 2007 for submission to the Archdiocesan Assembly, October 13, 2007 as New Business

*Statute of the OE: Article V, Section 4: Competence of the Metropolitan Council
The Metropolitan Council:*

c) Establishes the budget for the operations of the Church and examines all financial reports of the Church;

d) Supervises the collection of the assessments and fees established by the All-American Council and determines the allocation of such funds;“

And

“PROPOSED RESOLUTION CONCERNING THE SPECIAL COMMISSION

Whereas a Special Commission – composed of Chairman, Archbishop Job, Bishop Benjamin, V. Rev. Vladimir Berzonsky, V. Rev. John Reeves, Gregory Nescott, and Dr. Faith Skordinski – was appointed by Metropolitan Herman at a joint meeting of the Holy Synod and Metropolitan Council in December 2006, and charged with completing the investigation begun by Proskauer Rose,

Whereas in March 2007, the Metropolitan Council and the Holy Synod accepted a resolution ‘that the work of the Special Commission be independent and free of interference from anyone outside the Special Commission’; and

Whereas the Metropolitan Council in June 2007 reconfirmed and unanimously voted that the work of the Special Commission should continue ‘unimpeded,’ with no interference from anyone outside the Special Commission; and

Whereas there have been attempts to interfere with the independent investigation of the Special Commission; and

Whereas this interference, the refusal to permit the Commission to continue its work, and the failure to release to the whole Church the March 2007 Interim Report of the Special Commission led to the resignation from the Commission of Archbishop Job, Fathers Berzonsky and Reeves, and Mr. Nescott last month; and

Whereas, the Metropolitan has now appointed a new ‘Investigating Committee,’ named by him, charged by him, and reporting only to him and the Holy Synod, even though he was a Treasurer of the OCA and Metropolitan of the OCA during critical periods of time under investigation and, as such, has a patent conflict of interest in the outcome of any investigation; and

Whereas there appears little hope of resolving this crisis in the OCA, now nearly two years old, unless an independent Special Commission is permitted to complete the investigation; and

Whereas the questions that must be answered publicly through the report of the Commission include these:

What exactly happened?

Why did it happen?

What can be done to prevent this from happening again?

What is the proper course of action for the Church to take with those responsible for permitting it to happen?

Therefore, be it resolved that the Metropolitan Council be encouraged by this Diocesan Assembly to appoint an independent Special Commission – whose work shall not be interfered with or impeded by anyone in the Church, or by anyone who has a conflict of interest in the matters under investigation – and that this Special Commission report its findings to the Holy Synod and the Metropolitan Council, with a full report thereafter to be made to the whole Church.

A vote on this resolution is to be by secret ballot.”

See Items 4 and 10 below for continuation of topic.

10:00 - Joint Holy Synod/Metropolitan Council Meeting

His Beatitude addressed the joint session briefly, saying that the Lord is testing our patience and that we must remain committed to doing the work of the Church. He assured the assembly that he will not interfere in the work of the Special Committee chaired by His Grace, Bishop BENJAMIN. He asked Father Garklavs to continue as chair for the Joint Session.

1. Report from the Holy Synod: His Eminence, Archbishop SERAPHIM reported briefly on events of its October 16, 2007 session. The Holy Synod:

- a. Heard the written, orally presented appeal of Robert S. Kondratyck, who was unaccompanied and dismissed after reading his statement. The appeal will be considered in due time. A statement has been prepared for and posted on the OCA website. A special meeting of the Holy Synod is expected 12 –13 December 2007, to try to decide the appeal, possibly earlier.
- b. Clarified for the record that the action concerning Gregory Nescott’s removal from the first Special Investigating Committee was an action of the Holy Synod, not of the Metropolitan alone.
- c. Determined that the Best Practices for Financial Accountability document needs significant rework to be consistent with the OCA statute and Orthodox polity.
- d. Clarified that the OCA itself is the client in the relationship with the law firm of Proskauer Rose, LLP.
- e. Declared that, with the recent repose of Archbishop Kyrill of the Diocese of Pittsburgh, Western Pennsylvania, and the Bulgarian Archdiocese, that Archdiocesan See is vacant, and action to find a successor for the Diocese of Pittsburgh and Western Pennsylvania.

