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CCOF ORGANIZATIONAL ANALYSIS AND REPORT  
CALVARY CHAPEL ALBUQUERQUE

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APRIL 18, 2006

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By: Tom Stipe  
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**INTRODUCTION**

On December 21, 2003 Skip Heitzig, Senior Pastor of Calvary of Albuquerque (CA), announced his departure. Skip was answering a call to Southern California to "start over" as a builder and pioneer. Pete Nelson accepted the offer to take over as Senior Pastor of CA. On February 19, 2006 Pete Nelson abruptly resigned as the Senior Pastor of CA. Amid an almost daily assault of media coverage and congregational inquiry, Skip Heitzig resigns from the Board of Directors of CA a few weeks later.

What appeared to be a model for transition in church leadership has in just over two years degraded to a situation that has forced two outstanding men of God to abdicate leadership of one of the largest churches not just in New Mexico, but in the country. What happened? What do we take from these events to help others handle issues of pastoral succession?

This situation, while novel to Calvary Chapel, will not be unique. The "first generation" of Calvary Chapel affiliates are currently lead by Senior Pastors many of whom are aging and are, or will be considering how to transition the churches that God has given them to the next generation of leaders. What lessons can we learn from the CA events?

At the request of Calvary Chapel Outreach Fellowship, I will attempt to shed light on what went right and what went wrong. The quotes and bullet points come from attached material and are not embellishments.

The scope of this report deals with circumstances and events from the fall of 2003 to Pete and Skip's resignations in February and March of 2006. Subsequent events, including the recent actions of the Board of CA are not included.

It cannot be stressed enough that the true losers in these series of events are the members of the congregation of CA. To understand the issues that currently face the congregation, three documents are a "must read". They are:

1. Pete's letter of resignation dated February 18, 2006 (Attachment #14)
2. Greg Zanetti's letter to the Board dated November 8, 2004 (Attachment #11)
3. The "Ackerman" CCOF organizational Audit of April 2006 (Attachment #12)

## SYNOPSIS OF EVENTS

- 2002-2003 Skip feels "stirrings" to move on from CA, to be a builder/pioneer once again.
- Fall 2003 Skip entertains taking over an existing church in Palm Desert, Calif., Skip calls Tom Stipe to examine the availability of Pete Nelson as a replacement. While the Palm Desert position does not develop, an inquiry from Ocean Hills, Calif. arises.
- 12/1/03 Skip announces to the Board of Directors of CA his intent to become pastor of Ocean Hills Church in San Juan Capistrano, Calif.
- 12/16/03 Skip agrees to remain on CA Board of Directors. Pete Nelson appointed to CA Board of Directors. A severance package for Skip is approved.
- 12/21/03 Skip announces his "departure" and the choice of Pete to take over as Senior Pastor of CA.
- 1/04 Skip continues Wednesday teaching, Pete takes over weekend teachings.
- 1/31/04 Skip's weekly obligation to CA ends.
- 3/25/04 Pursuant to the Bylaws, Pete requests to add new members to the Board of Directors. Board rejects. Board approves transfer of radio stations KNKT and M88 from CA to Connection Communication Association, Inc., an entity controlled by Skip, Board member Paul Saber, and Kent Bagdasar. Pete and Board member Ray Ziler object, citing the need for further study of the legal consequences of such a transfer.
- 8/17/04 Board discusses characterizing Skip's departure as being "sent out as a missionary to Ocean Hills" and that his relationship with Calvary Albuquerque is "not severed". A committee is appointed to study this as well as the "wind down of Skip Heitzig's involvement and governance".
- 10/26/04 Meeting of the committee identifies that what may have once been a transition plan, is at best a work in progress.
- 11/8/04 Board member Greg Zanetti issues a letter to the Board criticizing Skip and the Board for backtracking on transition promises and for other questionable actions.
- 11/29/04 Board member Greg Zanetti's resignation accepted. Board amends Bylaws, approves subsidy of Skip's national radio ministry, "Calvary Connection". Resignations of Board members Franklin Graham and Greg Laurie are accepted.

