

# MINUTES

**BOARD OF DIRECTORS**

**January 22, 2010**

\*\*\*\*\*

## ATTENDANCE

PRESENT: Joy Haning - President; James Mann; Vince Catania; William Frazier (Director elect); Jennifer Lewis (Director elect); Marylynn Boatright; Dave Crittenden, staff; James Rissler, Presbyterian Investment and Loan Program; Lisa Longo, Presbyterian Foundation; Paul Stropkay, Presbyterian Foundation

EXCUSED: Ginger Merkel

\*\*\*\*\*

The meeting of the Board of Directors was convened with prayer and devotions by Joy Haning, at 10:00 A.M. on January 22, 2010 at First Presbyterian Church – Urbana, Illinois.

1. Joy Haning led the Board in an orientation for the new Board members.
2. **ACTION:** The Board approved the minutes of the October 29, 2009 regular Board meeting and the November 9, 2009 conference call. It was noted that since the Operating Fund did not have a surplus of income over expense the Synod will not be sending any funds to Wabash Valley Presbytery to help with their extraordinary legal costs.
3. **ACTION:** The Board of Directors makes the following nominations for officers of the Corporation: President – Marylynn Boatright; Vice President – Jim Mann; Secretary/Treasurer – Dave Crittenden
4. The Board reviewed the General Ledger financial reports. Because the Synod meeting is a week earlier than originally planned these financial reports are subject to revision after the Board of Directors and the Synod meetings. We close the previous year's books on January 15 in order to include as much expense and income as possible. The following adjustments before the audit will change a few numbers:
  - There will be adjustments to the Yandes Trust (fund 89) statement. We don't have the year end investment statements yet.
  - I know that there will be major adjustments to the Capital Improvement Program (fund 90) statement after Jim Rissler finishes his work and can get us statements.
  - Some interest from Presbyterian Investment and Loan Program is estimated and there will be minor adjustments here.

Our operating fund shows expenses over income of \$23,292 for 2009. Budgeted income was \$111,844 less than projected with most of the short fall in mission receipts. Budgeted expense was \$72,487 less than projected leaving budgeted expense over income of \$15,382. Legal expense and the costs of the Administrative Commission for Midwest Hanmi show approximately \$32,800 of non budgeted expenses.

5. The Board approved \$6,000 for the Synod office move in October 2009. Whitewater Valley Presbytery set aside \$10,000 for their move to the joint office. Both governing bodies agreed to pool the two amounts and to combine the expenses. The costs of the move exceeded the \$16,000 by \$3,820 because of unanticipated construction and carpeting expense. The two governing bodies have agreed to share the overage equally. In order to include any income or expenses we have

not received I would ask the Board of Directors to approve up to \$2,000 to cover these unanticipated expenses. We do not anticipate any further move related expenses but may realize some income from the sale of furniture and other sources.

**ACTION:** The Board of Directors voted to approve up to \$2,000 for moving expenses beyond the \$6,000 approved at the October 2009 meeting.

6. Lisa Longo, Regional Development Officer and Paul Stropkay, Chief Investment Officer from the Presbyterian Foundation gave an overview of the services they provide and the origins and activities of New Covenant Funds. They also reported on the Synod's investments through the Presbyterian Foundation: the Investment Fund and the Leadership Fund for the Synod and the General Fund and the Pursell Trust Fund for the United Presbyterian Foundation (the Synod's foundation). The performance of both their Growth Fund and the Income Fund for the last decade were reviewed and explained.

8. Jim Rissler from the Presbyterian Investment and Loan Program reported the progress of transferring the Synod's Capital Improvement Program. As of the end of 2009 all of the Participation Certificates have been redeemed. There are three loans left totaling about \$188,000. The following churches still have outstanding loans: Des Plains, IL - \$72,000; Park Ridge, IL - \$100,000; Walkerton, IN - \$16,000.

The Board approved offering incentive to those certificate holders that would be asked to redeem their certificates early. There were 56 forced redemptions and only one complaint. The Cost of the incentive payments was \$12,369. It is hoped that the three loans will be transferred and the program closed in the first quarter of this year.

9. Dave shared the work that Ginger Merckel has done regarding our investments and review of existing policies. A synopsis of each of the active funds for the Synod of Lincoln Trails and the United Presbyterian Foundation of the Synod of Lincoln Trails is attached to these minutes. The board will review its Gift Acceptance Policy at the next meeting when Ginger can be present. She requests the following be part of that discussion:

- 1) Removal of any language that says we accept non-marketable securities, remainder interests in property or oil, gas and mineral rights. These types of investments are very expensive to administer and can decline in value precipitously between the date of the gift and the time we are able to turn them into cash, creating potential losses for the Synod
- 2) Re-word the section related to gift annuities and indicate we would only accept being beneficiary of a gift annuity. The Synod would incur a significant expense to comply with the reporting requirements of establishing and administering any gift annuity.

