

LLB Meeting Minutes: July 26, 2021 (approved 9/27/2021)

Subject/Purpose: Regular monthly meeting

Place: Christ Lincoln Sumner w/Zoom connection

Day/Date: Monday, July 26, 2021

Time: 5:30 PM

Duration: 1.5 Hrs.

Chair: Tom Lorenz

Recorder/Secretary: Rick Stowell

Notes specifically for this meeting:

Participants: indicates attendance

Members: Tom Lorenz (Chair), Vacant (Vice-Chair), Rick Stowell (Secretary), Kyle Kaldahl (Treasurer)
 Chris Cox, Heidi Cuca, Jud Jesske, Jeff Lake, Gary Pickering, Kristy Plander, Shayla Reed
Feedback on agenda items was received via email from those not in attendance.

Staff invited: Michael Eckelkamp, Mike Milbourn

Guests: Shawn Schulenberg and Paul Kasaty

Desired Outcomes of the meeting:

- Review prior fiscal year and act on current expenditure requests
- Approve proposed policy changes
- Approve plan for conducting audit

Business Items

Call to order / Opening prayer: Tom opened the meeting at 5:35 p.m. Gary gave opening prayer.

Minutes from prior meeting: Minutes from June meeting lacked some details; will be distributed for email approval.

Business Item:	Purpose: Inform/Discuss/Decide	Notes provided prior to meeting	Expected Duration
1. Administrative reports	Inform and update		15 min

Discussion:

Paul Kasaty introduced himself and his role as Director of Worship Arts. He is working on team-building to help do the work on the campuses most effectively. Paul also provided background for the proposed reallocation of funds to the recording studio. The cost to construct and suitably equip the recording studio came to \$30k (under the previously approved budget of \$60k) leaving \$30k for other uses. Rather than spend remaining funds on 'bells and whistles' in the studio, he recommended that CL proactively address replacing worship service equipment that is dated and has become unreliable; the most-pressing needs are replacement of an aging video-switcher and lighting system at 211 Sumner.

Pastor Eckelkamp said he is working on filling vacant positions, meeting with staff [team] members, communicating with James Moseman about congregational giving and campaigns, meeting with (~20) prospective small group leaders, and meeting with campus pastors on strategic ministry planning. Overall, the transition is going well from his perspective.

Mike's update highlighted that Sanctuary is getting new flooring and carpeting, our Security First grant is progressing, a Sanctuary fellowship hall project has been brought forward (see item 7), and he will discuss consolidation of loans at an upcoming meeting w/CEF. He also highlighted new priorities in the desired outcomes for the year.

Decision/Recommendations: NA

2. Financial report	Preliminary look back at the 2020-21 fiscal year		25 min
<p>Discussion:</p> <p>Kyle highlighted year-end results for 2021 finances. While the school ended the year with a down month and a deficit of about \$95k, our overall net financial position was just under \$750k available prior to expending PPP-related salary savings. Just under \$390k of this amount was spent in the 2020-21 fiscal year and shows on the books for last year. Kyle said that we need to establish an appropriate fund in which to place remaining ‘allocated funds’ from PPP-related salary savings, so the funds get expended as planned and do not get lost track of from an accounting perspective.</p> <p>Jud moved (Gary 2nd) to establish a <u>Capital Fund</u> and move \$167,051 in allocated funds into it. Note: \$60k of this amount was designated previously for the new recording studio. Motion carried unanimously.</p> <p>Gary moved (Chris 2nd) to move \$180,000 in allocated funds to the <u>Contingency Fund</u>. Motion carried without dissent.</p>			
<p>Decision/Recommendations:</p> <ul style="list-style-type: none"> • Approved initiation of a Capital Fund with an initial balance of about \$167k in allocated funds. • Approved transferring \$180k in allocated funds to the Contingency Fund. 			
3. Policy items	Discuss areas for attention and act on proposed policy revisions	Documents provided showing proposed policy changes	15 min
<p>Discussion:</p> <p>Mike suggested that we tighten up our <u>meeting practices</u> to ensure that meetings are conducted according to Roberts’ Rules of Order and approved actions hold up under scrutiny. He recommended that we consider engaging a parliamentarian in conducting congregational meetings and some LLB meetings. There was support for the idea; we need to look at how to implement (e.g. LLB member or external?) now and on an ongoing basis.</p> <p>Proposed policy changes:</p> <p><u>Mission of the Month:</u> Gary moved (Chris 2nd) to approve the revision of the Mission of the Month policy to remove the grandfather clause, which expired on June 30th. Motion carried unanimously.</p> <p><u>Debt Retirement:</u> Chris moved (Gary 2nd) to approve the proposed revision of the Debt Retirement Fund Description and Guidelines to remove the paragraph allowing use of funds for paying the principal portion of regularly scheduled monthly mortgage (P&I) payments. Motion carried unanimously. The policy now allows use of Debt Retirement Funds only for paying off principal that is above and beyond the regular monthly payments.</p>			
<p>Decision/Recommendations:</p> <p>Revisions to the Mission of the Month and Debt Retirement Fund policies were approved.</p>			
4. Release of funds	Approve requested payments, reallocations of funds		15 min
<p>Discussion:</p> <p><u>Debt retirement funds:</u> Jud moved (Gary 2nd) to direct the balance of the Debt Retirement Fund toward paying down the principal on the Sumner loan. Motion carried unanimously. Since the existing fund guidelines provide direction to make such payments on a monthly basis, LLB advised that this be done in the future when feasible [and not wait for the end of the year and/or LLB approval].</p>			
<p>Decision/Recommendations:</p> <ul style="list-style-type: none"> • Approved additional payment of principal on the Sumner loan [year-end balance of Debt Retirement Fund]. • Advised that debt retirement payments occur on monthly basis [per policy guidance] when feasible. 			

