

Minutes
North United Methodist Church
BOARD OF DIRECTORS MEETING
Wednesday, August 24, 2016

Members

Todd Daniels-Howell, Chair John Drake, Treasurer
Shannon Priddy, Vice Chair Eric Galloway (MC/LL)
Jim McDonald (SPRC)
Richard Kluger (Finance) Kathleen Custer, LL
Mark Grove, Secretary Eric Oehler (Trustees)

Ex Officio

Darren Cushman Wood
Josh Jordan

Absent

Sarah Moore (AL)
Mark Foglesong (AL)
Linda McClain (LL to AC)
Margaret Mayo (AL)

Guest

Pablo Svirsky

1. Pastor Darren opened the meeting with a prayer.
2. The minutes of the June 22, 2016 meeting were approved unanimously. There was no July meeting.
3. Finances Review (Josh, Richard)

Debt Financing

- Following the recommendation of the Finance Committee, in an electronic vote in early July the Board approved to refinance North's debt with the 10-year proposal the National Bank of Indianapolis. Other terms:
 - The interest rate will increase from 3.50% to 4.86%
 - A balloon payment of \$532,686 is required at the end of the 10 year term
 - This amount will likely be refinanced at that time
 - The current monthly payment will increase by \$263 to \$10,037
- The Board approved the recommendation with a unanimous vote among the 12 respondents, or 92.3% of the full Board membership.

July Financials and Remaining 2016 Pledge Contributions Forecast

- Revenue stands \$17,340 below budget for the period. Year-to-date revenue is \$62,789 below budget
- Pledged income is \$14,387 below budget with non-pledged income running \$26,509 below. Combined and these contributions are \$40,000 below budget.
- Accounting for the usual lower summer contributions and North is projected to finish about \$50,000 below budget in these lines for 2016.
- Richard shared slides with projections of pledge contributions for the remainder of 2016 as well as trend line showing pledged income 2008-2016.
 - There are concerns about 2017 if the current trend does not change.

- See July financials and forecast slides below
- We are behind approximately \$21,000 in designated gift income; however, certain contributions are running through the balance sheet accounts and revenue to offset expenses will show immediately. In fact, we are *above* budget in this line. Josh will review the current handling of this area for possible adjustment to future reports in an effort to better describe cash flow.
- There is \$25,000 in a separate Program Mission Endowment (PME) that might be available to use in addressing the income deficit. Darren told the board that he would be meeting with PME to discuss some larger issues.

Discussion

- Some of the 2016 shortfall may be reversion to earlier norm of fulfillment rates, closer to 90%.
- We need to send out midyear letter to ask people to catch up on any delays in fulfilling their pledges for 2016 as well as suggesting extra gifts for the year.
 - We want to be sure to have this done well ahead of the fall stewardship campaign as people come back to church from the summer.
 - In making this request we need to bring the stewardship committee in so we are not tripping over each other in messaging.

4. Land Development review (Darren and Pablo)

- Here is a tentative schedule for the Fall discernment process:

| | |
|-------------------------------|--|
| August 25—September 15 | Select facilitators and days/times for their small group meetings (based on the facilitators’ preferences) |
| September 18 or 25—October 30 | Sign-ups for small group participants |
| September 5-27 | Land Development Task Force meets to vet the draft agreement |
| September 28 | Board meeting presentation of the draft agreement |
| September 29-October 25 | If needed, Task Force does additional vetting |
| Week of October 3-7 | Training for facilitators |
| October 26 | Board meeting to finalize approval of the draft (if it was not approved at the September meeting) |
| November 1—December 15 | Small groups meet |
| Week of December 11—14 | All-church forum with F&C |
| Week of January 8—11 | GroupSync forum |
| January 12—24 | Task Force meets to assess congregational feedback |
| January 25 | Board meeting |
| Early February | Charge Conference |

Format

The small group process is designed in three parts, as small groups may take longer than three *meetings* to cover the material.

- The History and Process of Land Development
- Economic, Social & Legal Factors
- Missional possibilities

Method and Materials

- Darren has 12-15 facilitators identified to help present materials and lead the small group discussions. Board members are encouraged to suggest additional names.
- We are close to having education materials ready.
- Handouts tailored to each part that will be given to attendees.
- The full facilitator packet runs about 75 pages and in addition to materials specific to each of the three part, includes an appendix and annotated timeline. The facilitators also will have a copy of the proposed agreement with Flaherty & Collins.
- The facilitator packets also will include a set of questions and answers we anticipate may arise, including those that have come up in board and other discussions. Where we do not yet have answers, we have time to gather the information.