- 12/28/05 Skip appointed as "perpetual" Board member and Chairman of the Board. Financial restrictions placed on Pete Nelson.
- 1/4/06 Skip and Pete meet with their wives in attendance. Pete issues an "ultimatum" to Skip, "either come back and pastor CA, or step back and let me pastor".
- 2/19/06 Pete resigns as Senior Pastor and Board member.

## ANALYSIS

### Skip's Departure / Pete's arrival

The danger in attempting to analyze events that happened over two years ago, is that endless discussion could ensue in the "he said/she said" format. All attempts will be made to avoid this.

As Senior Pastor of Crossroads Church of Denver, I am in a unique position in evaluating what initially took place. Pete Nelson was my Associate Pastor for three years immediately preceding his move to CA. As the events in the fall of 2003 were unfolding, I was contacted by Skip, seeking permission to approach Pete and discuss his succession plans. Skip indicated his desire to have Pete take over CA with "no strings attached". In my numerous conversations with Pete, it was always represented that he was being asked to take over the responsibilities of Senior Pastor, and was also being given authority to accomplish that task in keeping with the Calvary Chapel model of a Senior Pastor's role.

This analysis is confirmed in "Skip's Departure Service" on December 21, 2003 (Attachment #1). The general tenure of the service was one of moving on, of obedience to God and of departure. In his farewell address Skip used the following terms; "departure, "my gifts are required elsewhere", "it is time to move on" and "I am going to start over". It was acknowledged that this was "not typical", that it was "irregular", but that obeying God was all that mattered.

This tenure was reflected by many others who spoke either in person or by video that day.

"God has provided new leadership" Skip shall "move on to his next venture in faith". Chuck Smith

"It hurts to say goodbye." Lenya Heitzig

Skip is "moving on to a new ministry opportunity". It is a "bold step of faith". Greg Laurie

"God is moving Skip to California. Pete is prepared to move Calvary Chapel Albuquerque to a new level." Franklin Graham

"Skip is teaching us to follow the call of God", CA is a "difficult thing to walk away from", Skip has "humbled himself to start over, to obey the call of God" and "the Board will stand behind you (Pete) as it has for Skip".  
Paul Saber

This position is reflective of the Board's position of December 16, 2003 (Attachment #2) in giving Skip a severance of \$220,000.00 (net of taxes), automobiles, computers, PDA's, cell phones and similar personal items.

Despite the attempts of the Board in August of 2004 to "characterize" Skip's departure as being sent out as a missionary, the facts of the day must speak for themselves. Skip was severing his ties with CA. His only continued involvement was to stay on the Board for approximately one year to assist Pete in the transition.

### What Changed?

Several factors began to unfold in the months following Skip's departure. First, Pete began to assert his own authority. In March of 2004, Pete attempted to appoint three members to the Board of Directors. The Board rejected his nominations. Pete also voted against transfer of assets of CA (radio stations) to an entity controlled by Skip and Board member Paul Saber (Attachment #3).

Secondly, CA continued to prosper. Pete was "complimented about the good things he has done since his arrival at Calvary Chapel Albuquerque. Specifically the improved financial results were mentioned", 3/25/04 Board minutes (Attachment #3). "All reports are that the church is healthy and doing well. Attendance and support remain strong", 8/17/04 Board minutes (Attachment #4). The Board members all expressed their appreciation for "the fine job he is doing as Senior Pastor of CA", 11/29/04 Board minutes (Attachment #5).

Thirdly, things were not going as anticipated at Ocean Hills. According to the "Minutes of Calvary Albuquerque Board Meeting by Teleconference Tuesday, August 17, 2004" (Attachment #4), the congregation had not reacted well to the changes in becoming a Calvary Chapel type church. "There were a number of people who were unhappy and confronted Skip and tried to make his life miserable..." Many moved away. The end result was a decline in attendance and most likely a decline in financial support.