In ensuing discussion, Council members expressed dismay and frustration at the delay in resolving Mr. Kondratyck’s appeal. They questioned how a report of charges was posted briefly on the OCA website, adding more burden to the situation. His Eminence, Archbishop SERAPHIM explained that a working document had been erroneously authorized for release, in the absence of written procedures. He pointed out that the document is not valid as the Church’s position until it is authorized. Council members appealed to the Synod to assign the highest priority to the appeal, saying there is no other issue in the Church now that is more important. They pointed out the impact of the issue on the trust and faith of OCA members.

Council members asked for explanation of the Best Practices decision. Bishop NIKOLAI explained that he had reviewed the document and found major issues that need to be dealt with. He has provided a 4-page report, distributed to Council members, on those issues. In further discussion, the Holy Synod indicated that the Best Practices document should remain in full force while the issues are dealt with. Since the document must be signed annually, the issues can be resolved in time for next year's signature requirements.

2. Accountant's Perspective: Frank Sluter of the accounting firm Satty, Levine & Ciacco presented the 2006 audit of the Church's finances prepared by Lambrides, Lamos, Moulthrop, LLP. He characterized the report as a "clean opinion." He pointed out one exception: that the auditors were unable to identify prior balances for restricted funds from historical records. In discussion, he called the audit "Unqualified with Exception" and said this was not an unusual conclusion for audits of non-profit organizations, especially religious non-profits. Mr. Sluter also presented a 6-month Report of Income and Expenditures, showing income and expenses meeting budget projections. Dr. Solodow inquired regarding the processing of cash income. Mr. Sluter said the procedure is to put the cash in a deposit envelope and deposit it immediately. Father Reeves observed that it is important that the Council receive these reports in advance.

3. Special Investigating Committee: The Resolution approved by the Council was distributed. His Grace, Bishop BENJAMIN, announced that he has asked four people to join the Committee. Two have declined; he will announce names when all four members have accepted assignment. He explained that he is seeking members from a wider geographic distribution and hopes to meet with members during this session for future planning. In response to questions from Mr. Nescott, His Grace said that members of the Spiritual Court would not be considered for the new Committee, since they have completed their job and may not have a balanced view. He sees no conflict in accepting Dr. Skordinski as a member; he sees her value in her knowledge of what went on in the trial. He confirmed he is not considering the members of the first Committee who subsequently resigned. He explained that he views Internet posting as expressing a strong opinion and so likely indicating bias. When Mr. Nescott asked if the "70 senior clergy" who signed a very public letter would be disqualified from serving, he said he did not know who the 70 were or what they wrote, but if someone publicly expressed an opinion of guilt or innocence with no evidence, he should be disqualified. Mr. Nescott asked whether people who have taken a position that the Metropolitan should resign would be disqualified; His Grace answered that he would certainly think about it. Mr. Nescott then asked about people who have said the Metropolitan should not retire -- would they be considered to have taken a position? His Grace said, "Yes." He stressed that he wants people with whom he can work. Under further questioning, he denied that there is a "firewall" around some people.

Father Sherman presented the Council's Resolution. His Eminence, Archbishop SERAPHIM expressed reservations with the requirement for a majority vote and suggested instead that consensus should be the model. After discussion, the Council agreed that minutes would show the Special Commission should work for consensus regardless of majority voting. Council members stressed that the Committee's reporting back to both the Holy Synod and Metropolitan Council is a key issue. The Holy Synod will confer at lunchtime and report back. See Item 6 below.

