

MINUTES
North United Methodist Church
Board of Directors Meeting
Wednesday, September 24, 2014

Members

Todd Daniels-Howell, Chair	Kathleen Custer, LL
Ann Mackey, Vice Chair	Eric Galloway (COM /LL)
James Hamstra (SPRC)	Nick Tumminello (Finance)
Linda McClain (LL to AC)	Angela Ockerman-Jones (AL)
Mark Grove, Secretary	Bill Groth (AL)
Charles Young, Treasurer	Vic Childers (Trustees)

Ex Officio

Darren Cushman Wood

Absent

Margaret Mayo (AL)

1. Pastor Darren led the group in an opening prayer.
2. Minutes of the August 27th, 2014 meeting were approved as distributed.
Kathleen/James
3. Property Development Process update (Ron Gifford)
 - Ron provided an overview similar to that presented to the Congregation on September 21st.
 - See [this link](#) for a copy of the presentation.
 - Conversations will continue with two of the developers with a set of specific questions drawn up to help focus those discussions.
 - While we would like to move on this by the end of 2014, that deadline isn't critical as the developer wouldn't be in a position to apply for tax credits by this November's deadline. In addition, there is a significant lead time needed to identify funding.
 - The stretch between the Children's Museum and 38th street experiences significant crime with our zip code as the 3rd most crime-ridden and 34th and Illinois as the county's biggest hotspot. This will be a factor in any proposed development.
 - We must recognize this opportunity as a catalyst for the neighborhood while at the same time striking an appropriate balance between meeting church needs and interests with those of the neighborhood.
4. Endowment Policy change (Todd)
 - The Board made a change in the Endowment Policy in 2013 that allowed the dispersal to remain invested with the Endowment Fund, but listed separately. This was discussed at the [August 2013](#) meeting and approved at the [November 2013 meeting](#).
 - Following subsequent discussion, the Endowment Committee has submitted a recommendation to the Board to reverse that action.

- Depending on investment performance, the allocated funds could go *down in value* as well as go *up*. We may find ourselves in a position where the funds we'd planned to use for a particular purpose are now less than planned or required.
- Allocated funds remaining with the Endowment Fund could further be reduced due to the fees charged to manage the fund.
- The auditor had concerns with continuing to hold the dispersed funds at the Endowment.
- The Board discussed this at the [July 2014 meeting](#). Based on the recommendation of the Endowment Committee and following discussion in July, the consensus of the Board was to reverse the change to the policy and Todd offered to draft the necessary language for consideration at the September meeting.
- The formal proposal to remove that addition was passed unanimously by the Board (Endowment Committee Report/Angela).
 - See below for policy with now deleted text **highlighted**.

5. Committee/Board/Senior Pastor Reports

- Trustees (Vic)
 - Projects are ongoing.
- SPRC (James)
 - Board members were encouraged to let SPRC know of anyone they may know with experience working with the Affordable Care Act or other health plans.
 - Angela suggested she may have a colleague a Butler who teaches in related areas who might offer advice.
 - We continue to struggle in the search for a part-time Finance Director. Though we are still open to the possibility of sharing a position with another church, the possibility of doing so with Trinity has been tabled by Trinity at this point.
 - Sharing a position in a way that leads to a combined full-time position may make the job more attractive as we might then find a way to share benefits, such as the cost of health insurance.
 - Members also were encouraged to share the posting with finance directors at their offices should they be aware of others in their field who may have an interest.
- Ministries Council (Eric)
 - The Ministries Council put together a budget and discussed the *Celebrations of Ministries fair*
 - Through the Green Team, the Ministries Council is pushing the chance to recycle [electronics](#) with our neighborhood at an event October 4th where [Recycle Force](#) will be in North's parking lot to accept "anything with a plug" (or batteries).
- Lay Leadership (Kathleen)
 - Lay Leadership sponsored the September 14th *Celebrations of Ministries fair*

