

SAINT LUCAS UNITED CHURCH OF CHRIST
CHURCH COUNCIL MEETING MINUTES
April 22, 2024, 6:00 pm - Zoom Hybrid/Room 19

(This meeting was called to order at 6:02 pm by President, Marty Schmidt and was opened to visitors.)

MEMBERS PRESENT: Phil Denton, Marsha Fey, Katy Forand, Wanda Gillman, Kathy Herron, Donovan Larson, Marty Schmidt, and Barbara Smith, plus Rev. Merrimon Boyd/ex-officio via Zoom
|| Nine members. *(Absent - Violet Brooks)*

ZOOM VISITORS PRESENT: Marsha Armentrout, PJ Barbeau, Bill Biedenstein, Bill Brinkhorst & Joy Dressel, Joan & Kirk Dalgaard, Pat Fribis, Ken Hamilton, Paul Litzsinger, Jackie Zeitinger || Eleven visitors.

OPENING PRAYER: The meeting was opened with a prayer by Kathy Herron.

GUEST COMMENTS: Denee Bowers & Dan Herron are attending this meeting to share info about the Special Meeting Protocol for the upcoming Candidating weekend. A discussion occurred regarding the accommodations planned to allow voting for the candidate. Saturday will be in-person voting only. Sunday will allow in-person and Zoom voting. A discussion with Denee and Dan took place regarding the wording of a special eBlast with the link for members only to ensure people on Zoom are voting members. Dan discussed what would happen if internet connection was lost during the Zoom on Sunday and how it could affect the voting. Marsha will work with Trevor to verify members on Zoom. An electronics test-run meeting will be held on Thursday morning. Sue Simmons/Membership will supply an up-to-date list of members. Dan also reminded the Council that multiple people may be on one Zoom connection. Discussion was done regarding how the voting results will be relayed to the congregation.

CONSENT AGENDA:

- A/V Ministry - March 26, 2024, Minutes
- Cemetery Board - February 21, 2024, Minutes
- Council Meeting (Special) - February 4, 2024, Minutes
- Council Meeting - March 25, 2024, Minutes
- Council Meeting | Executive Session - March 25, 2024, Minutes
- Finance Ministry - February 20, 2024, Minutes
- Finance Ministry - March 19, 2024, Minutes
- Membership & Evangelism | April 2, 2024, Minutes
- Memorial Committee | March 11, 2024, Minutes
- ONA Task Force - January 31, 2024, Minutes
- ONA Task Force - March 4, 2024, Minutes
- Physical Facilities Ministry - April 18, 2024
 - *12 REPORTS*

Kathy moved to accept and Barbara seconded that the April 22, 2024 Consent Agenda be received as submitted. The motion was approved unanimously.

STAFF REPORTS:

Pastor Vicki - Pastor Vicki's last day with St. Lucas UCC was yesterday. No comments were shared tonight.

Pastor Merrimon - There was nothing added to Pastor Merrimon's report other than he advised work continues to prepare the confirmands for their May 19th Rite of Confirmation.

FINANCIAL REPORT:

Financial Secretary, Wanda Gillman advised the following information for April 2024 -

- The regular offering for March was \$47,515.40,
 - This offering is under budget for the month by \$5,984.60.
- Total Expenses for March were \$90,654.91,
 - This expense amount is over budget by \$1,508.83.
- The Total Deficit for the month is (\$17,744.69),
 - The Total Deficit for the first three months is (\$53,009.75).
- The Income from the General Endowment and P.E.T. were not received in March, they will appear in the April statement. Marty interjected that he has made Debbie aware that they'll be forthcoming and once received by the bank, she'll be able to transfer them into the General Fund.
- The extra Spending this month was due to:
 - The Search Committee had an Expense of \$806.76 associated with a potential candidate, which is still under their 2024 budgeted amount,
 - Physical Facilities incurred an Expense of \$3,159.36 and,
 - The Quarterly insurance charge of \$12,833.00 which comes due every three months.

