

**Metropolitan Council Meeting  
March 13-14, 2007**

**Minutes  
March 13, 2007**

**Opening Prayer**

At 10:00 a.m., His Beatitude, Metropolitan HERMAN, led a Service of Prayer in the Chancery's St. Sergius of Radonezh Chapel, Oyster Bay Cove, New York.

**Roll Call**

**Present:** **Chairman:** His Beatitude, Metropolitan HERMAN. **Officers of the Church:** V. Rev. Paul Kucynda, Secretary and Acting Treasurer. **Representatives elected by the All-American Council:** V. Rev. Theodore Boback, V. Rev. Gregory Safchuk, V. Rev. Constantine White, Eleana Silk, Dr. Faith Skordinski, Dr. Alice Woog. **Diocesan Representatives:** *Diocese of Alaska*, Archimandrite Isidore (Brittain); *Albanian Archdiocese*, V. Rev. Sergei Bouteneff, L. William Peters; *Archdiocese of Canada*, V. Rev. John Tkachuk, Richard Schneider; *Diocese of Eastern Pennsylvania*, Peter Bohlender; *Diocese of the Midwest*, V. Rev. Vladimir Berzonsky, Dr. Richard West; *Diocese of New England*, V. Rev. Michael Westerberg, Deacon John Zarras; *Diocese of the South*, V. Rev. Philip Reese, Gary Popovich; *Diocese of Washington and New York*, V. Rev. George Hasenecz, Robert Kornafel; *Diocese of the West*, V. Rev. Matthew Tate, Mary Caetta; *Diocese of Western Pennsylvania*, V. Rev. John Reeves, Gregory Nescott. **Absent:** *Diocese of Alaska*, Minadora Jacobs; *Diocese of Eastern Pennsylvania*, V. Rev. John Onofrey.

**Guests:** Present for indicated portions of the meeting: His Eminence, Archbishop JOB (Investigating Committee), Georgia Ioannou, Realtor (Martin Drive Property Report), Rev. Jonathan Ivanoff (Computer Upgrade Project), V. Rev. Paul Suda, OCA Audit Committee), V. Rev. Eugene Vansuch (FOS/Development), V. Rev. David Vernak (Organization Task Force/Search Committee), Vincent Dotterweich (Wachovia Investment Report), Stephen Lamos, CPA (Auditor Report and Investigating Committee Report); Alexandra Makovsky, Esq. (Special Commission), Gregory Matalon, (Martin Drive Property Report) James Perry, Esq. (Investigating Committee Report), Al Wetmore (Organizational Task Force), Carol Wetmore (Recorder, except for Items 8 and 17-20).

**Minutes** of December 11, 2006 Metropolitan Council Meeting and December 12, 2006 Holy Synod-Metropolitan Council Joint Meeting. Dr. West moved to accept the Minutes; V. Rev. Serge Bouteneff seconded. In discussion the Council determined clarification is needed as to who "he" is on page 8, para 1, line 3 ("He determined that, because the funds...") and suggested the correct phrasing would be "Mr. Lamos determined and affirmed with Fr. Strikis that..." The Council also noted identities are needed on p.11 for those making the motion and seconding it – information to be obtained from the tape of the meeting. Mr. Bohlender moved for acceptance of the Minutes of 12/11-12/12/06 as amended; Mr. Popovitch seconded; the motion carried.

**Address of Metropolitan Herman.** His Beatitude spoke briefly in light of the heavy agenda and stressed actions taken thus far to discern the truth and restore trust concerning allegations of financial management. He thanked Council members for their involvement and discernment. The full text of his address is attached.

