

**AGENDA**  
**BOARD OF DIRECTORS MEETING**  
**Wednesday November 7, 2001 7:15pm**  
**NORTHSIDE CHRISTIAN CENTRE INC.**  
**31-61 McLeans Road Bundoora Vic 3083**

1. Welcome - Chairman
2. Apologies – Denis Smith
3. Minutes of previous meeting – 07.2001  
 “Minutes of special board meeting Thursday October 18 7:30pm be accepted”  
  
 “Minutes 07.2001 accepted”
4. Business arising out of special board meeting
  - .1 Mediation of Hayes –v- Northside Christian Centre  
 Mediation of AGH –v- Northside Christian Centre  
 Mediation of AGD –v- Northside Christian Centre  
 Mediation of AGN –v- Northside Christian Centre  
 Mediation of AGL –v- Northside Christian Centre  
 Mediation of AGC –v- Northside Christian Centre
  - .2
5. Correspondence
6. Senior Pastor’s Report
7. Matters Arising from Senior Pastor’s Report:
  - .1 Denis Smith
  - .2 Securing Assets
  - .3 Settlement bank loan
  - .4 Communicating with congregation
  - .5 Insurance
  - .6 Members
8. College Council minutes  
 No College council meeting
9. Business arising from College Council minutes
10. Other Business –
  - .1 Building for Life Donations – Richard Nielsen
  - .2 Principal report

11. Financial Report – Richard Nielsen
  - .1 Financial Statements Centre
  - .2 Financial Statements College
12. Next meeting –
13. Close

**SENIOR PASTOR'S  
BOARD REPORT  
Wednesday November 7, 2001**

**Expression of gratitude**

The days following our special Board of Directors meeting with Tim Adams on October 18 have been very trying. The mediation case that lasted 3 days was without a doubt the most stressful 3 days of my 20 years in ministry. The very existence of Northside Christian Centre was under severe threat because of the legal action against the incorporation. I want to record my thanks to Raff Marcucci, Lois Spinella who came in with me every day. Steve Skorobogaty was present also for a good part of the time especially during the critical last few hours. Rajith came in for a couple of hours and was always contactable by phone. Ken Greenwood spent a whole two days with us and helped shoulder the burden. We conferred with Gary Emmerson by phone during the process. I tried to keep in touch with as many of the Board as possible.

Before I start let me make it absolutely clear – every word that is spoken in this room is confidential. It is not I repeat not to be shared even with your wife. This is highly sensitive material.

**Unfolding of information**

At the end of the first day of mediation the situation looked hopeless. Our barrister informed us “ they are intent on punishing the college and church for what happened to their children. They are very angry and will not settle unless each receives hundreds of thousands of dollars. The plaintiffs were asking for \$1.8 million dollars. Because we were only partly insured our part would have been \$800,000. That amount would have effectively shut us down. This was not an idle threat our barrister at the end of the first day was all but ready to walk out feeling he was wasting his time and wasting our money as nothing could be done. He advised us to sell up, pay them out and relocate.

You can just imagine how we felt. Our building program gone, our land gone, our school, gone and our church gone. Their barrister and lawyer told us to our faces, "we have no hesitation in the slightest closing you down." We don't care. We are here to get the best possible outcome for our clients. We will seize your property and close you down.

We went through the serious process of determining what would be the result if we closed down the entire operation.

I telephoned the State president of the Assemblies of God advising him our only hope of survival was to fight them in court and hope the judgement against us would be less severe. However in taking this action the name of the church, the college and the Assemblies of God would be published in the paper. He assured me he understood our position and offered some advice.

As the mediation proceeded it became apparent that most of the anger was being directed at the past leadership of our College.

The barrister who was continually running backwards and forwards between us and their barrister and lawyer was taken back at the hatred that the parents and children had towards to College. He said, "They are more angry with the school than they are with Ken Sandiland. Why is this? What have you done to incite them? I can't understand it?"