Marty also mentioned the policy for distribution for the General Endowment and the P.E.T. have typically been taken in March and September. However, we have the latitude to move that earlier in the year. After a discussion with Jeff and Debbie today, they suggested moving it to February since the first quarter of each year is typically a lean part of the year. That cash flow in February would be beneficial for our expenses.

Phil asked for clarification about the General Endowment and P.E.T. When was the last time we received those monies, "January"? Marty and Wanda both answered, "No, it was in December". Phil then asked what the distribution schedule is for those endowments. Marty and Wanda both answered two installments for the General Endowment and four installments for the P.E.T. account. General is roughly \$36K/year. And P.E.T. is approximately \$75-80K for a combined total of \$115-\$120K each year.

Policy for Designated Net Asset Accounts - Wanda then referenced this new policy. Has everyone had a chance to review that? (Yes.) The purpose of this policy is to allow individuals to specifically designate their gift to an area/department of the church. A brief discussion about the requirements of this policy concerning a Designated Net Asset Account followed.

Marty made a motion to approve the new Policy for Designated Net Asset Accounts. Donovan seconded the motion. All were in favor and none were opposed to this new policy. This policy becomes retroactive on 4/1/24.

Miscellaneous Liability Funds - Wanda then moved the discussion to the list created by the Finance Committee showing how these accounts will be modified. Some history regarding them is:

- These accounts were created many years ago for use in those areas of the church.
- Since the funds were not used regularly, that money was used more as a backup when the General Fund fell into a negative balance. These monies were often used to pay the bills.
- The accounts are essentially not "solvent", there is no money backing them.
- The Finance Committee worked to determine what accounts should remain active and which should be listed as no longer in use. Eliminating these accounts will be done by journal entries with an offset to equity and will not affect the checking account.
- The five accounts to remain active will now be housed under Net Asset Funds. They are:
 - Audio/Visual,
 - Doernhoefer Fund,

- HS Youth/Mission Trip,
- Kruse Center and,
- Memorial Fund.
- Income and expenses will continue to flow in and out of these accounts. The \$94,436.40 balance at the bottom of the list is a “false representation” of the former accounts because they are accounted for under Revenue & Expenses.
- These five accounts will be re-established in June when our CDs come due and are paid into the General Fund.
- When future budgets are created, these five accounts will be like all other line items of the budget in that they will be reviewed to determine if the annual amounts are still justified.

Marty made a motion to accept the recommendation of the Finance Committee and allocate these funds as indicated in the document presented this evening. Barbara seconded the motion. All were in favor and none were opposed to this decision.

Physical Facilities Ministries:

In addition to the minutes submitted, Donovan shared the following information to the Council:

- There have been reports of people experiencing problems with the handicapped push-plate outside the main door of the North Narthex during cold weather. This topic allowed more discussion of changing it to a “motion-sensitive” activation. Katy shared they typically experience trouble with the length of time the doors stay open on Thursdays when they’re bringing in cartloads of food for the Backpack Program. (*“It could be user-error.”*) Donovan advised the current length of time for that door to stay open is five seconds. He will research to find out if that time can be lengthened.
- Marty interjected while discussing wheelchairs and such, Ellen Littleton brought to Marty’s attention that there are no Hymnal holders on the back of the last pew where wheelchair individuals typically sit. Is there a way to remove hymnal holders from the very back pews near the AV desk and install them onto the last pew of the front section where handicapped individuals tend to sit?
- Roof repairs are scheduled to begin next week.
- Sealing for the parking lot will occur on the cemetery side first. His only concern is to have advanced notice so the Preschool staff knows where/when to park their cars. Donovan is anticipating the job to be completed by mid-May. Marsha reminded Donovan that the Preschool’s Grandparent’s Day Program is April 29th & 30th. It would be best to avoid those days.
- Donovan shared the Athletic Field rentals are still a headache. Lindbergh has promised they’ll make their payment no later than this coming Wednesday. Marty *jokingly shared* they need to otherwise “*we’ll put a Lien on their new high school*”.
- The bids he’d received from McShane Bell Company will not take care of the work Donovan feels is needed for the bell tower. He asked for a new bid requesting the same maintenance as shown in the first quote in addition to adding a second hammer for the second bell. Plus a modification of the bid to “lock the bells in place” so there is no swinging motion of the bell. Donovan feels if we attach a rope to the hammer there’s less wear and tear on the bell mounting.
- He has received a bid from John LaFrance for cleaning the sanctuary carpet. He is a vendor we have used in the past. His quote is \$500-\$600 for the entire sanctuary. It’s been over five years since it’s been cleaned. The consensus of the Council was to clean it. Marty added we are “nowhere near the point of discussing replacement” of carpet in the sanctuary.
- Donovan’s in the process of receiving bids to replace the carpet at the top of the stairs near the Welcome Center and restrooms. He’ll be contacting Carol Stelmach’s family for a non-slick alternative to the carpet.