## AGENDA ITEMS

- 1. Re-Organizational Task Force/Search Committee Report.** Robert Kornafel, Task Force Chairman, presented "Phase 2 – Recruitment," explaining the unprecedented open and competitive process for recruitment of nominees for the positions of Chancellor of the OCA, Secretary of the OCA, Treasurer of the OCA, Director of Ministries and Communications, and Comptroller. Three-member Search Teams interviewed and used an objective, quantified, job-related process to rank candidates. Each Team included at least one MC member except the Chancellor team. Mr. Kornafel announced the names of those identified as best qualified for the positions of Chancellor (V. Rev. Alexander Garklavs) and Director of Ministries and Communications (Rev. Andrew Jarmus). He recommended the Secretary position be re-announced to attract additional highly qualified candidates. He reported the Treasurer Selection Team would offer a nominee later in the day, after face-to-face interview. In discussion, the Council suggested the Secretary position announcement be time-limited. Re the Comptroller, Mr. Kornafel explained that computer/software upgrades will enable the Treasurer and backup staff to function adequately without a Comptroller. Mr. Nescott moved that the MC recommend to the Holy Synod the appointment of V. Rev. Alexander Garklavs as Chancellor. Fr. Berzonsky seconded; the motion passed unanimously. Mr. Bohlender moved that the MC recommend to the Holy Synod the appointment of Rev. Andrew Jarmus as Director of Ministries and Communications. Fr. Tkachuk seconded and the motion passed unanimously. His Beatitude directed that Holy Synod members be informed immediately of the nominations. Fr. Boback moved that the MC thank the Task Force; Fr. Bouteneff seconded; the motion passed unanimously.
- 2. Transition Officer Report.** Dn. John Zarras, Transition Officer, reported progress in implementing the approved reorganization of the Chancery offices, including personnel changes, equipment and software upgrades, and management improvements such as the institution of regular staff meetings. He is on-site two days per week and is assessing staff communication, cooperation, and impact on OCA public. Three employees have been terminated, IAW the Reorganization plan: Mrs. Liberovsky, Fr. Dresko, and Fr. Frawley. Three employees have temporarily changed assignments: Fr. Ivanoff, Gregory Sulich and Fr. Strikis. Other/permanent personnel changes will take place in consultation with the new managers cited in Mr. Kornafel's briefing. Discussion followed, including Council members' reassertion of their desire that Fr. Strikis be removed from Chancery operations. Council members thanked Dn. Zarras for his accomplishments.

Meeting recessed at 12:20 for lunch and reconvened at 1:20

- 3. Wachovia Investment Manager Report:** Mr. Vincent Dotterweich, Senior Vice President - Investments / Financial Advisor from Wachovia Securities, reported that OCA trust, endowment, and investment accounts, previously dispersed in numerous institutions, are now consolidated and more effectively invested, with drastically reduced risk and greatly improved diversification. Management fees are significantly reduced: the Church had been paying \$1500 management fees for each of 5 trusts. Wachovia charges 1.25% of the portfolio annually. Distribution of funds is approximately 60% equities, 40% fixed income. In discussion, the Council determined that the Acting Treasurer will forward quarterly performance results from Wachovia to the Investment Committee by email. It will be the purview of the Investment Committee to provide guidance to the Wachovia investment manager.
- 4. OCA Best Practices/Conformity to NY State Law Report.** V. Rev. Paul Kucynda, Secretary and Acting Treasurer, informed the Council that the Best Practices document previously approved by the Metropolitan Council, pending legal review to assure its conformance with NY State law, has been reviewed by qualified attorneys at the Proskauer Rose law firm and found to be in

conformance. Fr. Matthew Tate moved that the Council accept the document with edits as posted by Proskauer Rose. Fr. Berzonsky seconded. In discussion the Council determined that there are parts of the document with which the Church is not prepared to comply, e.g., posting OCA membership numbers on the Church website. Further discussion disclosed the need to clarify references to the “the auditors” vs. the Council’s Audit Committee. Dr. Woog moved amend the motion as follows: “that the matter of Best Practices be tabled until the appointment of a Treasurer to review it, and that the Best Practices Committee continue to work by addressing the following six issues: mechanisms for enforcement; who will ensure enforcement, how enforcement will be monitored, specific consequences for violation, how violations will be processed, and how Best Practices will be implemented in a hierarchical organization; as well as to clarify references to the auditors/audit committee; and to address membership numbers.” Fr. Reeves seconded. The motion passed with 11 votes in favor and 8 opposed.