Lunch: 12:30-1:00

The Metropolitan Council Reconvened at 1:00 while the Holy Synod Deliberated:

4. Budgets 2007-2008 (Cont'd). Father Tate continued line-by-line review of the 2008 Budget. He suggested the Council needs to capitalize the cost of the Metropolitan's living in Syosset, as part of looking at the Metropolitan's remuneration package. The Organization Task Force will make findings and recommendations concerning 2 positions located in PA. Questions arose concerning website maintenance costs: Father Jarmus and Deacon Zarras will report back. See Item 10 below.

5. Potential Lawsuit: Joint session attendees heard and discussed a report from Father Karlgut concerning a potential lawsuit. Mr. Nescott moved that the OCA hire an attorney to advise on the case. Dr. Skordinski seconded. Motion passed unanimously. After a vote (13 in favor, 5 opposed, 3 abstentions) to continue the discussion, the Council agreed that it has competence concerning lawsuits per the OCA Statute and that all correspondence expressing legal opinions or positions will be signed by an attorney, not Chancery or other Central Administration staff.

Joint Holy Synod/Metropolitan Council Session Reconvened

6. Special Investigating Committee - Holy Synod Response. His Eminence, Archbishop SERAPHIM reported the following Statement from the Holy Synod: "Having on 16 October 2007, established a second Special Investigative Committee; and having recognized the request of the Metropolitan Council that a Holy Synod/Metropolitan Council Special Investigative Committee be established; and, accepting the seven points of the Metropolitan Council's resolution of 16 October 2007; the Holy Synod blesses the work of the Special Investigative Committee."

7. All American Council: Father Garklavs reported the recommendations of the Metropolitan Council and the AAC Manager (Item 9 above). After discussion, His Beatitude announced that the date and place are accepted. The Holy Synod was provided the names of additional Preconciliar Commission candidates; the Synod approved the names, for selection by the Commission.

8. Organizational Task Force: Deacon Zarras presented the Metropolitan Council recommendation for Treasurer of the OCA: Father Michael Tassos. The Holy Synod blessed Father Tasso's appointment. Announcement of the appointment will occur after Father Tassos's Metropolitan grants him canonical release.

9. Treasurer's Report: Archpriest Paul Kucynda summarized 2006-2007 invoices for accounting and legal services. The Church incurred accounting expenses from Lambrides, Lamos, Moulthrop, LLP, totaling \$214,710.25. Of that amount, \$11,522.00 is unpaid. Invoices from the law firm Proskauer Rose, LLP, totaled \$337,455.48, of which \$107,624.97 is outstanding. Father Kucynda also presented the retainer agreement between Proskauer Rose and the OCA. The Proskauer Rose invoices include a 10% discount; Father Paul will not pursue further discounts. Mr. Nescott moved that Proskauer Rose not be used for any other purpose by the OCA without express approval of the Metropolitan Council, and if they are hired without that approval, they will not be paid. Father Reeves seconded. Motion passed with one opposed and one abstention.

10. Budgets 2007-2008 (Cont'd):

- a. Father Tate completed line-by-line review of the 2008 Budget. He recommended elimination of the Development/FOS position, with the duties being subsumed into the Treasurer position. In discussing a special retirement provision, Deacon Zarras explained the special circumstances of an elderly employee who had been excluded from the Church's pension plan. He committed to better and timelier coordination

between the Task Force/Transition Officer and the Financial Committee. Father Tate again expressed concern about salaries in Nassau County and the high level of benefits for Church employees. The 2008 budget has a projected \$179,400 in retained earnings, but those funds may be taken up in legal expenses. He made a motion to accept the 2008 budget; Mr. Popovich seconded. The motion passed unanimously.