- They are still working to correct the sewer rodding discussed in March. They have a strong sense it is not a broken sewer line, but rather is likely a flat spot that's causing the backups. The solution to it would be to flush the line with hot water periodically to keep it from backing up.
- And finally, the lease for the parsonage is now signed. It's a one-year lease through DECA.

OLD BUSINESS:

>General Offering Stats - This will be tabled until we get past the Candidating weekend. Speaking with Pastor Vicki, she recommended it can't be solely a discussion of money. It needs to be some type of stewardship campaign. But to do so people need to be presented with the facts. We need to determine why people buy into St. Lucas UCC. Why are they willing to share their time and treasure with St. Lucas UCC? The topic of money needs to be added to the Semi-Annual meeting agenda. Then be prepared to have a campaign during the bridge period, before our Called Candidate is in place. Katy added we need to take advantage of the excitement of a new minister coming to St. Lucas UCC. Marty reiterated we need to tap into that enthusiasm. Phil asked if the Called Candidate was aware of our financial situation. Marty stated the Search Committee has shared with him the decision to keep two ministers through 2024 only. Beyond that, future budget decisions will need to be made.

>Candidate Weekend Assignments -

- Marsha will be monitoring the Zoom logins with Trevor
- Kathy, Katy, Donovan, and Wanda will be monitoring the physical check-in of members on Sunday after church, but before the meeting. Barbara and Marty will prepare for the meeting.
- Marty feels that all of the Council should participate in counting the votes. It will send a strong signal to the congregation that we are all watching one another.
- Wanda asked about the votes on Saturday. Marty replied the parliamentarian will collect them and lock them up until the official count on Sunday. He's hoping to have Paul Simon function in that role. Although, since Paul's been out of town Marty has not yet confirmed this with him.

>Land Use Task Force - Tabled until further notice.

>Worship Area Changes - Tabled until further notice.

NEW BUSINESS:

>Senior Minister Call Agreement - Kathy noticed in this agreement that under Time Benefits/weekly schedule the language states "*even as a part-time minister*" on page three. Marty changed the doc on his computer and thanked her. That is exactly the type of help he's looking for. He's used the same template for multiple people. At the risk of sounding negative, Donovan shared he feels there's a lot of time off allowed for this person. He just wants us to be prepared for additional discussion if we are approached by members questioning this generous package. Also, concerning Federal Holidays, how will it work for this person to have Christmas Eve/Day off when they are expected to be in the pulpit? Marty and Marsha shared that in the healthcare industry, those workers are offered alternative time off to replace those working hours on an actual holiday.

Phil shared he has a concern about the Sabbatical Leave. He feels it's excessive. Pastor Merrimon interjected that policy has seen some changes since the pandemic. Marty pulled up the Mid-Missouri/South conference site to see what is currently recommended. It "encourages 3-5 months of leave, following 3-5 years of full-time ministry". Phil also questioned what type of limitations are in place for a sabbatical. Marty continued, "A written sabbatical proposal should be submitted to the governing board or council at least three months prior to the start and a written report is to be received at least three months after the sabbatical." Phil wants to go on record that he feels we need to insert that into that call agreement. There is a difference between an hourly versus a professional employee. Phil's uncomfortable that we've been without a Senior Pastor for some time. If we have that written