5. **Computer Upgrade Project Report.** Rev. Jonathan Ivanoff, Acting Info Tech Specialist in the Chancery, discussed his written report, and corrected it orally to show the Lambrides estimate as \$33,100.00, not \$29,900.00. He reported the project is on schedule, with the server being installed today. Fr. Tate noted that the software is costing approximately \$20,000.00 more than originally anticipated and that the Finance Committee approved the expenditure in the absence of guidance on who can approve and when. In Council discussion Fr. Ivanoff reported that the Chancery and Blackbaud, Inc., will be doing “Train the trainer” for most efficient use of training funds. Fr. Boback asked if the new financial software will have the ability to serve Dioceses and parishes. Fr. Ivanoff said we need to wait to ‘see how it shakes down.’ Dr. Woog asked that the Minutes note that the fall agenda should cover the issue of extending the new financial software to the Diocesan and parish levels.
6. **FOS/Development Report.** V. Rev. Eugene Vansuch, Director of Development and Stewardship, summarized his written report and discussed recent activities. Council members in discussion endorsed provision of training for Fr. Vansuch to enhance his performance in his new role as Development director, in addition to FOS. Fr. Vansuch agreed to provide lifetime FOS aggregate membership numbers at the next meeting and to consider directing some monies to an OCA endowment. In discussion Fr. Tate clarified that the Director of Development and Stewardship can accept funds designated for specific departments. Fr. Tate agreed to arrange for Fr. Boback to be informed of the funds that have been donated for Chaplaincy work.
7. **Selection of Treasurer:** V. Rev. Matthew Tate, Selection Team leader, discussed his team’s process and presented its nominee for appointment: Kevin N. Kovalytsik. He said the Team determined that the OCA budget of \$2.6 million did not demand both a high-level Treasurer and a high-level Comptroller. They judged that the need was for a Treasurer who is a good communicator with a team perspective, a strong financial background, and a ‘big picture’ viewpoint. He presented Mr. Kovalytsik’s educational background and experience and said he was highly recommended by his references and by the Selection Team. Mr. Popovich moved that the MC recommend to the Holy Synod the appointment of Kevin Kovalytsik as Treasurer of the OCA. Mr. Bohlender seconded; the motion passed unanimously.
8. **Investigating Committee Report.** Metropolitan Council Members met in Executive Session from 4:40 to 5:10 and from 6:10 to 8:30pm. with Alice Woog, Ed. D. as Recorder. They heard the “Preliminary Report of the Special Commission as Appointed by His Beatitude Metropolitan HERMAN.” The report contained the following:
  - Summary of the Allegations
    - Discretionary Accounts, Personal Credit Card Charges Paid By the OCA, and Misuse of Grant Money
    - No Unqualified Audits
    - Whistleblowing, Retaining of Personal Defense Attorneys, and the

## Firing of Protodeacon Eric Wheeler as Treasurer

### Summary of the Investigation

- The Accounting Firm and the Law Firm
- Special Appeals Funds and Cash Withdrawals
- Personal Credit Card Charges Paid By the OCA
- Discretionary Accounts
- Grant Money
- Martin Drive Property

### Conclusion

### Recommendation

#1 MOTION: Dr. Faith Skordinski moved the adoption of the following resolution:

*Whereas* according to the Statute of the Orthodox Church in America, Article V, Section 4(k) and (l), the Metropolitan Council “appoints officers and committees on matters within its competence: and “initiates, prosecutes, and defends all legal matters affecting the interest of the Church”;

Therefore, be it *resolved*, that the Metropolitan Council endorses the appointment of Archbishop Job, Bishop Benjamin, Father Vladimir Berzonsky, Father John Reeves, Gregory Nescott and Dr. Faith Skordinski to serve on a Special Commission continuing the investigation begun by Proskauer Rose and authorizes the Special Commission to bring the investigation to a conclusion in the most appropriate way;

Be it further *resolved* that the Metropolitan Council recognizes the appointment of Alexandra Makosky, Esquire, as legal counsel to the Special Commission;

Be it further *resolved* that the work of the Special Commission be independent and free of interference from anyone outside the Special Commission;

Be it further *resolved* that the Special Commission provide a final written report of its investigation to the Holy Synod and the Metropolitan Council as soon as possible, but no later than the Fall of 2007.

Motion seconded by Very Rev. John Tkachuk

Discussion was held on the motion. His Beatitude Metropolitan Herman advised that due to the lateness of the hour and the importance of this situation, he would like to arrange for the OCA legal counsel to be present for this discussion/decision. He further stated that we would be best served to pray and reflect on the motion and its implications during the course of the evening and return to session after Pre-sanctified Liturgy and Breakfast on Wednesday, March 14, 2007.

#2 MOTION: Alice Woog MOVED that the above motion/resolution be tabled. Motion seconded by Very Rev. Michael Westerberg. Motion passed unanimously.

Meeting adjourned with prayer at 8:30 p.m.

**March 14, 2007: Metropolitan Council Session opened with prayer at 10:00 a.m.**

**Roll Call:** All MC Members present except Minadora Jacobs from the Diocese of Alaska.

**Investigating Committee Report (Continued).**

Executive Session continued with Dr. Alice Woog as Recorder.

#3 MOTION: Alice Woog moved to remove from the table the motion addressing the continuation of the Special Commission (see motion above). Gary Popovich seconded the motion. Motion passed unanimously

Much discussion was held regarding the motion and questions/concerns/implications surrounding the resolution. After much discussion, Metropolitan Herman called for the vote.