Composition of the Land Use Task Force

- A tentative list of Task Force members includes Pablo Svirsky, Todd Daniels-Howell, Ann Mackey, Ron Gifford, Dave Frick, Bill Groth, Tom Hiatt, and Mark Foglesong.

Discussion

Attorney

- Members discussed the benefits of North having its own attorney in discussions with Flaherty & Collins. Ron Gifford recommended Mark Wright, an attorney who has experience doing similar work and in dealing with Flaherty & Collins in the past.
 - It is our understanding that such legal fees could be paid out of development costs for which there would be some designated funds available. We might pay upfront and be reimbursed at closing. Darren will confirm this with Flaherty & Collins.
 - The board voted unanimously to authorize hiring Mark Wright (Kathleen Custer/Eric Galloway).

Ownership

- The current draft presents an ownership model somewhat different what than what we had expected.
 - Flaherty & Collins would be sole owner of entity, though that comes with obligations. Most of what we want out of the relationship would be in the *development agreement*. This is more important than formal ownership and would address areas such as proper facility upkeep and compliance.

- Even if we had a minority share of ownership, that would not give us much. There would be an operating agreement as well.
 - This is a good question for Mark Wright—what risks are there in ownership, what do we potentially miss out on?
- Could potential future income stream to church be built into the development agreement? The operating agreement might show us as a third party beneficiary. What are the different benefits/pitfalls of a model with a continuing revenue stream compared with a lump sum payment for the property? Additional questions for Mark Wright.
- Flaherty & Collins may need to own the land to apply for tax credits.
- It is important that we keep North free from risk, even if we give up chance for extra money.

Other

- Initial conversations have been held with Ace Hardware, primarily to prepare an introduction to Flaherty & Collins for future, more detailed discussions.
- Darren will lead a discussion at the September board meeting on a theological perspective on land use. In order to help members prepare for the meeting, Darren will forward a number of readings that reflect on this issue.
 - One presents a theological reflections on land use and the others are short chapters on religious-based economic land development. He noted the latter are good stories, even if not exactly on point as models for our situation.

5. Committee/Board/Senior Pastor Reports

- Trustees (Eric O.)
 - The West entry has been painted.
 - The Community Room has been improved.
 - North will collaborate on an art display with the [Harrison Center for the Arts](#).
- SPRC (Jim)
 - We are continuing efforts to realize savings in shifting health insurance from Indiana Conference→Anthem for 2017. We should experience savings without a loss in benefits for employees.
- Ministries Council (Eric G.)
 - Working with Lay Leadership on the *Celebration of Ministries* and have identified different ministry groups as responsible for the five Sundays.
 - The Fall Offerings booklet has been published and is available for [download](#).
 - October 2nd will be the Fall Festival.
- Lay Leadership (Kathleen)
 - *Celebration of Ministries* is now in five parts:

“Reclaim the Name”

| Sunday | Theme | Ministry Area & Related Ministries Foci |
|---------------|--------------------|--|
| Sept 11 | Christians Welcome | D&F, HEM, RMN |
| Sept 18 | Christians Serve | M&O |

| | | |
|---------|----------------------|----------------------|
| Sept 25 | Christians Struggle | C&N |
| Oct 2 | Christians Celebrate | W&A |
| Oct 9 | Christians Advocate | JAT, Green Team, UMW |

- Lay Leadership is looking for suggestions for new committee members. Please funnel names directly to Kathleen so that we might avoid multiple chairs contacting the same people.
- Kathleen also asked to be notified if there is a committee member who is not attending/participating.

- Finance (Richard)
 - *No additional report*
- Chair (Todd)
 - *No additional report*

- Senior Pastor (Darren)
 - Ronnie Bell has started.
 - Anne Brock’s sabbatical starts next week and the youth program appears to be in the best shape it can be—her time away will probably make this even stronger. Josh Beech is performing well in his interim role and is looking at seminaries.
 - The Stewardship Committee is fully functional—taking charge, including creating video (Ellen Rodgers, Dan Wake) which will be available for the small groups. The committee is working on the fall stewardship *process* rather than an *amount* at this point. Josh and Darren also are looking at more targeted *asks*.
 - The next New Members Class starts September 11
 - The budget process with staff starts next week with looking at 2016 so far. Staff also have been asked to establish their goals for 2017 before the draft budget goes to the Finance Committee.