- Board members who had tables at the fair were encouraged to follow-up with people who expressed interest.
 - Lay Leadership is in the process of filling committees to prepare for the Charge Conference. Kathleen noted that LL is getting better at matching skills and ministries.
 - As one example of the importance of making such a match, she noted that Finance Committee would benefit from someone who brought additional financial experience.
- Chair (Todd and Ron)
 - The Flower Shop is no longer in business and the tenant has moved out.
 - Additional remediation to this and church-owned properties along Illinois Street may still be required due to other factors and could limit certain types of development, such as residences on the ground-level.
- Finance (Nick)
 - The Finance Committee is putting together a preliminary budget that will be brought to the Board of Directors at the October meeting.
 - The committee will have another month of revenue to inform discussions.
 - Non-pledged giving is surprisingly high; pledged income overall is pressured
 - The budget likely will incorporate a lower realization rate of pledges→payments. 91% is more accurate and consistent with this year’s experience.
 - Members noted that reading the financials can be a challenge for those not familiar with such tools and agreed we need to do a better job of identifying key indicators from the financials that may move into a dashboard for the membership.
 - The Dashboard remains on the Board’s future topics list and has been placed on hold until such time as the Finance Director’s position is filled.
- Senior Pastor (Darren)
 - Cindy Dale is working on assembling the budget.
 - October is the start of the stewardship campaign. Looking for 100% from leadership; pushing on-line pledging.
 - The Charge Conference will be held November 24th at 6:30 p.m. in conjunction with Castleton UMC and Meridian Street UMC and held at [Castleton UMC, 7101 Shadeland Ave.](#)

6. Executive Session

Upcoming Meeting Dates

October 22

- Follow-up discussion on Finance Committee reports
- Preliminary 2015 budget

- Follow-up from Development Review Team

November 19 (not 26th)

- Assignment of agenda’s “future topics” to individuals or sub-committees for follow-up

December 17 (not 24th)

North United Methodist Church, Inc. Endowment Policy

This policy statement sets guidelines for the administration of endowment funds of North United Methodist Church. All provisions contained herein are intended to comply with the operational policies and procedures of the Church and with donor gift restrictions.

The endowment funds of North Church include two primary endowments:

The Building Capital Endowment Fund: The purpose of the Building Capital Endowment Fund shall be to provide funding for capital improvements, including the cost of renovation and major repairs considered capital expenditures under generally accepted accounting principles.

Program and Mission Endowment Fund: The purpose of the Program and Mission Endowment Fund shall be to provide funding for ministry and mission programming of the Church via request by the Ministries Council and/or the Senior Pastor, and approved by the PME Committee.

Several named endowment funds exist within these two primary endowment funds. Others may be created to fulfill specific restrictions directed by donors; provided, however, a minimum of One Hundred Thousand Dollars (\$100,000.00) shall be required to establish a separate named endowment fund. Terms, provisions, and conditions directed by the donor shall be respected, unless, in the opinion of the Board of Directors, the directions of the donor are impracticable, unreasonable, unnecessarily difficult to perform, or otherwise unacceptable, in which event the Board of Directors may decline to accept the gift.

Governance:

As provided in ¶ 2534 of The 2012 Book of Discipline of the United Methodist Church, an Endowment Committee was established by the Charge Conference. Members of the Endowment Committee are appointed by the Board of Directors to oversee certain operations of the Endowment Fund as outlined below. The Committee shall consist of five to seven members, including, but not limited to, the senior pastor, the chairperson of the Board of Directors, the Church Business Administrator and up to four members of the congregation who are financial professionals. Members of the Endowment Committee report directly to the Board of Directors.

The Endowment Committee shall be responsible for:

- (i) Determining the asset allocation of the endowment funds;
- (ii) Selecting the endowment fund managers; the process of selecting fund managers shall be consistent with the social principles of the United

Methodist Church; each member of the Endowment Committee will annually submit an affidavit, attached as Exhibit A, that attests to the fact that the member is not remunerated, in any way, resulting from recommendations made for investing the endowment funds; and

- (iii) Monitoring the performance of the endowment fund managers, and reporting at least every year to the Board of Directors on the financial performance of endowment funds.