At the next meeting the Board will determine if we have any UMIFA or UPMIFA funds and then look at investment policies.

Jennifer Burns Lewis agreed to serve as the Board of Directors representative to the sub committee that is being formed to propose guidelines for grants from the Leadership Development Fund.

10. Dave reported on the Synod office move to share office space with Whitewater Valley Presbytery. The physical move went well for both governing bodies and the staff feels there is a synergy already evident after six weeks.

11. The Board reviewed the attached written report submitted by Bill Schaeffle regarding the Cora J. Pope Home. The Board would like to look into strengthening the Home's relationship with Illinois Presbyterian Home in Springfield, Illinois as the report suggested since Blackhawk Presbytery is not interested in replacing the Synod as trustee. The Board would also like to explore going to court to renounce our trusteeship. Dave will look into the legal ramifications of both of these actions.

**ACTION:** The Board voted to ask Bill Schaeffle to continue to be our representative to the Cora J. Pope Home and to be a part of our conversations regarding this matter.

12. The Synod was named in a civil suit filed by Donald A Metzger for legal fees incurred by Canaan Presbyterian Church of Glenview, Illinois. Ian Wilbur was retained as council for this suit in equal partnership with the Presbyterian Church (USA) which was also named in the suit. Mr. Metzger also named individuals on the Synod's Administrative Commission for Midwest Hanmi and council was obtained through the Synod's insurance company for the defense of these individuals.

13. The Board set the following dates for their regular meetings: May 21, 2010 and October 28, 2010.

14. Dave gave an update on progress with transferring the ownership of University Church in West Lafayette, Indiana. Wabash Valley Presbytery has formed a task force to make recommendations regarding their future involvement with the campus ministry that is currently occupying the University Church building. Currently the board of the campus ministry would like to be a campus ministry that has a church service and a worshipping congregation rather than a congregation that is or has a campus ministry. If the current direction is followed we will be asked to deed the property to Wabash Valley Presbytery. During the discussion it was suggested that our Board pay the legal fees for this transfer. This decision will be made if and when the request is made for the transfer.

15. Dave shared with the Board that Synod minutes are currently required to show that insurance coverage was reviewed annually. The Board will attach a document showing proof of insurance and coverage limits to their minutes each year that is not a policy renewal year.

16. The Board of Directors met in executive session.

17. After reconvening the meeting was adjourned with prayer.

18. The Board of Directors met as the Board of Directors for the United Presbyterian Foundation of the Synod of Lincoln Trails to take the following action required by the Legal Risk Management Services of the General Assembly Mission Council to make a ruling on the Pursell Trust.

**ACTION:** The Board requests that the Pursell Trust be included in the Group Ruling for 501 (c.) 3 status of the Presbyterian Church (USA)

19. The meeting of the Board of Directors for the United Presbyterian Foundation of the Synod of Lincoln Trails adjourned.

Synod of Lincoln Trails  
Board of Directors  
Report by Bill Scheafle Regarding the Cora J. Pope Home  
Jan 22, 2010

Synod Co-executive Dave Crittenden asked that I report to you and particularly the new members of the board on the history and current status of the Cora J. Pope Home in Ottawa, Illinois. I was serving on the board when concerns were first raised about the status and future of the project and have served as the synod representative on the Cora J. Pope Home Board for about the last year

Cora J. Pope was a long time resident of Ottawa, Illinois, and widow of Milton Pope, stockholder and director of the First National Bank of Ottawa. She prepared and signed her Last Will and Testament in July 1940, in which she provided, *inter alia*,

". . . I hereby give . . . unto the First National Bank of Ottawa . . . all in trust, however, for the following uses and purposes, to-wit:

To establish and perpetually maintain a home for the comfortable support and maintenance of aged, respectable, indigent women, who may be incapable of self support, but not to include any who may be paupers, the said home to be always known as and named "THE CORA J. POPE HOME". . . .

The will also provided that admission into the home would be under the authority of the bank, but the bank was instructed to consult with the

". . . minister in charge of the First Presbyterian Church of Ottawa, Illinois, in regard to the selection of such beneficiaries before admitting any of them to such home . . . ."

Ms Pope died in June 1943, and the trust was implemented. In September, 1946, in connection with a suit by other beneficiaries of the Pope will, the circuit court in LaSalle county approved the request of the bank to resign as trustee and to appoint as new trustee The Synod of Illinois of the Presbyterian Church in the United States of America, which had expressed a desire to undertake the responsibility of operating the home. That responsibility later came to the Synod of Lincoln Trails upon the merger of the Synods of Illinois and Indiana.

The relationship continued with little or no activity on the part of the Synod until the Synod's receipt of it's annual audit by a new auditor in 2007. That auditor raised questions concerning the home and whether it fell within the 501(c)(3) status of the Synod or the PC (USA). The then Synod board sought an opinion from the law firm of McDermott, Will & Emery in Chicago. Their opinion letter of August 17, 2007 expressed serious concerns about whether adequate and timely reporting was being made to the IRS and to the state.