6. There was no Executive Session
See [January 2015 minutes](#), page 6, item 7

Upcoming Meeting Dates

- September 28
- October 26
- November 16 (3rd Wednesday)
- December 21 (3rd Wednesday)

Annual Charge Conference (all 109 Central District churches)

- November 5 9:00-noon St Luke’s UMC 100 W. 86th Street

Future Topics

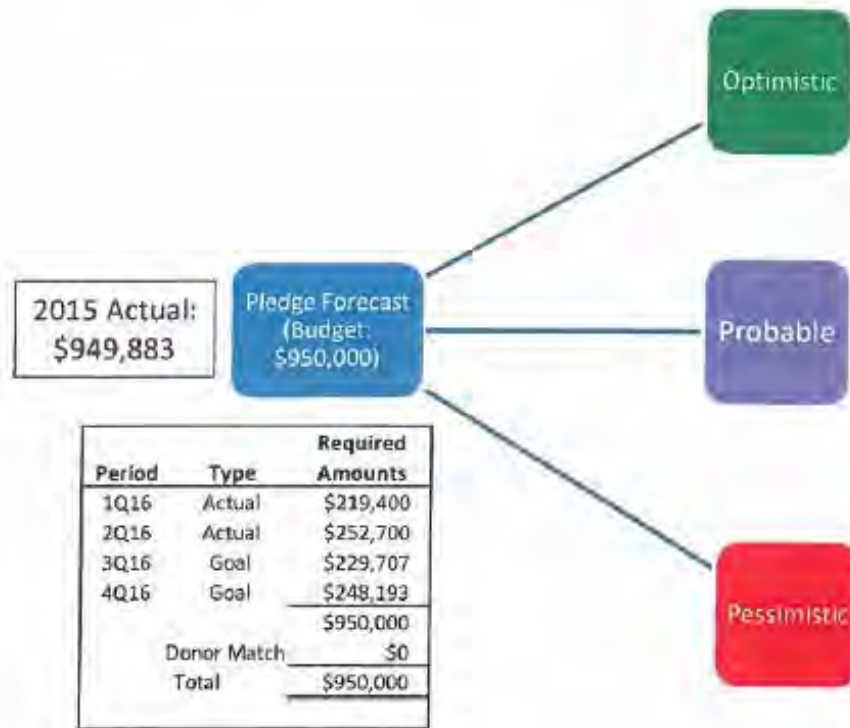
- Communications report on targeted advertising
- Flower shop
- Innovation Fund

