

# MINUTES

## BOARD OF DIRECTORS

May 28, 2009

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### ATTENDANCE

PRESENT: Joy Haning - President, William Schaeffe – Vice President, Robert Phillips, James Mann, Ginger Merkel, Vince Catania; Dave Crittenden, staff; Jay Wilkinson, staff; James Rissler, Presbyterian Investment and Loan Program; Richard Lindley, Capin Crouse

EXCUSED: Joellen Hosler, Marylynn Boatright

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The meeting of the Board of Directors was convened with prayer and devotions by Joy Haning, at 10:00 A.M. on May 28, 2009 at the Synod office in Indianapolis, Indiana.

1. Joy Haning opened the meeting with prayer.
  2. The agenda was reviewed and additional items added before it was adopted.
  3. **ACTION:** The Board approved the January 30, 2009 minutes as distributed.
  4. At the January Board meeting the Board requested a cost estimate of what we have called the "partnership payout" option. The Board received the following explanation by Jim Rissler and requested action by email from Dave Crittenden on March 30, 2009:  
"The estimated cost of the "Partnership Payout" option came to \$12,549.98. This represents half of the opportunity cost: half of the difference between what the participation certificates ("PC") would have earned had they remained with Synod of Lincoln Trails to maturity and what Presbyterian Investment and Loan current three-year fixed rate Term Note/DAR is paying. Mathematically it looks like this:  $4.25\% - 2.80\% = 1.45\%$ ;  $1.45\% \times$  period of time between early redemption and actual maturity of PC divided by two.  
  
Jay Hudson and Dave Crittenden talked with the Executive Presbyters of the Synod on March 29, 2009 about the possibility of this as each of their investments (and those of churches in the bounds) might be eligible for this "Payout". It is part of a thank you to them for working with us recently as we close this program out and for their faithfulness to our program through the years.  
  
**ACTION:** *The Synod of Lincoln Trails Board of Directors will offer to pay half of the opportunity cost: half of the difference between what the participation certificates ("PC") would have earned had they remained with the Synod Of Lincoln Trails to maturity and what Presbyterian Investment and Loan current three-year fixed rate Term Note/DAR is paying to those churches and presbyteries we ask for early redemption of their certificates as we close out the Capital Improvement Program.*
- The Board affirmed their unanimous email action and requested it be recorded in these minutes.
5. Dave reported that a laptop computer was purchased to replace the laptop that was stolen in January. Carol McDonald will use this laptop as her primary computer. It is a Toshiba Portege lap top computer weighing 3.22 pounds. We paid \$1499.00.

The Board noted that a Capital needs assessment needs to be done for the office. Dave will bring information regarding this to the next meeting.

6. The Board reviewed the Memorandum of Agreement with Synod of Lakes and Prairies for payroll and accounting services agreed to on the May 30, 2008 and retroactive to January 1, 2007. It was agreed that the fees paid by the Synod of Lincoln Trails will remain the same for a fourth year in a row. Since the agreement has worked well for several years the board directed Jay Wilkinson and Dave Crittenden to report to the board any future need for changes in fees or the agreement rather than scheduling annual reviews.

7. Richard Lindley of Capin Crouse LLP led the Board through a review of the draft of the combined financial statements with accountants' review report. The Board accepted the draft with one correction, the elimination of Fund 34 – Prophetic Action Grants because of unrecorded activity in that fund and Synod action to discontinue making these grants.

8. Jim Rissler, Presbyterian Investment and Loan Program, reported the ten remaining loans will be close and all of the remaining Participation Certificates of our Capital Improvement Program will be redeemed before the end of this year. The Walkerton, Indiana Church has declared they do not have to close out their loan of approximately \$17,000. There have been very few slow pays among the remaining loans. Midwest Presbyterian Church – Park Ridge, Illinois is currently less 30 days behind which may be related to ending of their recent "interest only" period.