It was at this time we discovered that another 20 students made complaints of improper behavior against Ken Sandilands when they interviewed by the police. Their names are in the Police files. They have chosen not to take legal action but could in the future. Ken Sandilands has already confessed that he during his time as teacher he placed 20-30 students on his knee bounced them up and down for the purpose of masturbation. On Friday afternoon the last day of the mediation, Lois and I went for a walk down town. I said to her, "Lois what happens between 2:30 – 5:00pm will determine the future of the church and College. Whether it will exist in it's present form or not." I can't express in words how saddened, grieved and even how angry I felt that 50 years of history could be wiped out. In a few hours the sacrifice, giving, sweat and tears of an entire church generation could all be gone.

### **Anger against Denis Smith**

As the mediation progressed it became apparent that the parents and children blamed the past leadership and in particular Denis Smith as CEO for allowing Ken Sandilands remain in the College despite numerous complaints and warnings. It suddenly made sense why he and not the principal was named in every writ. It seemed there was a vendetta against Denis. I shared this with the lawyer and he agreed with me. He said the mediator said that in the final moments of the mediation one of the parents said and *who is going to crucify Denis over this*. Steve Skorobogaty wrote an email to one of the parents whose little daughter was sexually abused and who was taking legal action against Northside their response pointed again to a long standing hatred. I will let Steve give you the background. *"Intensely disappointed for people such as yourself and John to be fronting the callous decisions and actions of others before you."*

Ken Marsh a College parent for many years and who knew this case was going for mediation said to my wife on Sunday "Chris and I are praying for you and for the parents who have such hatred toward Denis." Over the years Denis seems to have made many enemies in the College and Church community.

We saw that very vividly displayed in the Jim Twelve's situation where the parents not only wanted to bring Mark Wiggins down but also Denis Smith with him. That shocking incident ended up costing us one third of our students and at least \$300,000 -\$400,000 in revenue.

The Jim Twelve's explosion was as vendetta against Denis as it was against Wiggins false signing of the cheque.

I know of people who will not step foot into this church because of Denis. They ask is he still there?

There has been a cloud over his financial affairs for years??? He said he was going to relinquish his car two years ago and put the money into Building for Life. He said that in front of the board. I have approached him twice about it. Both times I was told I haven't got time to sell my car. There is no integrity in that.

Denis statement to the police is far from convincing. The barrister said, "time and time again Denis says he does not recall events." This leaves you wide open for criticism. You cannot say you do not recall events and then at the same time say you did everything he could. That would be undefendable in court. It is filled with holes."

There are integrity issues in Denis statement, that don't sit right with me. He is in effect calling Ann Brown, Tim Brown, and multiple parents and students liars. I personally would not forget if a teacher was being accused by parents or children of indecent behavior. Pastor Smith has an excellent memory.

Barrister said I would advise you not to fight the case in court, as you would lose just based on that statement from Denis.

The fact is parents see Denis as the key figure in hiring and firing at that time. They blame him for not doing enough. They regard his dictatorial manner in those days, his disregard for other people's opinions, his disregard of children's concerns, over a period of up to 10 years as inexcusable. As early as 30<sup>th</sup> December 1986 Ken Ellery the then principal reported to Denis allegations of inappropriate behavior. In 1987 Ken Sandilands breached a set of guidelines but he was still kept on staff. It seems the fear of unfairly dismissing a teacher overwhelmed him. The result was precious innocent little girls 6-7 year olds for the next few years were abused. Emma Hayes the child who received the biggest payout \$225,000 is really messed up. She pleaded to be taken out of Ken Sandilands class but it was denied. She was put back into class and was told to apologise to Mr Sandilands in front of the whole class.

We failed miserably in our duty of care.      Page 5 Emma Hayes  
Page 6-7  
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Denis could have contacted the Education department for advice, CCS, the police department.

I will be perfectly honest this whole situation was completely bungled by the past leadership and in particular by Denis Smith who had the power to fire Ken. This is the really sad thing. Because I know it was not intentional.