| Budgeted Financial Report July 2016 | Actual For Period | Budget For Period | Variance for Period | Actual YTD 2016 | Budget YTD | Variance for YTD | Budget Annual | Actual as % f Annual Budget | Actual YTD 2015 |
|--|----------------------|----------------------|------------------------|---------------------|---------------------|----------------------|-----------------------|--------------------------------|---------------------|
| REVENUE | | | | | | | | | |
| Prior Year Pledges | \$0.00 | \$0.00 | \$0.00 | \$2,903.00 | \$0.00 | \$2,903.00 | \$0.00 | 0% | \$4,527.00 |
| Current Year Pledges | \$69,917.10 | \$79,166.67 | (\$9,249.57) | \$539,779.28 | \$554,166.65 | (\$14,387.37) | \$950,000.00 | 57% | \$577,059.63 |
| Pre-Paid Pledges | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | 0% | \$54.64 |
| Non-Pledge Contributions | \$8,993.26 | \$13,333.33 | (\$4,340.07) | \$66,824.15 | \$93,333.35 | (\$26,509.20) | \$160,000.00 | 42% | \$76,562.77 |
| Contributions-Designated | \$27.06 | \$3,320.84 | (\$3,293.78) | \$2,161.06 | \$23,245.80 | (\$21,084.74) | \$39,850.00 | 5% | \$15,400.90 |
| Fees/Registrations Rcvd | \$1,080.00 | \$797.50 | \$282.50 | \$5,320.50 | \$5,582.50 | (\$262.00) | \$9,570.00 | 56% | \$3,727.00 |
| Sales | \$111.00 | \$266.67 | (\$155.67) | \$1,669.98 | \$1,866.65 | (\$196.67) | \$3,200.00 | 52% | \$1,216.92 |
| Interest | \$35.42 | \$41.67 | (\$6.25) | \$262.35 | \$291.65 | (\$29.30) | \$500.00 | 52% | \$370.61 |
| Gain/Loss on Investments | \$0.00 | \$0.00 | \$0.00 | (\$217.64) | \$0.00 | (\$217.64) | \$0.00 | 0% | (\$1,073.14) |
| Rentals/Leases | \$172.00 | \$750.00 | (\$578.00) | \$2,244.00 | \$5,250.00 | (\$3,006.00) | \$9,000.00 | 25% | \$5,795.44 |
| TOTAL REVENUE | \$80,335.84 | \$97,676.68 | (\$17,340.84) | \$620,946.68 | \$683,736.60 | (\$62,789.92) | \$1,172,120.00 | 53% | \$683,642.77 |
| EXPENSES | | | | | | | | | |
| Wages/Salaries | \$53,596.35 | \$52,381.33 | \$1,215.02 | \$341,516.94 | \$366,669.35 | (\$25,152.41) | \$628,576.00 | 54% | \$334,618.32 |
| Housing Allowances | \$3,000.00 | \$1,750.00 | \$1,250.00 | \$13,500.00 | \$12,250.00 | \$1,250.00 | \$21,000.00 | 64% | \$12,250.00 |
| Social Security/Medicare | \$3,325.52 | \$2,521.50 | \$804.02 | \$22,245.98 | \$17,650.50 | \$4,595.48 | \$30,258.00 | 74% | \$17,324.68 |
| Health Insurance | \$12,205.00 | \$8,744.00 | \$3,461.00 | \$74,278.60 | \$61,208.00 | \$13,070.60 | \$104,928.00 | 71% | \$45,906.07 |
| Pension | \$3,453.91 | \$4,109.50 | (\$655.59) | \$17,151.31 | \$28,766.50 | (\$11,615.19) | \$49,314.00 | 35% | \$23,501.37 |
| Outsourced Personnel | \$1,687.22 | \$3,166.66 | (\$1,479.44) | \$34,008.14 | \$22,166.70 | \$11,841.44 | \$38,000.00 | 89% | \$27,504.02 |