In order to facilitate the transfer of the loan held by True Way Presbyterian Church – Deerfield, Illinois the Board approved the following recommendation by the Staff Loan Team:

**ACTION:** That the Board of Directors approve an extension of the term of this loan from 168 months to 228 months and modify the maturity from May 1, 2023 to May 1, 2028. When this loan converts from a Synod loan to a joint loan with the Investment and Loan Program the rate will adjust to about 5.47%. This will result in payments of approximately \$6,184 (down from their current payment of \$7,200). The reason for the longer extension of time is to reduce the payments in order to avoid the necessity of loan modifications in the future should interest rates increase or the church's cash flow become challenged. With significant loss of membership over the last few years and change in pastoral leadership, this church has had difficulty maintaining the payments as they currently stand. The 228 months was derived by taking the maximum term available for a Program loan (25 years/300 months) and subtracting the number of months this loan has already run (72).

9. The Board reviewed all financial reports for April 30, 2009. Our year to date income is over \$60,000 ahead of where we were last year. In conversations with our presbyteries the two largest presbyteries have projected income shortfalls that will exceed those projected in our budget. While we have spent \$14,000 more this year our income exceeds our expenses by \$2207 the comparable figure in 2008 was \$(45779).

The Board discussed the format of these reports and will work with Jay to provide less detail in the reports the Board reviews.

10. The Synods investments were reviewed. The effect of the down turn in the economy was noted in the current value of our investments. Ginger Merkel has reviewed our current investment policy and she and Vince will bring suggested changes to our next meeting. It was noted we are not receiving the minimum return our policy suggests at this time.

11. Joy Haning, Dave Crittenden and Bill Schaeffle reported their findings regarding the review of the Synod's insurance coverage and carriers. The Board has received two quotes since January from Covenant Presbyterian Insurance Program and Church Mutual Insurance. Bill Schaeffle declared his conflict of interest as a licensed agent of Covenant Presbyterian Insurance Program and recused himself from the following vote:

**ACTION:** With the premiums being relatively close and the coverage of our current carrier matching our needed coverage better the board of Directors voted to renew the current policy with Covenant Presbyterian Insurance Program with \$1000 deductible for a annual premium \$5840.93 (compared to the current premium for the same coverage of \$7271.17).

12. Dave Crittenden and Bill Schaeffle gave a status report of Cora J. Pope Home. Bill is meeting with the Pope board. We are waiting for a ruling on the nonprofit status under the Presbyterian Churches group exemption from the General Assembly Council legal department. The most recent communication from the General Assembly Council's legal department informed us outside council has been consulted and upon review of their opinion we would receive a report.

13. Dave gave a status report on the Maude Evans Memorial Fund. The Board's request to change the entity where the income is sent was made in 2006 and has still not been granted. It is our belief that income should go to Southeastern Illinois Presbytery as the current receiving site for mission from churches. This fund is a permanent fund with the Presbyterian Foundation. The Foundation's legal department now believes the General Assembly is the correct place for this income to be sent and has forwarded the issue to the General Assembly Council's legal department.

14. At the request of the Synod at their April meeting the Board considered ways to provide matching funds for the Initiative to Address Economic Challenges Facing Indiana Pastors for grants awarded by the Lilly Foundation to the Synod and to Ohio Valley Presbytery. After reviewing the possible proposals presented to the Synod by Dave Crittenden the Board of Directors makes the following recommendation to the Synod:

**RECOMMENDATION:** That if the Synod chooses to give matching funds to the Initiative to Address Economic Challenges Facing Indiana Pastors that it be done using a ratio of 70% to the synod and 30% to Ohio Valley Presbytery. The Board further recommends that the total matching money provided be \$100,000 from the following sources: the accumulated income from the inception of the Leadership Development Fund, which is \$57,535.93 through the first quarter of 2009; the income from this fund for 2010, 2011, 2012; the balance, if needed, coming from undesignated reserves.

15. The meeting was adjourned with prayer by Joy Haning.