

MINUTES
BOARD OF DIRECTORS MEETING
Wednesday, December 18, 2013

Members

Ann Mackey, Chair	Eric Galloway (COM /LL)
Ron Gifford, Vice Chair	Nick Tumminello (Finance)
Mark Grove, Secretary	Kathleen Custer, LL
Troy Barker (Trustees)	
James Hamstra (SPRC)	

Guest

Todd Daniels-Howell
(*incoming Board Chair*)

Ex Officio

Darren Cushman Wood
Jim Thieman, CBA

Absent

Bill Groth (AL)
Jacqueline Blackwell (AL)
Linda McClain (LL to AC)
Angela Ockerman-Jones (AL)
Charles Young, Treasurer

1. Opening Prayer (Darren)
2. The Minutes of November 20, 2013 Meeting were approved (Troy moved/Nick seconded).
3. Financial Report and Attendance Report for 2013 and update on 2014 Stewardship Campaign (Darren and Jim)
 - A list of North members who had pledged for 2013 but had not yet done so for 2014 was compiled. The Stewardship Committee divided up the list and sent messages to encourage 2014 pledges. They also wrote to people who have contributed this year but had not pledged for 2013 to encourage them to pledge for 2014.
 - Troy noted that of 102 e-mails he had sent, a quarter came back for bad addresses. We might consider having a *spring clean-up* for e-mail addresses, using that opportunity to encourage North members to keep their contact information current.
 - Jim told the group that attendance for the first service on December 1st had not been taken. The average total for the previous four weeks will be used to keep numbers comparable. Jim also noted that going forward any unusual attendance, such as the full choir and bell ringers will be noted as appropriate to help explain significant variances in attendance.

Balance Sheet

- \$482,000 from the capital campaign will be transferred to the Foundation account. \$180,000 has been moved out of the CD.
- A member has made two significant payments on the mortgage.

Income Statement

- At \$891,000, payments on current year pledges were down \$117,000 as of the end of November though some have come in since then. Non-pledge payments also are lagging, but narrowing.
- We received two stock transactions in mid-November with a third in the works for 2014.
- Total year-to-date income of \$1,100,652 is \$129,595 below budget. With total year-to-date expenses running less than budgeted, North was approximately \$108,000 short of being balanced as of the end of November.

- We will provide an update on the budget situation in the e-newsletter and Northnet and will make a last pitch from the pulpit on the 22nd. Darren reminded the group that the Christmas offering is for Farmer's Market and Bread and Bowl and we benefit from such targeted donations in providing these important outreach efforts.
- Board members agreed that regular financial updates should be provided the North membership. This may be quarterly or even monthly and one possibility is the Dashboard discussed at a meeting earlier this year. A follow-up set of slides to Nick's September presentation may also be useful.
- Cindy Dale, the new financial secretary, has started work.

Stewardship Campaign

- After our last meeting, Pastor Darren reviewed the list of persons who were behind on their 2013 pledges. From this it was determined that a personal note should be sent to 29 pledgers as a reminder, which represented \$52,872. As of the end of November, we have received \$24,872 (47%) and as of the meeting date are now above a 50% collection rate. We are anticipating that more will come in from this group by year's end
- Every member has received reminders through the e-newsletter and from the pulpit and Darren believes we have done about all we can do with the various reminders and outreach. He added that a few people had contacted him personally regarding their payment status.
 - The stewardship committee has been actively following up *Stewardship Sunday* with reminders to pledge for the up-coming year. In mid November, the committee made personal calls/emails to a select list of previous pledgers and potential first-time pledgers. This has been followed up with another personal email. And the entire congregation has been reminded to pledge via the e-newsletter. Attached is information on the 2014 pledges.
 - Stewardship will be an ongoing committee next year and we are looking at adding an on-line option to the website to accept pledges and gifts.

4. Revisions to Endowment Policy (Darren and Jim)

a. Program and Mission Endowment Committee recommendation

- The Program Mission Endowment Committee met recently and proposed a change to the endowment policies which will redefine the PME fund's use. This would add additional flexibility to the current policy of using PME funds as seed money for new programs or expansions of existing ones.

Mission and Program Endowment Fund: The purpose of the mission and program endowment fund shall be to provide funding for the ministry and mission programming of the Church via request by church ministries and/or the Senior Pastor and approved by the PME Committee.

- There were friendly amendments to the proposal to change *church ministries* (used in earlier versions of the Endowment Policy) to *Ministries Council* and to reverse the wording of *Mission and Program* to *Program and Mission* to match the actual fund name.

