

**Minutes**  
**North United Methodist Church**  
**BOARD OF DIRECTORS MEETING**  
Wednesday, December 17, 2014

**Members**

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

**Ex Officio**

Darren Cushman Wood

**Absent**

**Guests/Incoming 2015 Board Members**

John Drake (incoming Treasurer)

Shannon Priddy (incoming Vice Chair)

1. Introductions
  - Incoming Board members John Drake and Shannon Priddy were introduced. Sarah Moore, the third incoming member, was unable to attend this meeting.
2. Pastor Darren led the group in prayer
3. The minutes of November 19, 2014 were approved (Bill/Nick).
4. 2015 Budget Proposal (Nick, on behalf of the Finance Committee)
  - Overview of budget preparation process
    - At the November Board meeting Nick had reported a significant gap was anticipated between the expected Stewardship results for 2015 and the revenue assumed in the preliminary budget.
      - At the November meeting, the Board expressed its interest in a balanced budget. It discussed ways to address this and recommended its priorities in areas such as any raises and possible reductions in paying the full apportionment.
    - Expense lines subsequently were reviewed by staff and Lay Leadership for additional places that could be reduced.
    - A working group from the Finance Committee, the Board, and Lay Leadership was appointed and met December 10<sup>th</sup> to take an additional in-depth review of the proposed budget incorporating the above recommendations and informed by the latest available results from the Stewardship Campaign. Members included Kathleen Custer, James Hamstra, Mark Kays, John Drake, Todd Daniels-Howell, Pastor Darren, and Nick Tumminello. The group:

- Tried to determine a best estimate of where pledges would finish even though the Stewardship Campaign isn't quite finished;
- Looked at other potential sources of revenue;
- Looked at line items of the budget to see what could be reduced or adjusted to arrive at a balanced budget as sought by the Board.
- The revised budget developed by the working group was reviewed by the Finance Committee at its meeting on December 16<sup>th</sup>. In presenting the final recommended budget to the Board on behalf of the Finance Committee, Nick thanked members of the working group, Cindy Dale, other North Staff, North committees, and individuals who performed the additional budget review noted above and made some hard decisions.

### **Budget Summary**

#### **Expenses**

- Overall planned spending was reduced by \$115,000.
- The budget has no raises for staff and clergy. Clergy salaries were already approved at the November Charge Conference to continue at this year's level.
- \$10,000 in savings was identified related to other compensation and benefits. Some activities, such as some of the Sunday childcare will be augmented by "co-op" or other lay volunteers during the Sunday School hour.
- There will be a reduction of the Conference Apportionment by \$100,000 to a level of approximately \$25,000. This is about 23% of the full expected payment and is an *actual* reduction from the 2014 payment of just under \$78,000.
  - The working group and Finance Committee agreed it is important to maintain the District contribution.
- Various other smaller reductions in different expense line were identified by staff.
  - Darren noted this additional review was extremely useful as it focused thinking about what is considered a necessity rather than on a wish list as well as considering other ways to do things.
- Nick noted North has a good history of managing expenses which, barring an exceptional event such as a failed boiler, typically allows annual expenses to come in at or below budgeted amounts.

#### **Revenues**

- The budget assumes pledged income of \$987,470, discounted by 10% to reach our more recent experience of a 90% fulfillment rate. This equates to \$888,723.
- The budget added \$25,000 from PME distributions as an ongoing revenue stream.
- The budget added "up-to" \$88,500 from excess funds kept in the Parsonage Fund. This fund is required to hold 20% down payments for anticipated purchase of Parsonages for new appointed clergy. The level of funds was established when North had four fulltime paid clergy; with fewer clergy, we don't need to hold as much in reserve. This leaves approximately \$50,000 in that fund.

- This move is a one-time event as the remaining balance will need to remain in the Parsonage Fund for its designated use in the future.
- Beyond general reminders to the congregation, twenty additional pledging units who have given in the past have been contacted and are not included in this projection. The amount of any additional income would not materially affect our overall financial position.

### **Bottom Line**

- The proposed budget is balanced with a negligible \$3,883 surplus.

### **Budget Monitoring in the New Year**

- The Finance Committee has set markers and a timetable for key budget items to be watched in 2015.
  - Finance will periodically adjust budget targets in 2015 to more naturally track revenues and expenses. This will give a better sense of where we are rather than simply assume constant income and expenses in every month which then requires mental adjustments to determine our *actual* position. For example:
    - Income tends to be highest in 1<sup>st</sup> and 4<sup>th</sup> quarters, slowing in the 2<sup>nd</sup> and 3<sup>rd</sup> with summer holidays and reduced attendance at services.
    - Certain expenses are episodic, such as audit fees, or seasonal, such as some utilities.