into the agreement, Phil feels it will almost guarantee that person will take that sabbatical time. Marsha took exception to the term “professional” versus hourly. As a nurse, she is a professional. She stressed we should be talking about “exempt versus non-exempt” employees. After this extended discussion, Marty stated he’s not eager for a minister to take a sabbatical before five years of full-time work. The conference also advises “that unless you’ve agreed to it beforehand, the pastor is expected to stay at least a year following the return of sabbatical.” Marty advised he’ll modify the sabbatical guidelines in his call agreement to reflect exactly what the UCC conference recommends. He will resend the agreement to us for review. The sequence of events will have some of the Search Committee members with Pastor George while we’re counting the votes. If approved, Marty will formally ask if he agrees to sign the call agreement now that the votes have passed. (He will have a copy of the final draft available before the weekend for his review.) Marty shared he’ll have ample opportunity for a discussion about these items with Pastor George before he signs it.

Plus, Marty reminded the group this call agreement is written with the understanding that two ministers are in place at St. Lucas UCC. Once the 2025 budget is drafted/approved that could alter some of the finer details of this agreement.

Due to this discussion, no motion was made about this call agreement. The vote is tabled until Marty makes today’s modifications. Once finalized a Special Zoom meeting will be needed to approve it.

>Bridge Senior Minister Call Agreement - Marty stated Phil had a concern last time about compensating this person a bit more than the originally intended amount. Marty spoke with Pastor Vicki as well. And because of that, we have landed on a new figure of \$20K for 14 weeks of part-time work. Pastor Janet did ask for travel expenses in the event she has to make numerous visitations. Because of this, Marty allowed an additional \$600, which is one-quarter of the annual amount. Due to her retirement before Covid and her concern about how long we will leave her sermons online, Marty has capped that at three months after her final date with us. Pastor Janet was agreeable to that. Marsha asked what is the limit for Pastor Vicki. Marty shared that Pastor Vicki allowed it forever. And Marty shared that her call agreement specifically states those sermons are the property of St. Lucas UCC. Phil reiterated that Pastor Vicki stands behind everything she has shared with us.

Phil made a motion to accept Pastor Janet’s Call Agreement as written. Kathy seconded his motion. All were in favor. None were opposed.

>Changes to the General Endowment Guidelines - Last September we approved some new guidelines for the General Endowment Fund. The proposed changes to the General Endowment were to be:

- (1.) Under item *B. two (2) lay trustees appointed by the Church Council President*. Formerly two (2) P.E.T. Trustees held those slots. That change was made because the Council felt these two funds are separate entities that need to be managed differently due to their different goals.
- (2.) Another change under this fund was to try to limit the expenses the fund was paying for the management of the funds. *It was capped at 0.5%.*
- (3.) We changed the mechanism for the amount and calculation of withdrawals from the funds that are paid to the church. In the prior policy, it was 6% per year withdrawn. However, 6% was not a sustainable amount to be taken out of the endowment on an annual basis. We need this fund to last for a long time. Instead, we need it *calculated as 4% of the average of the balance over the prior 12 months*. This is typical of endowments... “a standard of the industry”.
- (4.) And finally, there was concern about the risk of the portfolio. It was frequently an 80/20 split between stocks and bonds. At times it approached a 90/10 split between stocks and bonds which we felt was too risky of an investment mix. *So we’ve capped it at a 70/30 mix.*

However, in September 2023 Marty went to Kenya, the annual meeting was held in November, the budget and end-of-the-year finances were produced soon after, and Marty had neck surgery in January causing him to miss the General Endowment meeting in January. Subsequently, Marty never had the opportunity to present these changes to the group until last week. He feels responsible for not presenting these changes to the group earlier. He's not attempting to make an excuse. That's just the way things moved along. Marty emailed the proposed changes to Jason Sturm, the manager at FSC, just last week.