- With those changes, the Board voted unanimously to adopt the recommendation (Ron/James). An updated copy of the policy appears below and has been added to North's [website](#).
- b. Unrestricted bequest
- A \$50,000 gift will arrive in 2014. Consistent with the Endowment Policy the Board can choose to allocate a major unrestricted gift to uses other than the Building Capital Endowment Fund. The Board unanimously voted to accept the gift and use it in the General Fund in 2014 (Nick/Ron).
 - Members agreed that we should consider setting a specific dollar threshold in defining *major gifts* in the future.
- c. 2014 Budget Recommendation from Finance Committee (Nick)
- This budget is the result of adjustments made to the preliminary budget provided to the Board in September to reflect the results of the stewardship campaign.
 - One goal for establishing a preliminary budget was to help inform the stewardship campaign.
 - The proposed budget was adjusted based on recent experience.

Summary:

- Total 2014 budget = \$1,343,052
- Pledged income: \$1,050,000 (\$1,038,000 pledged to date – assume ~\$12,000 additional will come in)
- Non-pledged income: \$180,000 (from forecasting model)
- Assumes \$80,000 in income from undesignated bequests (\$50,000 is known and was accepted by the Board for this use above; \$30,000 is not specifically identified but forecasted based on historical norms).
- Cost reductions have been made to multiple areas: salaries, contracted services, maintenance and repairs, food/meals, vehicle rentals, and additional smaller adjustments
- Conference and District Tithe had been increased from 62% to 72% over last year in order to stay on path to restoration to 100%. Increase of about \$14,000.
- As recommended by the Program & Mission Endowment Committee, certain expenses were removed from the operating budget and will be paid for out of Program and Mission Endowment distributions where the items are consistent with the purposes of the PME distribution purposes. (Example: Mider P&M – used for Youth Retreats will be used to fund Middle School overnight, Children's Easter Retreat, High School Retreat, and Lenten Retreat ~\$4,800).
- Eliminates raises to non-clergy staff; other adjustments based on benefit changes and social security line.
- Total adjustments of 23k that come out of budget and will be funded by program and mission distribution.
- Memorial fund—gifts not specifically designated—about \$10k that can go toward the 30K above

Discussion

- We also are looking at possible configurations for rental of some of our space as well as marketing the church as a wedding location.
- Stewardship committee is considering a mini-campaign for Lent—can you tithe 10% during Lent?
- A concern was raised that moving some of the operational items out of PME makes things look under-expensed. A better idea might be to keep the expense line and use the PME to come in as income. This would allow for better comparison of on-going operating expense.
 - Jim noted that moving toward a consolidated financial statement would include both into one document and members agreed to go with that approach.
- How can we roll the money in from the bequest to best advantage? Jim will review.
- We need to include a clear description of the 2014 budget and specific funds that are being used for expenses as notes attached to specific lines within the actual budget or as a supplemental document that explains these actions and rationale. This will be important in tracking what was done for 2014 as well as for informing the work of the Finance Committee and Board in developing and tracking future budgets.
- The budget as proposed by Finance Committee was approved unanimously. The Board sends its thanks to the Finance Committee.

Additional Comments *subsequent to passing the budget*

- If finances improve, we need to have some agreement on how we might approach using any surplus. The Board recognizes the personal impact of salary freezes on staff and perhaps a year-end bonus for staff could be one of the uses of any surplus.

5. Illinois Street Corridor Development Update (Ron)

- The City of Indianapolis has taken some block grant funds and another program called HOME to generate a pool of about \$9 million for neighborhood redevelopment efforts. The city has issued a request for proposal which Ron noted will attract a significant number of applicants. Ron recommended that North partner with Mid-Town to seek \$2 million in funding for possible site acquisition and site remediation. There are lots of strings involved, including addressing affordable housing.
- Ron noted that the response was due December 23rd (the Monday following the Board meeting) and that even if we were awarded the grant, we were not locked into any obligation if we could get the appropriate partners or determined the strings that come with the grant were too restrictive. If such were the case we could always decline the grant without any penalty.
- In a separate application, Mapleton-Fall Creek will propose using matching grant funds to make façade improvements on the west side of Illinois Street and has asked North to write a letter of support in favor of their proposal. Ron noted this is consistent with our thinking and recommended to the Board that we provide the letter.
- The board unanimously endorsed both proposals. (Troy/James)

6. Recognition of departing Board members (Darren and Ann)

- Ron, Troy, and Jacqueline were recognized for their service on the Board and Ann received a special gift in acknowledgement of her service as Chair.

- Kathleen told the group that the Lay Leadership Committee was hosting an Orientation session on January 18th for new committee chairs and others.
- Suggestions were made to expand the current North [Leadership Roster](#) to include additional committees. These will be forwarded to Nancy Fykes for preparing the 2014 roster.

7. Executive Session

Future Board Meetings

January 22, 2014

- Subsequent 2014 meetings will be set at that meeting

Future Topics

- Innovation Fund
- Ministries Council Delegation of Authority process *Eric*
- Emergency preparedness plan
 - Operational Review *Darren*
 - Potential liability issues *Ann*
 - Review of Appendix on Disruptive Behavior *Linda on behalf of new task force on special needs*
 - Formalize committee and response team

North United Methodist Church, Inc. Endowment Policy

Amended and Restated November 20, 2013

Further Amended December 18, 2013

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.