### **Budget adoption**

- As a report from the Finance Committee, no formal motion to present the recommended budget of \$1.26 million dollars was required. The Board voted unanimously to adopt the budget as recommended.

### **Additional Finance Committee Recommendations**

- If our actual 2015 experience results in a surplus we need to have a plan in place for handling it, including setting priorities for its possible use. Finance recommended:
  - No apparent surplus should be spent until it clearly exists which means not until mid-2015 at the earlier.
  - Establish some portion of the surplus as at the discretion of SPRC/Darren to pay bonuses to staff which, as cash, would provide them with additional income for the year but not affect the base salaries going forward.
  - We have some structural issues (declining membership, attendance, pledges/pledge payments). We have had a slow and steady decline in participation at the church, though actual attendance at services has rebounded in the latter half of 2014. These need to be examined in greater detail and approaches identified to address them.

## Discussion

- As discussed at the October Board meeting ([see page 3](#)), the Board will establish a Task Force in the New Year, and in consultation with the Ministries Council, give it its charge to look at the structural changes necessary to address the issues noted above. The Long Range Plan will be useful in this effort.
  - James suggested a number of areas where he believed more detailed information and data are necessary to help understand and address these issues. The group agreed the consistency, currency, and shortage of such information, context, and more effective financial management will benefit from having a new Finance Director in place. Specific issues include:
    - The Board needs a better understanding of operating, endowment funded programming, and capital expenditures. It would be good to have the Trustees look at capital expenditures that might help the operational budget (such as considering paying for a new boiler before the current one fails as one way to avoid a patchwork repairs and reduce utility bills).
    - As a Board, we don't have a good understanding or details of offline accounts, such as checking.
      - What is our annual working capital figure—how much needed in the bank to address cash flow?
    - Nick noted that the Finance Committee will review these and related issues at its next meeting and will bring the results of that discussion to the Board. James will send his more detailed notes on these matters to Nick to aid Finance in its discussions.
5. Developer Review Task Force report (Todd, Ann, Darren)
- The Task Force met with the developer in early December. At that meeting:
    - The group discussed a model that would have a combination of retail and housing. The first phase of development would be 30-35 residential units which would be rented at affordable rates. The total residential units would be approximately 90, to be done in later phases, offered at market and affordable rates
    - There will be issues of timing as the process plays itself out. We need to assure that things don't run ahead of our ability to keep the congregation informed and involved in the process.
    - While the developer wants to move on a March deadline on applying for 9% tax credit, that doesn't commit us to the development. Moving forward does allow the developer and Task Force to develop additional detail for an educational/consultation effort with the congregation. Having more information and possible model(s) for the development will help focus those discussions.
      - Another application for 4% in tax credits is also due in March.
    - Moving forward would require a request for rezoning part of the property.
    - Before March the board would need to adopt a resolution that would move the property into another entity. While not locking us into a particular action, this could take the form of declaring our intent to contribute our property to the

- development within an appropriate management model. A church conference and vote would be required before actually moving the property.
- The Board has struggled with when to talk with the congregation as well as how much detail to present. Following the meeting with the developer that Task Force believes that the process of preparing that application in March will help guide that.
    - The March tax application is general and can be changed.
    - We would then have a year for dialogue with the congregation and the developer would stay with us through that period, understanding the need for our internal processes.
  - As a result of the December meeting with the developer, the Task Force felt more comfortable with the developer as a partner and in developing a shared vision as to a development that would be consistent with North's vision and values while also remaining commercially viable.
  - In anticipation of consultation with the congregation, Darren presented one perspective on how the development might connect with North.
    - We have the opportunity to play an important role in both the actual development process as well as the resulting development proper, recognizing that we are neither builders/property managers nor social service providers.
    - With that said, there are appropriate steps we can take and partnerships we can form that allow us to serve future residents of the development and of the larger neighborhood consistent with our vision, values, and abilities.
  - In outlining a possible engagement model, Darren focused on two general areas:

### **Housing**

- Looking in particular at those units set-aside for affordable housing, we might target new families with a special focus on very young children (pre-K).
  - Research shows that connecting with children in their first two years results in the best chance to get them well-positioned in essential life activities such as education and wellness.
- Working in partnership with other organizations that specialize in such work, we can help get these residents off to a good start in life. We provide housing and individual mentorship by interested North members; the partners provide the professional support and related follow-up services.

### Possible Partners

- Goodwill's [Nurse-Family Partnership](#). Their target audience is first time families (those with their first child). Engaging young families at this point is the best opportunity for family planning, literacy, hygiene, and other life skills while patterns about family practices are just being established. The program works with the active involvement of RNs.
  - Forming such a connection would also more directly allow clients to plug into other services provided by Goodwill.

