

MINUTES
North United Methodist Church
BOARD OF DIRECTORS MEETING
Wednesday, October 22, 2014

Members

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

Ex Officio

Darren Cushman Wood

Absent

Bill Groth (AL)
Charles Young, Treasurer

1. Darren opened the meeting by leading the group in prayer.
2. The minutes of the September meeting were approved as distributed (Vic/James)
3. Preliminary annual budget proposal (Nick)
 - The preliminary budget is coming together.
 - Reviewing revenue and expenses projected for next year it appears there will be a gap. This will be the third year in a row where revenues won't match expenses.
 - Revenue has leveled off about \$150,000 short in the last couple of years.
 - The shortfall would be made-up from reserves or undesignated bequests.
 - We are looking at a 2015 shortfall of \$70,000-\$250,000.
 - The actual shortfall will depend on results of the Stewardship Campaign as well as the pledge fulfillment rate.
 - While North members had traditionally paid 93-95% of their total pledges, in recent years this has trended lower with the most recent year at 89%. Darren responded to a question as to why this may be occurring by summarizing conversations he has had with members in this situation:
 - Changes in employment
 - Unusual expenses
 - Many other reasons
 - Darren added that the 90%+ completion rate was higher than what he believed to be the case among other churches and this raised a question as to its accuracy. Was this rate accurately reported for earlier years or was reporting handled differently with the inclusion of supplemental gifts by some members in calculating the rate?
 - Darren is going to check with the [Lake Institute](#) as to national trends. The fulfillment rate here has been higher than other Methodist churches in his experience.
 - Referencing his 10/19 [presentation](#), Nick noted that expenses have been carefully limited and reminded the group that we have already reduced staff size in recent years. What we are facing is an income problem.

- Darren noted that North staff are planning for a 0% increase in program funding. The only increases tied to utilities and required staff expenses.
 - Reserves are gone. We have used some PME money as well as relied on vacancies such as Brian's departure and unallocated donations.
 - How long do we run at a deficit in hoping to fix the revenue before the income problem evolves into an expense problem?
- Nick raised several questions on which the Finance Committee needs guidance from the Board.
 - Is the Board willing to approve a deficit budget? With a deficit above \$50,000? Above \$100,000?
 - What is the higher priority: paying apportionments or giving staff raises (cost of living or higher)?
 - Is the board willing to reduce the payment of apportionments to 0 if the budget requires it (that is, are we willing to cut apportionments before other items)?
- In the ensuing discussion a number of issues were raised.
 - Apportionment
 - After cutting our payment several years ago to 54%, we have been working our way back toward paying our full apportionment. We are currently paying 75-80%.
 - Paying apportionment also supports some of our mission activities such as [UMCOR](#), but most pays for administration and older retired clergy.
 - There are *ramifications* such as supporting older retired pastors. On the other hand there doesn't appear to be a *penalty* for not paying the apportionment in full. This is similar to church members not providing contributions or making full payment on their pledges. The main issue is meeting our personal responsibility and likely more of an issue for older members.
 - We could do more education about what apportionment is, but this is not a priority as part of stewardship.
 - Reducing the percentage of payment toward the apportionment is one thing/going to 0% would be too much.
 - Sense of group: an additional temporary reduction should be considered, but going to 0% would probably be too big a step. Perhaps 50% as a starting point for budget construction
 - Staff compensation and insurance
 - Support was expressed for providing a raise and perhaps funding an additional merit pool. However, these come at a cost as any increases, unless offset by reductions elsewhere (or increased contributions) would widen the budgetary shortfall.
 - For example, the cost of a 2% raise for non-clergy is \$30,000. Another 2% for merit pool.
 - Are there other ways to compensate staff?

- Exchange coverage should be reviewed as an option for health insurance.
- In addition to the efforts of the Stewardship Committee, how else might we address revenue shortfall?
 - Growing the membership: what populations do we target and how do we get them in the door?
 - How do we get lay leadership back to where it was before with a larger base of those involved in church management and related activities?
 - The best time to identify future leaders and draw upon North members' skills and interests is before a crisis develops.