However Denis is seen to be the one even more than Neil who made the big decisions and had the power to dismiss him. That is why they are angry with him. I think in fairness we have to put ourselves in the parents position you and I would be very angry with the leadership if the school had received numerous complaints and had allowed him to keep teaching. My own two daughters were due to go into his class the following year, they could have been the next victims.

I have no doubt that as long as Denis is part of this organization parents rightly or wrongly will continue to take legal action, vent their anger at him and in doing so not only bring him down but potentially bring us down as well. He has become a huge liability.

One reason why they did not close us down is that we appealed to them not to punish the innocent staff, innocent church members who didn't even know Ken Sandilands and were not part of the decision process. If Denis Smith was the senior pastor at the time of the mediation there is no doubt that the outcome would have been far more severe.

In the parents mind Denis is clearly guilty.

I have spent a lot of time in prayer agonising over this situation. Thinking through the different options. How is the church going solve this on going problem. It has been much more difficult because I have always been extremely loyal to Denis for over 14 years.

I thought I would let at least 7 days pass drawing conclusions. I thought I would also speak to older respected ministers in the body of Christ. In my heart there was a sense that Denis continued presence would only worsen the situation.

### **Getting advice – Alun Davies, Malcolm Mcleod**

So I spoke to Alun Davies the State President of the Assemblies of God in Victoria about the concern I had concerning Denis. Alun is also on the National Executive. I described the case to him. His comments were “it is obvious Denis was negligent in his duty of care. He protected the teacher rather than the students. He was more concerned about unfair dismissal than the welfare of the children especially in the light of the long history of complaints. He must now fall on his sword for the church and colleges sake.”

He asked me if he could help. I said this was a very sad situation. Our intention as a church was to support Denis until he was 65 but now this is impossible. These events threaten the very existence of the church and college.

I asked would you be there for Denis through this whole painful process. He will need to people to help him at that time. Alun said he would and offered to speak to Phillip Hills Denis Smith’s closest friend in Victoria. Phillip would be better able to minister to Denis and help him. I said Alun I would really value that.

In the meantime I have been speaking to Denis by phone. I have described the case to him. I have advised him to change his house in his wife’s name. I have been perfectly frank about what is at stake. I would far rather Denis see the gravity of the situation and do the right thing even honorable thing for the sake of the church.

As I spoke to him about the gravity of the situation he told me he was giving serious consideration in tendering his resignation. I believe during the next two weeks he will be coming to terms with what he must do. I will speak to him when he returns. My desire is that he see for himself that there is really no other option. For his own sake he needs to leave.  
If I were Denis I wouldn’t want to stay.

Angry parents are after blood. If he is here they will be more likely to be stirred to take action. The barrister David said Denis has much to lose if he is forced to testify in court. He will lose. Unfortunately action against him is action against us.

We cannot as much as we love Denis allow any one person to bring down this wonderful church. No one can be allowed to do that not Denis not me, not any one individual. I ask you as a Board never to let that happen.

The cruel hard facts are that Denis as the then CEO has left us a legacy where we will not ever be able to completely relax because there are 20 people out there who have lodged complaints against Ken Sandilands. They may choose to pursue their case. Yes we can separate assets but there are still the costs of defending the case.

It has already cost us \$140,000 plus legal costs. AGC case looms in the horizon in another twelve months time. That could be a very big case or nothing. Again AGR is very angry with Denis and probably the one who inspired this legal action. We have no insurance coverage for this claim.

We cannot afford to pay for Denis mistakes, misjudgments and dealings with people. It is time for him to move on.

We must act now!!! To keep Denis on after what parents regard as years of neglect can only be seen by parents as protecting him and agreeing with him. On this occasion these parents were more lenient because it was the past leadership who was at fault-next time they will take the view (in not removing him) you are siding with him and we will bring you down with him without any remorse. Our credibility is on the line if we keep him on staff, and give him further public ministry.