Motion Carried: 22 Yes 0 No 1 Abstention

#4 MOTION: Robert Kornafel moved that the Metropolitan Council support the following recommendations:

Recommendations for the Holy Synod

(1) Immediate suspension of Father Kondratich by his bishop. Based upon the facts established thus far, failure to remove him immediately from access to any and all sources of Church funds demonstrates irresponsibility with regard to fiduciary duties on behalf of the Holy Synod and Metropolitan Council and significantly increases the liability risks of the OCA.

(2) Call Metropolitan Theodosius before the Holy Synod to answer questions relating to his responsibilities and duty of care for the OCA while serving as Metropolitan of the OCA.

(3) Confirm for the record that there are no prohibitions against investigating the discretionary accounts.

Recommendations for the Metropolitan Council

(1) Determine and authorize a working budget for the Special Commission to bring its work to completion.

(2) Appoint Deacon John Zarras, OCA Transition Officer, and Alexandra Makosky, Esquire, to be responsible for overseeing the proper filing and securing of OCA documents and records, especially those maintained by the current comptroller.

(3) Release this entire written report to the Holy Synod. The Special Commission will prepare a Summary of the report and present it to the members of the Holy Synod of Bishops of the Orthodox Church in America at their Spring 2007 Meeting, and recommend to the members of the Holy Synod that they release that Summary to the entire Church.

(4) Authorize Lambrides to conduct a special-purpose audit for 2006, which would include reviewing the appeals, endowment funds, and trust funds.

(5) Require the treasurer to submit the invoices of Proskauer to the Special Commission for review and comments before paying them, even if the amount is within the authorized budget for 2006-2007.

Very Rev. John Tkachuk seconded the motion. Much discussion was held regarding the motion and questions/concerns/implications surrounding the motion. After much discussion, Metropolitan Herman called for the vote. Motion Passed Unanimously: 22 Yes; 0 No; 0 Abstention

Metropolitan Herman did not call for a roll call, but it should be noted that Fr. Michael Westerberg and Fr. George Hasenecz were present for the discussion, but absent at the time of the vote.

Executive Session ended at 1:50 p.m.

Recorded by: Alice Woog, Ed. D.

Fr. Boback moved to thank the Special Commission; Mr. Popovich seconded, and the motion passed unanimously.

9. **OCA Audit Committee Report.** V. Rev. Paul Suda, Chairman, presented a written report. He added that his intention is to conduct quarterly audits, and he recommends a professional Auditor be present at all audits. Fr. Reeves moved to postpone action on this report pending receipt of the external auditors' report. Dr. Skordinski seconded, and the motion passed unanimously.
10. **Pension Fund Report.** V. Rev. Michael Westerberg reported the Pension fund is doing well: the Pension Board is meeting as required; all assets are secure; beneficiaries are receiving checks, and payees are remitting to the fund. The fund received a "clean and unqualified audit" for 2005, and the 2006 audit will be completed by June 1, 2007. He presented for approval an amendment to the OCA Pension Plan necessitated by a 'scrivener's error' that occurred when clergy housing was made part of the pension plan. The amendment makes clear that surviving spouses are entitled to receive the benefit as well. Fr. Westerberg moved to approve the amendment; Dr. Skordinski seconded. The motion passed unanimously.
11. **MC Audit Committee Report.** Mary Caetta, Committee Chair, presented a written report in which she asserted the Committee will use the draft Best Practices document as guidance; that the Committee will monitor application of the computerized accounting system, and that they will report at the June meeting on their overall plan and strategy.
12. **2006 Financial Report.** Stephen Lamos, CPA, from the firm Lambrides, Lamos, Moulthrop, LLP, presented 2006 financial reports prepared by the OCA finance office. Mr. Lamos reported the 2006 financial reports appear reasonable, although his firm has not yet audited the OCA financial records for the year. The audit is expected to take place by the end of June 2007. He recommended that the Chairman of the OCA Audit Committee serve on the MC Audit Committee. In discussion he clarified that Alaska lands are not included in his audit but that restricted funds are included.
13. **Martin Drive Property Report:** Attorney Gregory Matalon of Cappel, Barnett, Matalon & Schoenfeld presented a Certificate Resolution for sale of the real property owned by the OCA at 216 Martin Drive, Syosset, NY. Mr. Matalon ascertained that nineteen (19) voting members of the Council were present, hence, a quorum. He explained the process of sale including the following: purchaser has 30 days to obtain mortgage; NY State Attorney General and Supreme Court must be involved because this is a sale involving a church. In discussion, Mr. Matalon and realtor Georgia Ioannou answered questions about details of the process. George Popovich moved to accept the Certificate of Resolution as presented; Fr. Philip Reese seconded; the Council approved the motion unanimously.
14. **Charity Committee Report.** V. Rev. John Reeves, Chairman, presented a written report summarizing research and future plans for the Committee. Fr. Bouteneff moved that anyone

serving on the Charity Committee have 501C(3) non-profit experience, including the Canadian and Mexican equivalents. Dr. Skordinski seconded; the motion passed unanimously.