5. Audit	Act on option to conduct	Guest input sought from Shawn Schulenberg	25 min
<p>Discussion:</p> <p>Shawn Schulenberg highlighted the differences between a full audit, procedural audit, and agreed-upon procedures engagement. He recommended consideration of an agreed-upon procedures engagement (referring to as 'AUPE') because it can tailor work performed to areas of concern and will be much less expensive in most cases (est. ~\$30k less than full audit for CL).</p> <p>LLB members asked several questions, including:</p> <ul style="list-style-type: none"> - <i>Will an AUPE address consolidation of budgets and budget-year changes? Shawn said it should be able to do this.</i> - <i>Will an AUPE satisfy a bank's request for a review statement when applying for a loan? Shawn said it should.</i> - <i>Will an AUPE meet specifications of our bylaws? Referral to bylaws revealed wording is "audit or review", so this should satisfy the requirement.</i> - <i>Do we need to have a full audit to satisfy member concerns? Discussion highlighted that most of the concerns could be addressed as well or better by targeting specific areas for review and spanning back to prior years where that was desired.</i> - <i>Will an AUPE cover the YH construction loan and other loans? Shawn replied that it can if requested.</i> - <i>What timeline for an audit/review will enable us to refinance our loans? Discussion was to initiate soon after 2020-21 budget is closed.</i> <p>A discussion followed about what should be included in an AUPE, if that option is selected. Given our discussions, Shawn highlighted three main areas to be sure to cover:</p> <ul style="list-style-type: none"> - Internal controls - Segregation of duties - Books conversion <p>He also mentioned payroll, regular expenditures, and receipts testing as elements to potentially highlight.</p> <p>Mike and Kyle anticipated that the cost for an AUPE would be \$8,000-10,000. LLB set a soft ceiling at \$15k in requesting that quotes be obtained for conducting an AUPE.</p> <p>Following the meeting, a request was submitted to LLB via email by Kyle [on behalf of FOC] to "approve Christ Lincoln Staff to choose an accounting firm to perform an agreed-upon procedures engagement / financial review with costs not to exceed \$15,000." The request was accompanied by a list of specific internal controls and other items to be reviewed. Via an email vote (motion by Jeff Lake, Gary 2nd) tallied on 8/12 (7 Yes, 0 No), the request was approved.</p>			
<p>Decision/Recommendations:</p> <p>Approved Christ Lincoln Staff to choose an accounting firm to perform an agreed-upon procedures engagement / financial review with costs not to exceed \$15,000.</p>			
6. LLB activity	Discuss plans for orientation, participation of directors		5 min
<p>Discussion:</p> <p>Progress on planning <u>orientation</u> activities and setting a <u>schedule for staff interaction</u> has occurred; further planning is needed. The <u>personnel committee</u> can and should convene.</p>			
<p>Decision/Recommendations: NA</p>			

7. Discussion items	Discuss and assess need for future attention and/or action		20 min
<p>Discussion:</p> <p><u>Debt management:</u> Mike highlighted progress made on a debt plan proposal. A primary desired outcome is a consolidated loan package that would allow for tracking, communicating about, and ‘paying off’ original loan amounts. He and James have developed a preliminary timeline for a ‘debt-retirement mini-campaign’. General consensus was expressed that making substantive progress toward paying down debt is a prerequisite for future capital campaigns.</p> <p><u>Financial Town Hall:</u> A brief discussion of the recent town hall highlighted that the event was productive, engaged the attendees in Q&A, and seemed to be organized well for presenters and audience interaction.</p> <p><u>Fellowship Hall upgrades:</u> Mike outlined the impending challenges and needed repairs for the FH – the sound/video system is failing – and said that projected expenses for the desired ‘full upgrade’ currently would run about \$46k. He reported that pledges for this have started coming from bible study groups that use the FH. Use of non-allocated general funds remaining from the 2020-21 year was discussed, but there were reservations about how this would be received in light of the current negative budget. Preference was communicated to use capital improvement dollars.</p> <p>LLB seeks a structured process for prioritizing capital improvements. It will take some time to get there, though. Mike will work with James to develop a strategy to raise funds for the FH capital improvements. Kyle asked that we wait a month to take any action on this and get more info and input so we can communicate well with the congregation.</p> <p><u>Biblical Generosity position:</u> Mike noted how constraints on staffing are limiting growth of the Foundation, and therein, ministry expansion. He described a draft proposal to have the Foundation cover a portion of James’ salary, on an interim basis, toward serving needs in this regard in an expanded role as Director of Generosity and Advancement. The proposal needs to be fleshed out more, but LLB supported follow-up on this idea for future consideration.</p> <p><u>Staff appreciation function:</u> Suggestions have been made that CL should hold a staff recognition event again (last done 3-4 years ago). While there was agreement that holding such an event has great value and is likely overdue, funding such an event will need a lot of thought, especially given that this was not in the recently approved [negative] budget.</p> <p>Discussion raised the concern that events should regularly occur that bring the congregation together and plans are not in place to foster such fellowship events. Pastor Michael and Mike volunteered to do some legwork on this.</p>			
<p>Decision/Recommendations: Follow-up and further planning was encouraged on these items.</p>			
<p>Adjourn / Closing prayer: Meeting adjourned at 7:30 p.m. with prayer by Pastor Eckelkamp.</p>			