| Sub Musician Pay | \$90.00 | \$127.50 | (\$37.50) | \$90.00 | \$892.50 | (\$802.50) | \$1,530.00 | 6% | \$0.00 |
| Continuing Education | \$0.00 | \$429.18 | (\$429.18) | \$2,287.37 | \$3,004.10 | (\$716.73) | \$5,150.00 | 44% | \$2,468.42 |
| Travel Reimbursement | \$594.40 | \$516.67 | \$77.73 | \$4,280.63 | \$3,616.65 | \$663.98 | \$6,200.00 | 69% | \$3,403.10 |
| Office Supplies | \$580.03 | \$775.00 | (\$194.97) | \$3,124.23 | \$5,425.00 | (\$2,300.77) | \$9,300.00 | 34% | \$3,286.35 |
| Postage | \$190.00 | \$437.50 | (\$247.50) | \$1,691.68 | \$3,062.50 | (\$1,370.82) | \$5,250.00 | 32% | \$2,428.16 |
| Telephone/Internet | \$1,142.73 | \$1,250.00 | (\$107.27) | \$8,016.26 | \$8,750.00 | (\$733.74) | \$15,000.00 | 53% | \$7,861.31 |
| Photocopies | \$1,540.00 | \$1,683.33 | (\$143.33) | \$11,213.01 | \$11,783.35 | (\$570.34) | \$20,200.00 | 56% | \$11,221.74 |
| Printing/Design/Layout | \$145.68 | \$120.83 | \$24.85 | \$756.38 | \$845.85 | (\$89.47) | \$1,450.00 | 52% | \$231.52 |
| Technology Hardware | \$2,498.49 | \$2,500.00 | (\$1.51) | \$18,533.26 | \$17,500.00 | \$1,033.26 | \$30,000.00 | 62% | \$15,325.18 |
| Software/Support | \$55.00 | \$833.33 | (\$778.33) | \$2,312.40 | \$5,833.35 | (\$3,520.95) | \$10,000.00 | 23% | \$2,385.98 |
| Banking Expense | \$244.39 | \$208.33 | \$36.06 | \$1,725.71 | \$1,458.35 | \$267.36 | \$2,500.00 | 69% | \$1,066.01 |
| Audit | \$0.00 | \$1,250.00 | (\$1,250.00) | \$18,590.00 | \$8,750.00 | \$9,840.00 | \$15,000.00 | 124% | \$1,550.00 |
| Legal | \$0.00 | \$0.00 | \$0.00 | \$510.00 | \$0.00 | \$510.00 | \$0.00 | 0% | \$0.00 |
| Ministry Supplies | \$640.25 | \$1,308.32 | (\$668.07) | \$7,399.65 | \$9,158.40 | (\$1,758.75) | \$15,700.00 | 47% | \$10,550.99 |
| Curriculum | \$0.00 | \$350.00 | (\$350.00) | \$1,354.90 | \$2,450.00 | (\$1,095.10) | \$4,200.00 | 32% | \$416.08 |
| Membership Fees | \$100.00 | \$162.50 | (\$62.50) | \$802.00 | \$1,137.50 | (\$335.50) | \$1,950.00 | 41% | \$764.22 |
| Marketing/Advertising | \$1,162.92 | \$375.00 | \$787.92 | \$3,512.22 | \$2,625.00 | \$887.22 | \$4,500.00 | 78% | \$3,602.32 |
| Food/Meals | \$396.22 | \$1,000.01 | (\$603.79) | \$6,437.13 | \$6,999.95 | (\$562.82) | \$12,000.00 | 54% | \$9,101.43 |
| Lodging | \$0.00 | \$333.33 | (\$333.33) | \$1,853.20 | \$2,333.35 | (\$480.15) | \$4,000.00 | 46% | \$2,963.60 |
| Honoraria | \$0.00 | \$404.17 | (\$404.17) | \$2,225.00 | \$2,829.15 | (\$604.15) | \$4,850.00 | 46% | \$725.00 |
| Scholarships | \$0.00 | \$91.67 | (\$91.67) | \$150.00 | \$641.65 | (\$491.65) | \$1,100.00 | 14% | \$345.06 |
| Registrations/Fees Exp | \$253.00 | \$216.67 | \$36.33 | \$821.35 | \$1,516.65 | (\$695.30) | \$2,600.00 | 32% | \$1,984.34 |