### The Issues

Focusing on the status of CA one year into the transition should give some glimpse of how the transition was going, and what, if any issues needed to be addressed. Skip and the Board of Directors offered their support, encouragement and continued involvement for at least one year. One year into the transition, CA attendance was at or above pre-

transition levels. Tithes and offerings had increased by 4.88%. There had been no major changes in church staff. It appears CA had handled the transition and was doing well. What then led to the chaos that occurred in February of this year?

### Buyers Remorse

As has been previously noted, while things were going well at CA, the same cannot be said for Ocean Hills. I would direct particular attention to minutes of the August 17, 2004 Board of Directors meeting (Attachment #4). Things had clearly not gone as Skip had hoped. The continued success of CA when compared to the issues at Ocean Hills must have given rise to Skip questioning his decision to leave CA. In fact, Skip expressed such doubt to Board members in private. Franklin Graham expressed it best at that Board meeting when he said, "we just need to surround and help him (Skip)".

### Authority & Control

At a time when CA by all external appearances was transitioning well, a release of authority and control by Skip would be expected. However, the opposite was occurring. There was an effort by members of the Board to recast the history of Skip's departure, and characterize it as "a parent church planting a new church in South Orange County (being Ocean Hills)" (Attachment #4). The asserting of control continued to escalate as evidenced in the committee meeting notes of October 26, 2004 (Attachment #6) where Skip's continued authority is outlined in a "Function-Milestone Chart". Ultimately authority and control were consolidated by granting Skip a "perpetual" directorship, and by limiting Pete's financial decisions (Attachment #7). In essence Pete's position had been recast into one of "Custodial Pastor" (my term).

### Financial

Language in the August 17, 2004 Board minutes (Attachment #4) re-characterizes Skip's departure from "leaving" to having "been sent". According to those same minutes, this change "doesn't mean that it is necessarily financial". The facts surrounding the events that were occurring suggest otherwise. **It was about the finances.** Without financial support from CA, Skip's radio ministry, "Calvary Connection", could not continue in its present form. There is also evidence that the operation of Ocean Hills is at least partially dependent upon contributions from CA. Consider the following:

Skip's severance package:	\$220,000.00 plus automobiles, computers, cell phones, etc. (Attachment #1)
Calvary Connection support 2003:	\$1,286,946.00 (Attachment #8)
Calvary Connection support 2004:	\$880,660.00 (Attachment #8)
In kind donations Ocean Hills-2003	\$69,275.00 (Attachment #8)

In kind donations Ocean Hills 2004	\$119,071.00 (Attachment #8)
Transfer of radio stations	\$3,762,892.00 (Attachment #8)

CA is also obligated to subsidize Calvary Connection through 2008 at up to \$500,000.00 per year (Attachment #5). How could it not be about finances?

#### Additional Concerns

##### Non-conformance with By-laws

The Amended Bylaws of Calvary Chapel of Albuquerque, Inc., as of November 29, 2004 (Attachment #9), state as follows:

“Any vacancy in the Board of Directors, whether due to expiration of the term, or otherwise, shall be filled by a majority of the remaining members thereof from the names of persons recommended to it by the Senior Pastor and reasonably approved by the Board.”

In December of 2005 four Board members were added contrary to this bylaw.

##### Transfer of secured assets

The Boards action in approving the transfer of radio station assets could possibly be in violation of loan obligations and their underlying security agreements. To hastily approve the transfer of these assets without further investigation was at best, unwise.

##### Conflict of interest/Breach of fiduciary responsibility

At a time when crucial decisions were being made, key Board members (Skip and Paul Saber) served as Board members of both CA and Ocean Hills. Skip and Paul also served as Board members of CA and voted to transfer assets to an entity controlled in part by them. These actions seem to be contrary to CA's own Conflict of Interest Policy which was approved by the Board and personally agreed upon by both Skip and Paul (Attachment # 10).