- There is significant grant money flowing into such efforts right now.
- [Coburn Place](#). Women and their families can stay there for up to 24 months. Coburn Place's follow-up support after the end of a stay is limited to three months counseling.
  - Coburn is dealing with women at a crucial turning point in their lives. For families then moving to the affordable units a greater continuity of support may be possible.
  - With these residents on-site, Goodwill may be able to provide support and services as well.
- [East Tenth United Methodist Church Children and Youth Center](#). The Center provides childhood programming and is well-networked with other agencies. Should both churches have an interest, East Tenth might provide day care and/or some kind of children's ministry in North's facility that would target residents of the proposed development.
  - Essentially this might be a considered a satellite that builds on East Tenth's expertise.
  - If such a partnership is formed, there may be job sharing possibilities between the churches.
  - Forming such a partnership would also build on what we are doing at School 43. We could continue to engage through our role as a church, providing mentoring services and other volunteer opportunities for our members.

### **Labor**

- Use the construction and resulting development as an opportunity to address issues of social justice and equality.
  - Effective work-force development can provide good middle class jobs.
  - During the construction phase we could require paying prevailing wages and provide both training and employment opportunities, including apprenticeships, to those traditionally underrepresented in the building trades.
    - There are some Department of Labor grants available for apprenticeship programs targeting such populations as ex-offenders, minorities, and women.

### Possible Partners and other opportunities

- North already has a focus on serving ex-offenders through groups such as the Faith Care team.
  - We also provide assistance through [Beyond the Bridges](#) (a support group for ex-offenders that meets at North), our faith team, and others, mentoring to try to break cycle of poverty.
- The proposed building has a rooftop garden. This and the rejuvenated Farmers' Market could provide employment opportunities for teenagers, ex-

offenders, and others in the neighborhood. There is a natural connection here for our Green Team as well that may include mentorship.

- [Fathers and Families Center](#) (2835 N. Illinois). Among its services is [mentoring and training](#) for young fathers (under 30 years old) in a number of employment, education, and other life skills.
  - Additional employment opportunities may be available through the proposed retail component of the development.
- Board members agreed that this kind of model may provide the vision that we can take to the congregation.
    - It provides a unifying concept, such as targeting young families, that North members can help shape.
    - One organizing question is asking how we as a church can be involved, and not just provide our property.
    - Using the property to create a mission field and the opportunity to create relationships, drawing on our strengths and passions, but without trying to take everything on ourselves.
      - Members might be able to engage in other ways by providing support and services such as periodic Ask-a-Lawyer or Ask-a-Nurse days drawing on qualified and interested members of the congregation. Others members may have their own expertise or avocation that could be shared with residents.
      - Talking about such additional opportunities to connect starts to build the vision and get both the buy-in and build upon.
    - Having a robust vision draws attention to North for additional involvement, and may result in possible external funds.
  - The group agreed that this should be brought to Sunday School groups and others in January for discussion. Given the tight timeframe in planning the calendar, materials to present the concept and guide discussion need to be prepared immediately.

#### 6. Committee/Board/Senior Pastor Reports

- Trustees (Vic)
  - Parking lot lighting has been replaced; energy bill should be going down
- SPRC (James)
  - We are still looking for Finance Director. We may need to look at making this a fulltime position with other staffing adjustments. Having the right person in this role could also help with organization strategy, efficiencies.
  - The SPRC had a long meeting to address budget issues.
- Ministries Council (Eric)
  - No report
- Lay Leadership (Kathleen)
  - New leaders will be recognized and outgoing leaders thanked for their involvement in 2014 on January 25<sup>th</sup>. Both groups will receive a blessing.

- Lay Leadership will continue to review the North membership list to see who may be candidates for the different committees as well as identify other volunteer opportunities that could help with some tasks (such as Sunday childcare) that might help reduce expenses.
- Finance (Nick)
  - No additional report
- Chair (Todd)
  - Thanks to outgoing board members with particular thanks to Ann for her guidance through difficult issues.
- Senior Pastor (Darren)
  - North has hired a financial consultant until we can secure a permanent Finance Director. The new person will work 10-15 hours a week and will attend Finance Committee meetings. Experienced in this work at another church, he already knows church finances and Shelby. We have a laundry list of things for him to review and on which we'd like him to provide guidance.
  - One Stewardship Committee task for next year is to survey pledgers/non-pledgers. Another is to look for other revenue sources that will be needed to replace some one-time adjustments in the 2015 budget.
  - The Communications Team will meet at the end of January. One topic will be discussing where we can do targeted advertising for major events. There will be a report on this for the February Board meeting.

## 7. Executive Session

### **Upcoming Meeting Dates**

January 28	May 27
▪ Establishment of Task Force on Structural Issues	June 24
February 25	July 22
▪ Communications Report on targeted advertising	August 26
March 25	September 23
April 22	October 28
	November 18 (3 <sup>rd</sup> Wednesday)
	December 16 (3 <sup>rd</sup> Wednesday)