Conclusions

- We don't want to cut everything that sets North apart and keeps members involved in terms of ministries.
 - Interest was expressed by a number of members that we need to pass a realistic and balanced budget.
 - The Board should appoint a task force to take a more detailed look at options, including how to increase the size of the congregation and make better use of the facility, including possible space rental to external organizations that would be compatible with our mission. Their recommendations would be developed with any eye toward 2016 and beyond.
 - In the spring, the Board would commission the Task Force and in consultation with the Ministries Council, give it its charge. The Ministries Council would oversee the work of the Task Force, including making use of prior work, such as the *Long Range Plan*.
 - The work of the Task Force will take some time. How do we bridge from today to the future?
 - We need to pass a budget before the November 24th Charge Conference
 - Darren suggested flat-lining his salary/housing as well as Danyelle's. It would be easier to add an increase later (through a special Charge Conference) if church finances improve and the budget allows.
 - Board approved flat-lining unanimous (Eric moved and Vic seconded)
 - Nick has what he needs in terms of the sense of the group. He will send Board Members a spreadsheet and ask for responses in different categories to help arrive at a balanced budget number.
4. 2015 Board meeting times (Todd)
- With an eye toward new members for the Board in 2015, Darren will consult with them regarding the current meeting schedule.
5. Committee/Board/Senior Pastor Reports
- Trustees (Vic)
 - The Community Room kitchen project is plodding along, budget figures to be established soon in consultation with a vendor.

- The budget for stained glass work in the east end of the sanctuary has been approved; waiting to be added to the vendor's schedule.
- A change in security companies forthcoming.
- The tree house in room 102 will be removed as a potential hazard.
- SPRC (James)
 - Eric will be gone mid-February to mid-April for [Army Reserve chaplain training](#).
 - Staff evaluations are coming up—if board members are approached to be involved in the process, please do so.
 - The absence of the Finance position has made things challenging for budget management, HR, etc. in the business side of the church.
 - Darren added that as we continue to search for a finance director, we want to identify someone who can help with thinking strategically about increasing revenue.
- Ministries Council (Eric)
 - Ministries Council may need to move its night or time. Currently meet the 1st Wednesday
- Lay Leadership (Kathleen)
 - Lay Leadership is at the beginning stages of planning an orientation session for new committee members early in 2015
 - The slate of members is being finalized for November's Charge Conference
 - Looking for several vacancies to fill
 - Lay Leadership has been asked to complete evaluation forms on North staff who report to Darren. Any members with comments should forward them to Kathleen.
- Chair (Todd)
 - Developer review update
 - The Task Force is waiting to get times to meet with two of the developers—not much change since the September Board meeting. There will be an update at the November meeting.
- Finance (Nick)
 - See above
- Senior Pastor (Darren)
 - The Stewardship Campaign is underway. We need to maximize increasing the number of members who give on-line and through automatic monthly deductions. Studies have shown that both increase the fulfillment rate.
 - Board members were asked to think about who may be on the margin of the congregation and/or may not be pledging. Darren encouraged members to send friends notes to encourage attendance on Stewardship Sunday by pitching the special musical offerings and perhaps forwarding the e-mail reminder (join us there!)
 - A related route that could be used this year and in the future is to ask Sunday school leaders to send such invitation/reminders to their classes.

- The more we can get people to pledge online and pledge on Stewardship Sunday the better. It also requires less follow-up work and contacts later. Among the approaches underway or planned:
 - Weekly notices to all members to encourage attendance and emphasizing the importance of pledging. This also will be a regular item in the newsletter and on the website.
 - Follow-up by Stewardship members to those who have given in the past
 - North will delay the third quarter mailing to better identify those who are behind in their pledges for 2014 and to encourage catching up.
 - 2015 is the last year for Capital Campaign pledges. Darren anticipates following-up with those finishing their three-year commitment to encourage them to continue this additional level of giving, even if pared down somewhat (You were donating \$5,000 a year above your annual gift to the Capital Campaign; can you continue to give at that rate or perhaps \$2,000-\$3,000?)

6. Executive Session

Upcoming Meeting Dates

November 19 (not 26th)

- Developer update
- Budget

November 24th

- Charge Conference

December 17 (not 24th)