15. **Investment Committee Report.** V. Rev. Philip Reese, Chairman, described plans to staff the Committee: he has three members committed and is looking for a fourth. He has been in contact with the Wachovia Investment Manager, who has pledged his support.
16. **Iliff v. SVS, et al Law Suit.** V. Rev. Alexey Karlgut presented a summary of the lawsuit and its current status.

Note: The following portion of the Minutes was recorded by MC Member, Peter Bohlender.

17. **Finance Committee Report.** V. Rev. Matthew Tate provided 4 financial reports and pointed out that in 2006 78% of anticipated income was received and that legal expenses overran budget by \$220,000.00. He noted that 2006 operating expenses were controlled well against revenues and that end-year status (unaudited) is in the black. He said 2007 performance to date appears on target. Concerns for 2007 are apparent budget overruns for computer update project and legal fees; the Committee will try to adjust to compensate. He proposed a spending limit policy as follows:
  - Church Administration (Secretary, Treasurer, Chancellor, Dir of M&C) may spend up to \$5000.00 over budget per item without prior approval.
  - Church Administration (as defined above) with approval of the Metropolitan and/or Finance Committee, may spend up to \$30,000.00 over budget per item.
  - All expenditures in excess of \$30,000.00 require majority vote by the MC. He suggested investigating an e-mail voting process for this purpose.In discussion, the legality of e-mail voting was questioned. Dn. Zarras is to look into that issue. Fr. Tate moved to approve the policy without the e-mail voting provision. Mr. Popovich seconded. Motion passed unanimously.

18. **“Bibles for Russia.”** Gregory Nescott presented a Memorandum expressing the legal opinion that the principle of “funds in kind” may not properly be applied to the grant for Bibles. Fr. Boback moved that the “Bibles for Russia” funds be replenished and that those monies be distributed according to the original intent. Fr. Reese seconded, and the motion passed unanimously.
19. **Undistributed Funds from the Honesdale Loan.** Acting Treasurer V. Rev. Paul Kucynda reported that all money owed to designated funds of the Church was restored from the Honesdale National Bank loan immediately after the loan was approved. Since the November 2006 meeting of the Metropolitan Council, nearly all special appeal funds have been distributed by the Acting Treasurer’s Office as directed by decision of the Metropolitan Council at that meeting. He asked the Charity Committee to make proposals for distribution of the designated funds at the next MC meeting in June 2007.
20. **Fifteenth All-American Council in 2008.** A memo from V. Rev. Myron Manzuk was distributed as an update on planning for the Council. There was no discussion.

**Adjournment:** V. Rev. Sergei Bouteneff moved to adjourn; Ms. Silk seconded. The motion carried. The meeting closed with the singing of “It Is Truly Meet” at 4:00pm.

<b>ACTION ITEMS:</b>	<b>Page #</b>	<b>Responsible Party</b>
1. Correct December 2006 Minutes	1	Fr. Kucynda
2. Address Best Practices Issues	3	BP Committee
3. Financial Software for Diocese/Parish	3	Fr. Ivanoff
4. FOS Aggregate Membership Numbers	3	Fr. Vansuch
5. Identify Funds Donated for Chaplaincy	3	Fr. Tate
6. Implement 5 Investigating Committee Recommendations to MC	5	Fr. Kucynda
7. Chairman of OCA Audit Committee on MC Audit Committee	6	Metropolitan HERMAN
8. Legality of E-Mail MC Voting	7	Dn. Zarras
9. Propose Distribution of Designated Funds	7	Charity Committee

Respectfully Submitted,

Carol Wetmore

Enclosures:

1. Agenda for Meeting of the Metropolitan Council, March 13-14, 2007
2. Minutes of December 2006 MC Meeting (Corrected)
3. Address of His Beatitude Metropolitan HERMAN
4. Wachovia Investment Manager Report
5. Computer Upgrade Project Report
6. FOS/Development Report
7. OCA Audit Committee Report
8. OCA Pension Plan Amendment
9. MC Audit Committee Report
10. 2006 Financial Reports (Mr. Lamos)
11. Martin Drive Certificate of Resolution
12. Charity Committee Report
13. Finance Committee Reports (4)
14. Bibles for Russia Memo, Gregory Nescott
15. 15<sup>th</sup> AAC Memo, V. Rev. Myron Manzuk