Funding:

Funds from many sources should be encouraged and solicited to meet the long-term needs of North Church through its endowment funds. The Stewardship Committee shall educate the congregation on the use and importance of endowment funds, and develop and implement programs to increase the size of North's endowment funds.

Unrestricted Bequests:

Major unrestricted gifts made to North Church through bequests will be placed in the Building Capital Endowment Fund; provided, however, the Board of Directors may, at their discretion, stipulate other uses of unrestricted bequests should the Board deem such action necessary or prudent.

Endowment Earnings:

All net income from the investment of the endowment funds shall be added pro-rata to the earnings accounts for each separate endowment fund. Only endowment principal amounts (historical values) shall be used in determining the pro-rata allocation of earnings.

Endowment Distributions:

The Endowment Committee shall review the historical investment performance of the Endowment Funds, current market conditions and anticipated future market conditions, and shall recommend to the Board an annual distribution from the Endowment Funds. Annual distributions from each of the Endowment Funds shall be no more than four and one half percent (4.5%) of the three (3) year rolling average of the fair market value of the fund, calculated on a quarterly basis; provided, however, that only endowment principal amounts (historical values) shall be used in determining pro-rata distributions; provided, further, any single gift or bequest to an Endowment Fund of One Hundred Thousand Dollars (\$100,000) or greater shall be deemed to have been made three (3) years prior to the actual date of such gift or bequest for the purpose of computing the three (3) year rolling average. The Board of Directors, at the recommendation of the Endowment Committee, shall determine the annual distribution percentage. Distributions approved by the Board will continue to be invested with undistributed Endowment Funds until disbursed by the Board of Trustees or the Program and Mission Endowment Committee.

Distributions and Disbursements of Endowment Funds:

The Church Business Administrator shall maintain records of all amounts authorized for distribution, and of disbursements from the distributions, and provide timely reports of

the same to the Board of Directors, the Board of Trustees and the Program and Mission Endowment Committee.

Disbursements from the Endowment Funds shall not be used for general operations that are typically included in the annual budget and funded by pledges of the congregation, except where donors have stipulated that their gifts shall be used to fund the general annual budget of the church.

Endowment Funds may be used, however, with express approval of the Board of Directors, for expenses relating to administration of the Endowment Funds and fund-raising activities regarding the Endowment Funds, including, but not limited to, hiring consultants and investment managers.

Building Capital Endowment Funds:

The Board of Trustees shall be responsible for administering disbursements from the Building Capital Endowment Fund.

- (i) For distributions related to the first \$4,000,000 in principal in the Building Capital Endowment Fund, the following donor restrictions apply and may not be changed in any way, by anyone, including but not limited to, the Board of Directors or the Board of Trustees:

Distributions may only be used for capital items and capital repairs to the existing facility and may not be used for the following:

- Church operating expenses;
- Interior maintenance items, such as painting, wall coverings, floor coverings, furniture, and HVAC repair;
- Exterior maintenance such as lawn care, signage or maintenance;
- Organ rebuilding/replacement/or maintenance;
- Building or land acquisition.

- (ii) For distributions related to the excess in the Building Capital Endowment Fund over the first \$4,000,000 in principal, the Board of Trustees shall use the funds to provide funding for capital improvements, including the cost of renovation, and major repairs considered capital expenditures under generally accepted accounting principles.

Program and Mission Endowment Funds:

A Program and Mission Endowment Committee, consisting of three to seven members, shall be appointed by the Board of Directors. It shall be responsible to administer disbursements from the Program and Mission Endowment Funds to provide funding for ministry and mission programming of the Church via request by the Ministries Council and/or by the Senior Pastor, and approved by the Program and Mission Endowment Committee.

Amended and Restated November 20, 2013

Further Amended December 18, 2013
Further Amended September 24, 2014 (this text deleted)