### **WHAT CAN WE LEARN FROM THIS?**

#### Plan

Our actions often fail for lack of planning. It appears that many issues regarding the transition of CA were never addressed prior to the transition. Many issues were left vague. These issues include:

1. Disposition of all assets.
2. Disposition of liabilities.
3. Timetables regarding transfer of control of governing Boards.
4. Continued responsibilities of departing pastor, if any.



5. Responsibilities of arriving pastor.
6. Grant of authority to arriving pastor.
7. Retained authority of departing pastor.
8. Evaluation of the transition
9. Crisis plan

#### Document

Once planning is complete, decisions need to be reduced to a written document that clearly details all issues that have been decided during the planning phase of the transition process. The document should be agreed upon by the involved pastors, and approved by the governing Board.

#### Pray

God guarantees us wisdom if we merely ask. Continue to seek His counsel and His wisdom throughout the process.

### **FUTURE POTENTIAL PROBLEMS FACING CA**

A possible press investigation into why Skip is receiving a subsidy of up to \$500,000.00 a year for his radio shows, after officially resigning from the CA board. The Albuquerque Journal is not finished with this story according to inside sources.

A potential legal action could be initiated by Ziegler Capital Markets Group, the Bond Company currently providing the underlying financing for CA. They have considerable power to seize assets for the security of their investors. This is due to the public nature of the controversy and the reports of a dramatic drop in giving. They may feel that the security of the bonds is at stake.

Many church members have asked for a response to a myriad of questions. Beginning with those addressed by former Board member Greg Zanetti (Attachment #11) and continuing with those addressed in an April 2006 letter from six respected church members (Attachment #12). The resumes of these individuals are included (Attachment #15) to show their background, character and involvement in CA. To date their questions remain unanswered. It is unlikely that those requesting a response will let their concerns go unanswered.

There is a current underground move by many former church members to demand a reimbursement of their past tithes and offerings based on a repeated promise made by Skip to do so, if requested. This may also snowball because of the newspaper reports.

The moving and attempted moving of CA assets without proper protocol always opens the door to the ever present IRS and state Attorney General investigations.

There may be a group forming to demand the return of KLYT to the community citing breach of contract and FCC violations.

## CONCLUSIONS

Unanticipated situations occur, relationships change, and memories fade. The events surrounding the transition of Calvary Albuquerque could not have been avoided without intervention. The first suggestion is to involve others in the process before a crisis occurs and rash decisions are made. Perhaps a team of CCOF pastors with maturity and experience in ministry, law, ethics, organizational strategy and the Word of God could be appointed and sent out prior to blow-ups such as the one that occurred at CA.

CA is a strong and vibrant church. The recent events can only serve to confuse, upset, and polarize the congregation. It is likely that these events will continue to impact CA for some time. Skip faithfully followed what he believed to be God's calling and departed, replacing himself with "my Timothy." Pete accepted the invitation to pastor CA, and proceeded to exercise the authority he felt came with the position of Senior Pastor.

Skip experienced difficulties and trials in California and reached back for the security which was CA. This is evidenced in Skip's letter of December 23, 2005 to Pete Nelson (Attachment # 13). But what Skip failed to understand was that the church had already moved on and fully accepted Pete as Senior Pastor. Pete, feeling defrauded, betrayed and stripped of authority, seeing no change possible, responded by resigning as Senior Pastor (Attachment #14). Skip's public actions from the CA platform after Pete's resignation were perceived by many as shocking, controlling and financially motivated, especially having been gone for over two years. Skip's reaction vilifying Pete from the pulpit and in the newspaper drew a deep line in the sand for the congregation.

Were Skip's actions appropriate as the "Founding Pastor/Father" of CA? Should a church pioneer and planter have "perpetual" authority and access to the finances of a church he no longer pastors? Were Pete's actions appropriate, were Pete's actions understandable? Do we relegate our successors to the role of "Custodial Pastor" tending to the flock without traditional Calvary style authority? Are we opening the door to the classic board-run church?

These questions have yet to be answered to everyone's satisfaction. With proper planning, with communication that addresses the tough issues, and with a controlling written document that memorializes the transition process and keeps it on track, we might avoid another CA event.