- b. Father Tate also provided letters requesting clergy housing tax benefits as follows: Father Garklavs: \$37,060.00 approved unanimously on a motion by Father Tate, seconded by Dr. Solodow; and Father Jarmus: \$45,500.00 approved unanimously on a motion by Father Tate, seconded by Deacon Zarras. Father Tate also suggested the Council approve up to \$50,000.00 for Father Tassos; Mr. Popovich seconded, and the motion passed unanimously.
- c. Father Tate presented a request from Father Stavros Strikis, former Comptroller, to pay his entire severance amount in 2007. Father Tate reported the amount to be \$5000.00 - \$8000.00. Deacon Zarras moved to approve the request and provide Father Strikis his severance pay in 2007, subject to availability of funds. Mr. Peters seconded and the motion passed unanimously.
- d. Father Tate summarized Council proceedings on the 2007 budget: so far the Council has identified only \$103,000.00 in budget cuts; approximately \$150,000.00 in additional cuts is necessary. The only remaining option is to let staff go or push legal expenses into 2008. He asked the Midwest to resume paying assessments. Deacon Zarras pointed out the crisis can only be solved by the Holy Synod. A Synod member is withholding funds on the condition that the Special Investigating Committee Report be released. Yet the Holy Synod as a whole refuses to release the report. His Eminence, Archbishop JOB, said that after the Midwest Diocesan Assembly his Chancellor proposed a meeting with the OCA Chancellor, and that a meeting is being arranged. He emphasized that every decision made by the Midwest, and especially by the Diocesan Council, has been made with great caution. "The last thing we wanted to do was withhold funds." The publication of the redacted report of charges does not meet the Midwest's benchmark – it was "a fluke." When the statement of the Special Committee or some satisfactory version of it is published, he will be very careful in making a determination. It is his intention to do it as soon as he is capable. He responded to Council members' strongly stated pleas to the Holy Synod for a solution, saying, "This meeting was very useful."

11. Legal Counsel and Files Storage: Paul Bodnar reported he has obtained and is evaluating quotes for fireproof, safe off-site file storage. The alternative, purchase of fireproof cabinets, is expensive and not suitable for the building. He also reported responses to advertising for General Counsel: 8 submissions. Mr. Popovich moved that Mr. Bodnar form a committee of professional attorneys to evaluate proposals and come up with a short list of candidates. Father Reeves seconded. The motion passed unanimously.

12. Metropolitan Council Committee Reports:

- a. Investment Committee: Father Reeves moved to accept Father Reese's written report by title, since Father Reese had left. Father Tate seconded and the motion passed unanimously.
- b. Charity Committee: Father Reeves reported disbursement of 9/11 funds as recommended at the Council's June meeting. He distributed proposed Guidelines for Charity Appeal Disbursements. He reported he is still forming his committee. Deacon Zarras made a motion to accept the report and guidelines but asked that the Committee look at what can be done best at the Diocesan level; Dr. Solodow seconded; motion passed unanimously.

- c. Ethics Committee: Father Sherman reported his committee is formed and has received no ethics reports to date. The Committee is working on a draft operating procedure. If an issue were brought to them, they would use their draft procedure, and their work would be subject to review by the Council. Father Garklavs reminded of the need to consider His Grace, Bishop NIKOLAI's letter.
- d. Internal Audit Committee: The written report from the previous Chairman was distributed. Recruitment for a new Chairman will be dealt with by email.

13. New Business:

- e. Father Jarmus pointed out the letter attached to the report of the Chairs of the Department of Christian Education (DCE), encouraging acknowledgement of the importance of Christian Education. He requested support. He also requested suggestions for a volunteer to help post resource material on the DCE website.
- f. Dr. Skordinski requested that the issue of Confidentiality be an agenda item for the next Council meeting.
- g. Dr. Woog expressed appreciation to the Holy Synod for their efforts.

Adjournment: Dr, Woog moved to adjourn; Father Tate seconded. The motion carried. The meeting closed with the singing of "It Is Truly Meet" at 4:45pm.

Respectfully Submitted,

Carol Wetmore
10/24/2007