

REPORT TO HALTON PRESBYTRY EXECUTIVE ON PROPOSED NEW POLICIES ON VIM LOANS

PREPARED FOR MEETING OF TUESDAY DECEMBER 1, 2009

THIS REPORT REPEATS THE INFORMATION IN THE DRAFT PRESENTED TO THE HP EXECUTIVE

ON NOVEMBER 3, WITH SOME MINOR EDITING AND ADDITION OF INPUT AT THAT MEETING

OR SHORTLY THEREAFTER

BACKGROUND

Mandate

Erik Mathiesen, of the "Mission through Finance" department of General Council office requested a meeting with Halton Presbytery. This meeting is one of a series of meetings that Erik, his colleague Michelle Hogman and others in his group have held to discuss the issue with the affected Congregations and Presbyteries. At its meeting of October 8, 2009, the Executive of Halton Presbytery appointed John Fargey, Peter Hancock and Alastair (Sandy) Skinner as an ad hoc task group to meet with Erik and Michelle. It was understood that their mandate was to: listen to what Erik and Michelle had to say; share information; and try to help to draft a set of policies to deal equitably with the complex situation situation. The task group was not empowered to take a policy position on behalf of Halton Presbytery or of its Executive Committee.

History of VIM loans in Halton Presbytery

This could fill a book. Due to the passage of time some history has been lost or coloured by the views of the source of the history.

One convenient history of the five major loans to Halton Congregations (Eden, Erin Mills, Glen Abbey, Tansley and Westminster) is the paper prepared by John Fargey in 2006. This was basically a "good news" story describing how funds raised nationally provided significant assistance to Halton Presbytery in creating new congregations. It was written as part of case statement for the proposed capital campaign. As such, it contains a bias towards "forgiveness". It is silent on Munn's which has now only about \$40,000 owing. We did not get into a discussion of the merits of any of these for any deferral.

The 6 congregations in Halton owed \$4,444,226 on December 31, 2003. In the five years ended December 2008, they had reduced the debt by about \$1.5 million to about \$3 million. About

half of the reduction came from the proceeds of the sale of the property of two discontinued Congregations. During 2009, to September 30 the six reduced the debt by a further \$115,706. After a great deal of effort, particularly by Doug Chandler, agreement was reached to the current agreement covering the years 2007 to 2013. This was signed by Presbytery and The Halton United Church Extension Council. It was agreed to, but never signed by General Council staff and the Congregations involved. It is currently being honoured by all, but rumours of a blanket forgiveness of all VIM debt are circulating with disquietening effect. The General Council's financial statements have apparently provided a 100% allowance against the VIM debts on the basis that they bear no interest. This was not intended as forgiveness of the debt.

Decisions and Actions of the General Council Executive to Date

The "Extracts from Project Documents", provided by Erik and Michelle, summarized the March 2009 direction of the General Council Executive to the General Secretary " to develop a new mechanism to relieve the burden of Ventures In Mission (VIM) capital debts from affected congregations in such a way that the value of the debt is not lost in event that the ministry stops." There may well have been additional instructions in addition to that quoted above. There was a general disbelief that General Council Executive intended to cut off the flow of repayments of more than \$100,000 a year by blanket forgiveness or long term deferral of debt

Emerging Conclusions of National Staff for "Relieving Burden of VIM Debt."

This is included in the most useful material provided by Erik and Michelle, which was distributed previously to the Halton Presbytery Executive. They have received input from individuals, Presbyteries and conferences of the United Church across the country expressing such extreme views as "all the debt should be forgiven" to "VIM loans should be repaid in full".

Erik and Michelle seemed to agree that absolute forgiveness of all or part of the VIM debt was not a generally acceptable alternative, but that some form of postponement, with appropriate security, might be acceptable in a few situations.

Summary of Discussion and Tentative Conclusions

The three representatives from Halton (Fargey, Hancock and Skinner) met with the two representatives of the General Council staff (Mathiesen and Hogman) on October 20,2009 for an open and frank discussion.

It would be difficult to capture all the dialogue and this summary is drafted from the viewpoint of Halton Presbytery. Halton's 6 VIM congregations, out of a national total of 29, represent about 1/3 of the \$8.6 VIM debt still outstanding. Erik acknowledged that Halton has been more involved in working with its VIM congregations than most other Presbyteries. All six VIM

congregations in Halton have and are demonstrating their Christian stewardship by honouring the current agreement and now making "tithing" payments. These payments help to allow the General Council to make loans and grants to other Congregations which need assistance. Five Congregations in Halton are, or have recently, renovated or expanded their premises for about \$1 million or more each, without an interest-free VIM loan. Other Halton congregations have paid, or are paying debt incurred to carry out their Mission.

It was generally agreed that a process should be organized to provide for a deferral or reduction of VIM loan payments in some unusual circumstances. Some possible terms discussed were:

1. each deferral or reduction in payments would be based on a detailed application by the individual congregation justifying the deferral or reduction;
2. the application would have to make a convincing case that it is unable to carry on its mission without the requested relief and that with this relief it could carry out its mission;
3. the procedure for reviewing each application would probably start with the Presbytery, and possibly Conference and in two cases, HUCEC, before being considered by General Council;
4. any approval for reduction or deferral would be for a finite period, say 5 years;
5. the unpaid balance of debt would not be forgiven, and the deferred amount would be secured by a mortgage with interest; no payments would be required on this mortgage during the deferral period, but would become payable if the congregation were to disband;
6. congregations must understand that failure to meet their debt obligations will deprive other congregations, whose needs may be greater, of loans or grants necessary to assist them in carrying out their mission.

Response by Halton Presbytery on and shortly after November 3

Since there was no specific proposal before this Court on November 3, there was nothing to endorse or reject at that time. There was a far-ranging discussion during which the same extremes of views were discussed. One specific decision was to ask Kathy Toivannen to join the discussion group to ensure that the views of the VIM congregations were adequately expressed.

HP Executive instructed the task force to express willingness to continue discussions with General Council staff to draft a specific policy proposal and the administrative policies necessary to implement those policies.

November action at General Council staff

Erik reported that his thinking was generally consistent with the six points set out above, but added the suggestion that, "Presbytery agrees to have x% (75?) of proceeds of any future church/land sales go first to VIM residual debt reduction." While this would solve GCO's problem sooner, it would probably create a disincentive for congregations to keep on paying the agreed tithe. It would also effectively reduce Presbytery's ability to deal with local priorities. For example, in the case of Bethesda and St Luke's a significant portion of the funds were allocated to Applewood to allow them to upgrade facilities to take in substantial number of members of the two congregations that ceased to exist.

Possible action by HP Executive on Dec 1

Would there be general consensus around adopting the principles expressed in the six points above and recommending that they be include in any GC policy?

Should we not express resistance to the proposed involuntary diversion of funds from Church or land sales directly to VIM debt, or at very least to restrict it to debt within Halton Presbytery?

We should express willingness to meet with GC staff to draft administrative rules for whatever policies they recommend to GC Executive.

Submitted Dec 1, 2009 by John Fargey, Peter Hancock and Alastair (Sandy) Skinner