There really is no option. Denis has lost credibility in the eyes of the people and he cannot remain in leadership any longer.

Once the people in the congregation finds out that the church has been sued and that they will have to pay for it as well because the College has no money they will be very angry.

I have defended and protected Denis for over 14 years but it's enough he must stand on his own merits. I have had enough of fighting Denis's battles. I am tired of picking up his messes. I have never been so stressed in my life and I am unwilling to put my family through this again with Denis around.

It's either him or me. I will not work with Denis on staff. He is a huge liability to this church and college.

I am recommending that he step down from leadership immediately upon his return if we are to gain any credibility in the Christian community. We then give him his entitlements (about 3 months holiday leave and also 3 months of pay) or the car if it works out about the same. I don't think we need do more than that, for the church has been very generous to him and his wife over the years. Only just recently did my pay exceed his.



It disappoints me greatly that he has not shown one bit of remorse for these innocent children who were abused.

I need your absolute support on this decision.

### **SECURING OUR ASSETS**

I have been investigating a number of possible ways in which we can set up our organisation so that our assets can be secured against financial loss of any kind. Richard Neilsen has been speaking to a number of church based schools to see what structure they have in place. Richard will be bringing a report on the night. I have asked Rajith to also do some research into a new structure. I have asked Moores Solicitors to help us in this process.

It is imperative that we incorporate the College in its own right but in such a way that we still have control over its future direction and biblical basis. With possibly other legal action against Northside Christian Centre it is imperative we come up with a model that can be approved at a special members meeting either at the end of this year or the latest the first week in February. We need to have a Board minute to investigate these possibilities for the securing of our future.

### **OBTAINING A LOAN**

The conditions of the \$140,000 mediation settlement were three months. That means we will need to obtain a loan quickly. I propose we approach ANZ as well as other institutions with revised financial information as soon as possible. Denis Smith salary will be the major difference to the equation. Without his salary we would not be able to service or pay off the loan.

I believe the College should at least attempt to pay the interest component of the loan even though things are tight for them financially at the moment. They have a responsibility to bear some of the burden. I would like to see this loan amortized as soon as possible. We will need to also put some money aside to fight the AGC case.

### **COMMUNICATING TO THE CONGREGATION**

The news of the church being sued on behalf of the College has spread quickly. I was at a pastoral meeting last Wednesday with four key pastors in our region and they were aware of our predicament. Knowing human nature this will spread quickly and will reach our people. It would be very unfortunate if others informed them about the mediation and its result rather than from us. I will seek the guidance of the Board of Directors on this issue. We need to be truthful and not conceal things on the one hand and yet not destabilize the church on the other.

**INSURANCE**

Several members of the Board have asked questions about Directors and Officers insurance. I will have Richard comment on this. If there is sexual molestation exclusion we will make plans to be insured with another company. We have investigated professional indemnity insurance in an effort to obtain money from this source to cover the settlement but this policy definitely has a sexual molestation exclusion clause.

**OTHER SOURCES OF MONEY**

Presently our solicitor is pursuing insurance money from a number of sources. Greg Sowby who was the broker for the Assemblies of God during the time that insurance companies were changed could be liable for the way he handled the transfer. We would have to prove liability and he would have had to be insured at the time. It is a long shot but definitely worth pursuing.

Our solicitor will approach the national executive and inform them of the outcome of the mediation. We do not have a legal right to sue them nor would we want to but they might be willing to raise some money amongst the bigger churches. Again this could take time and the amount is unsure.

There may be some money at State and National level. I will take this up with Keith Ainge and Tim Adams.

**NEW MEMBERS**

Ann Gill.

**BUILDING FOR LIFE GIVING**

Work is progressing well with the official hand over of the multipurpose hall to take place before November 18. There is a lot of work to be coordinated during the next week and a half. So far we have raised.....

Through it all I declare God has been faithful. His grace has sustained us. I have reminded myself often, it is his work not mine and will look after it.