Former board chair, Sharon Fesler of Blackhawk Presbytery visited the home and was not satisfied that adequate reporting was being made by the home. We then sought an opinion from the Legal and Risk Management Services Office of the PC(USA). For a variety of reasons we did not receive confirmation of the 501(c)(3) status until late last fall. The Risk Management Office confirms that The Cora J. Pope home is included under the umbrella of PC(USA). We have also noted that the concerns expressed by the McDermott law firm were not an issue. The attorney for the home has been regularly filing annual reports to the circuit court and the Illinois Attorney General.

Through all of this it became the view of the synod executives and the board that it would be better for the home if oversight were closer to Ottawa, and we suggested Blackhawk Presbytery. I mentioned this possibility to the Cora J. Pope board and they were mildly receptive. I then spoke to Jon Gerlach, John Huff and John Rickert in the fall of 2009 and the conclusion was

they did not feel that they should undertake the responsibility.

Another suggestion was that they strengthen their affiliation with the Presbyterian Homes group. This has not been proposed to them as of now so remains a possibility.

## **Synod of Lincoln Trails Restricted Gift Summary**

**Name of Fund:** United Presbyterian Foundation of the Synod of Lincoln Trails Fund (General Fund)

**Date Established:** Unknown

**Original Gift Amount:** \$36,600

**Background:** As per 5/1/07 Board minutes, three funds are currently making distributions to outside beneficiaries. The Roachdale Presbyterian Church is receiving \$211 annually, the Resthaven cemetery in Edinburg, In. is receiving \$451 annually and the 1<sup>st</sup> Presbyterian Church of Edinburg is receiving \$71. The Roachdale gift was under the will of Albert Taylor and the Edinburgh gifts were under the will of Gertrude Amos.

**Gift Restrictions:** Board action on 5/1/07 determined the following allocation of the General Fund: 29% to Roachdale Presbyterian Fund, 10% to the 1<sup>st</sup> Presbyterian Church, Edinburg and 61% to Resthaven Cemetery. Details of donor intent were not available.

**Investment Philosophy:** Unknown

**Investment Vehicle:** New Covenant Balanced Growth- 60/40% equities

**Board Review Date:** 1/22/2010

**Balance:** \$25243.98 as of 9/30/2010

# Synod of Lincoln Trails Restricted Gift Summary

**Name of Fund:** Investment Fund

**Date Established:** 5/1/2007

**Original Gift Amount:** Unknwon

**Background:** All funds from the Illinois Fund except \$36,600 were transferred to the Synod of Lincoln Trails Investment Fund. Income is distributed to the general fund of the Synod

**Gift Restrictions:** Unknown

**Investment Philosophy:** Unkown

**Investment Vehicle:** New Covenant Balanced Growth -60/40 equities

**Board Review Date:** 1/22/2010

**Balance:** \$2255239.92 as of 9/30/2009

# **Synod of Lincoln Trails Restricted Gift Summary**

**Name of Fund:** Leadership Development Fund

**Date Established:** 7/21 2006

**Original Gift Amount:** \$1,235,000

**Background:** The fund was established as a result of the sale of property in Bloomington, Indiana in November 2006

**Gift Restrictions:**

- 1) The fund was established as an Endowment
- 2) After three years, the interest accrued annually may be made available for the programmatic priorities on the Synod in the form of grants

**Investment Philosophy:** Unknown

**Investment Vehicle:** New Covenant Balanced Growth- 60/40 equities

**Board Review Date:** 1/22/10

**Balance:** \$965919.02 as of 9/30/2009

## **Synod of Lincoln Trails Restricted Gift Summary**

**Name of Fund:** Purcell Trust

**Date Established:** 8/20/1956

**Original Gift Amount:** \$300,000

**Background:** Jesse Purcell left the bulk of her estate to the Presbyterian Foundation of the Synod of Illinois in trust to support housing for the aged "similar to or operated in conjunction with the Illinois Presbyterian Home, Inc. in or near the city of Springfield, Illinois as the Board of Trustees of said Foundation may deem desirable or see fit in the furtherance of this or other charitable purposes". In addition \$100 was to be paid annually to the "Farmingdale Presbyterian Church as long as the Church in the judgment of said trustee shall remain active and functioning". The will required the land be operated for 23 years as a farm. Upon completion of that term, the Synod listed the property which was sold in 1997.

**Gift Restrictions:** Support housing for the aged or other charitable purpose and \$100 per year support of Farmingdale Presbyterian Church

**Investment Philosophy:** Unknown

**Investment Vehicle:** New Covenant balanced Income Fund -40/60% equities

**Board Review Date:** 1/22/2010

**Balance:** \$360895.62 as of 9/30/2010