Jason gave Marty feedback on that proposal and outlined the following problems with them:

His firm can't do it for under 0.5%. Plus he suggested we probably won't be able to find any firm to do it for under 0.5%. Plus, the P.E.T. trustees told Marty they had been researching other management companies and Jason was coming in at the low end of most of those. Right now that's in the vicinity of 0.83%. Marty feels this may require more research where some wiggle room may be managed. For now, he feels we should keep it no lower than 1.0%. Donovan asked, "So we haven't locked in at 0.5% with anyone." (Correct.) Kathy asked what Jason is getting now on this. Marty answered Jason gets 0.3%. And then it's the cost of the managed funds beyond that. Marty asked him point blank if we go to an index fund from Vanguard that has a .08%, that would still be under 0.5%. Jason explained there are other stipulations involved that go on beyond that may bring it over that 0.5% number. So Marty needs to speak with him further about what that means because Marty's not clear himself about the stipulations.

What Marty wasn't happy about is that the question was raised "If the General Fund were taken to a different manager, would he still be able to provide the same discount for the other funds that he manages? He said, "No, we'd have to increase our price." Marty struggles with that response. Jason manages almost \$6M in funds for St. Lucas, including the Cemetery endowment which is about \$1.5M.

Donovan asked, "Does the Cemetery Board call their own shots?" Marty spoke with Jeff Heutel on Sunday and Jeff said that both he and Jim Kaiser -who are both financial people- are trying to delve into those investments. Right now they're considering going to lower-cost index funds to try and decrease the costs they are paying. Barbara added the Cemetery Board minutes from February 21, 2024, to reflect that comment. Katy offered that for our \$6M in assets, with them charging 0.83%, that comes to... "About \$50K, annually stated Marty. Marty feels for the immediate future we'll need to increase to 1% because we really need to keep Jason in place at this point. However, Marty has actively sent emails to other managers. But he's not had the chance to follow up with those contacts. Marty's personal feeling is we need to have a layer of fiduciary responsibility that is higher than us. As a Council, we don't want to take this on. We need to have a professional manager who takes on that fiduciary responsibility. And perhaps Jason is the best for us. But unless we check into it we won't know. We can't "hamstring ourselves" so that level of fiduciary responsibility is not attainable. Barbara added we've had them as our managers forever, without ever questioning if they are the best choice for us. Marty compared it to the audit of our books that many members requested for some time. And once Pastor Vicki came in she confirmed we need to do that more often than we had been doing in the past.

Phil brought up the point of what happens during rebalance. If they feel the need to rebalance that typically means your equities are doing really good. Hopefully what they'll do is take out the weaker players and keep the good players. Therefore, we need to add a clause to item 5 that states rebalance needs to occur within 180 days.

Donovan had a concern about the *exceeding 70/30 ratio* language listed in item 5. He feels a better language would be fully invested in an appropriately diversified portfolio not to deviate more than 3% from the ratio of 70 to 30. Marty and Donovan continued discussing the merits of the term exceeding.

Phil offered that perhaps the wording should be *a diversified portfolio not to be greater than a ratio of 70/30*. This was agreeable to Marty and Donovan.

After this lengthy discussion, the agreeable amendments to this policy are:

- Item 5 - rather than stating “an appropriately diversified portfolio not to exceed a ratio of 70% equities/30% fixed income” the word “exceed” should be replaced with “greater than”.
- Item 5 - needs to add a statement advising that rebalance is to occur “within 180 days”.
- Item 6 - needs to replace the term “cost basis” with the term “expense ratio”.
- Item 8 - rather than stating “shall not exceed 0.5%” it should be replaced with “shall not exceed 1.0%”.
- Item 11 - annual distribution needs to be changed from “6%” to “4%”.

Barbara made the motion to amend the General Endowment Guidelines to reflect the five bullet point changes detailed above. Wanda seconded that motion. There was no additional discussion. This motion was passed.

Marty asked if there was any other New Business to discuss. (There was none.)

*This now ended the Public Session of the April 22, 2024 Council meeting. Marty closed the Zoom session to move into a brief executive session.

(Minute marker: 1 hour/46 minutes)

Respectfully submitted,
Barbara Smith,
Recording Secretary

NOTE - the next regular Council meeting is scheduled for Monday, May 20th at 6:00 p.m.