| Budgeted Financial Report July 2016 | Actual For Period | Budget for Period | Variance for Period | Actual YTD 2016 | Budget YTD | Variance for YTD | Budget Annual | Actual as % of Annual Budget | Actual YTD 2015 |
|--|----------------------|----------------------|------------------------|-----------------------|----------------------|----------------------|-----------------------|---------------------------------|---------------------|
| Books/Periodicals/Music | \$1,653.21 | \$275.00 | \$1,378.21 | \$5,461.79 | \$1,925.00 | \$3,536.79 | \$3,300.00 | 166% | \$1,609.94 |
| Grants to Others | \$0.00 | \$208.33 | (\$208.33) | \$0.00 | \$1,458.35 | (\$1,458.35) | \$2,500.00 | 0% | \$0.00 |
| Benevolences | \$63.95 | \$41.67 | \$22.28 | \$63.95 | \$291.65 | (\$227.70) | \$500.00 | 13% | \$25.00 |
| Conference Apportionments | \$3,292.93 | \$1,979.17 | \$1,313.76 | \$16,323.40 | \$13,854.15 | \$2,469.25 | \$23,750.00 | 69% | \$14,845.81 |
| District Apportionments | \$493.94 | \$296.92 | \$197.02 | \$2,448.51 | \$2,078.40 | \$370.11 | \$3,563.00 | 69% | \$7,903.56 |
| Rentals/Leases | \$0.00 | \$416.67 | (\$416.67) | \$0.00 | \$2,916.65 | (\$2,916.65) | \$5,000.00 | 0% | \$2,713.72 |
| Electricity | \$5,898.45 | \$4,604.17 | \$1,294.28 | \$33,249.48 | \$32,229.15 | \$1,020.33 | \$55,250.00 | 60% | \$31,266.70 |
| Water/Sewer | \$225.92 | \$334.75 | (\$108.83) | \$3,370.69 | \$2,343.25 | \$1,027.44 | \$4,017.00 | 84% | \$2,309.05 |
| Heating Fuel | \$112.84 | \$1,916.67 | (\$1,803.83) | \$9,981.21 | \$13,416.65 | (\$3,435.44) | \$23,000.00 | 43% | \$15,154.70 |
| Insurance | \$4,923.67 | \$3,663.08 | \$1,260.59 | \$32,522.69 | \$25,641.60 | \$6,881.09 | \$43,957.00 | 74% | \$25,110.42 |
| Janitorial Supplies | \$1,206.45 | \$1,125.00 | \$81.45 | \$10,066.36 | \$7,875.00 | \$2,191.36 | \$13,500.00 | 75% | \$6,796.97 |
| Building Materials | \$251.48 | \$416.67 | (\$165.19) | \$2,023.10 | \$2,916.65 | (\$893.55) | \$5,000.00 | 40% | \$767.74 |
| Contracted Services | \$870.01 | \$1,333.33 | (\$463.32) | \$8,568.72 | \$9,333.35 | (\$764.63) | \$16,000.00 | 54% | \$7,967.08 |
| Building/Equipment Repairs | \$734.00 | \$1,958.34 | (\$1,224.34) | \$11,178.96 | \$13,708.30 | (\$2,529.34) | \$23,500.00 | 48% | \$12,688.12 |
| Grounds Upkeep | \$1,925.00 | \$1,166.67 | \$758.33 | \$5,835.00 | \$8,166.65 | (\$2,331.65) | \$14,000.00 | 42% | \$6,025.00 |
| Equipment/Furnishings | \$0.00 | \$125.00 | (\$125.00) | \$32.09 | \$875.00 | (\$842.91) | \$1,500.00 | 2% | \$85.59 |
| Vehicle Gasoline | \$0.00 | \$125.00 | (\$125.00) | \$199.44 | \$875.00 | (\$675.56) | \$1,500.00 | 13% | \$796.20 |
| Vehicle Repair/Upkeep | \$0.00 | \$50.00 | (\$50.00) | \$16.00 | \$350.00 | (\$334.00) | \$600.00 | 3% | \$317.00 |
| Trash Removal | \$240.18 | \$100.00 | \$140.18 | \$720.63 | \$700.00 | \$20.63 | \$1,200.00 | 60% | \$672.63 |
| Total Budgeted Accounts | \$108,793.14 | \$107,182.77 | \$1,610.37 | \$742,449.37 | \$750,279.15 | (\$7,829.78) | \$1,286,193.00 | 58% | \$679,840.50 |
| TOTAL EXCESS INCOME / (EXPENSE) | (\$28,457.30) | (\$9,506.09) | (\$18,951.21) | (\$121,502.69) | (\$66,542.55) | (\$54,960.14) | (\$114,073.00) | 43% | \$3,802.27 |
| Other Expense | | | | | | | | | |
| Other Discretionary Income | (\$3,726.92) | (\$9,833.33) | \$6,106.41 | (\$3,726.92) | (\$68,833.35) | \$65,106.43 | (\$118,000.00) | 3% | (\$2,905.64) |
| Total Other Expense | (\$3,726.92) | (\$9,833.33) | \$6,106.41 | (\$3,726.92) | (\$68,833.35) | \$65,106.43 | (\$118,000.00) | 3% | (\$2,905.64) |

Pledge Contributions 3Q-4Q16 Forecast

(As of July 1, 2016)



| Period | Type | Amount |
|--------|----------|------------------|
| 1Q16 | Actual | \$219,400 |
| 2Q16 | Actual | \$252,700 |
| 3Q16 | Forecast | \$236,300 |
| 4Q16 | Forecast | \$252,800 |
| | Total | <u>\$961,200</u> |

| Period | Type | Amount |
|--------|----------|------------------|
| 1Q16 | Actual | \$219,400 |
| 2Q16 | Actual | \$252,700 |
| 3Q16 | Forecast | \$204,700 |
| 4Q16 | Forecast | \$221,200 |
| | Total | <u>\$898,000</u> |

| Period | Type | Amount |
|--------|----------|------------------|
| 1Q16 | Actual | \$219,400 |
| 2Q16 | Actual | \$252,700 |
| 3Q16 | Forecast | \$173,100 |
| 4Q16 | Forecast | \$189,600 |
| | Total | <u>\$834,800</u> |



Pledge Contributions: History and Forecast

