



BOARD OF DIRECTOR'S MEETING MINUTES

Tuesday, May 3, 2016

5:30 p.m.

Christian Life Center Room 200

Attendance

Board Members: Diane Burrow, Dan Fouberg, Wendy Horton, Gene Mickelson, Eric Miller (absent), Kyle Pederson, Curt Sommer (absent), Pat Theis, Sharon Venne

Staff: Jeff Marian, Jane Victorey, Julie Klein, Kurt Oestreich

Guest: Tim Graf

Call to Order

Dan called the meeting to order at 5:30 pm and Jeff led the Board in devotions.

Agenda

Motion by Diane to approve the agenda with flexibility; second by Wendy. Motion passed.

Approval of April 5, 2016 Board Meeting Minutes

Motion by Wendy to approve the minutes of the April 5, 2016 meeting; second by Pat. Motion passed.

Reports

Lead Pastor Report – Jeff

Jia Brown, the founder and director of Reaching Up Ministries, was our guest preacher in April and was very well received. The weekend raised awareness of our vision and this initiative, and generated volunteer support from our disciples.

The Summer Loaves program will run for 11 weeks. Because of our food resources through the Mission Outpost the cost of the program-\$3,600- will be significantly less than originally proposed-\$10,000. Two hundred spots for Summer Loaves at Prince of Peace will be available, with first preference being given to students at Echo Park. Any remaining open spots will be made available to others students in our designated area of the school district. We are currently planning to take a special offering for Reaching Up during the summer months to both fund our program and support the ongoing work of Reaching Up.

Following a lengthy search process, Russ Parrish, will join our staff as assistant worship leader in late May. Russ is an outstanding musician from Nashville, theologically open, collaborative and relationally adept, and will be an excellent addition to our staff. Russ will work with both weekend worship and Wednesday night Student Ministry worship.

Mission Outpost Coordinator Pat Jarvi announced her resignation effective May 22. Her desire is to spend more time with her family, especially her mother whose health is declining and lives in Texas.

Finance Director Report – Jane

March offerings came in below expected, and the shortfall was across the board on various kinds of giving – from stock to regular offering to Easter offerings. Easter was very early this year, and coincided with District 191 spring break. We are now about \$11,500 below budget for total offerings for year to date.

Expenses continue to be better than budget, and at this time we are significantly ahead of where we anticipated for net revenue. Jane identified up to \$70,000 in variance due to timing of expenses.

Parking revenue through April is \$101,003.

Our loan balance will be \$550,000 with the loan payment on May 5. The capital replacement fund is catching up well from the deficit balance incurred after the significant cost of the core water system for heat in the Christian Life Center and the unanticipated expense for a new phone system processor. At this time the deficit in this account is \$6,481 and will likely be at or close to break even by fiscal year end.

The Stewardship Team has met twice recently and had conversations about their personal giving stories and what they long for at Prince of Peace. The team has reviewed POP history and current giving patterns as a baseline for the work ahead. The Stewardship Team consists of Jeff, Jane, Jim Rothschiller, Ed Hansen, Sally Preuninger and Lori Racek.

Jane has participated in two survey opportunities to benchmark Prince of Peace salaries, benefits and staff culture in comparison to other churches and local businesses.

Consent Agenda

Motion by Wendy to receive and file the written reports for April submitted by Jane Victorey, Finance Director and Jeff Marian, Lead Pastor; second by Pat. Motion passed.

New Business

Land / Building Update

Facilities Director Kurt Oestreich and Jane provided an update on behalf of the Land/Building Team. The four members of the Land/Building Team, Board Member Curt Sommer and Pastor Paul Dean, interviewed representatives from four architectural firms. Following the group interviews, all four firms were ranked independently in identical order by all six members of the interview team. The interview team recommended to the board Cuningham Group Architecture, Inc. which has extensive experience with churches and non-profits throughout the Twin Cities and across the country. The purpose of the architectural firm is to provide space programming and site and concept plans for each of the four options that involve an addition or new construction. During this phase the architectural firm will gather information on our space needs, program desires and usage. Options will be presented and construction costs will be identified. At the end of this phase there will be final recommendation to the Board of Directors and to the congregation on whether to proceed with construction, and if so, with which option. Information will be well shared with the congregation during this phase and the architect will facilitate sessions for input and feedback.

At the same time as concept plans are being developed, work will continue on our fundraising capacity, opportunities for sale or lease of property, long-term budget needs and financing options. The building option recommended to the Board and congregation will be driven by ministry needs and reflect long-term best stewardship.

Motion by Sharon to approve engaging Cuningham Group Architecture for architectural design services, and approval of Phase I Programming and Concept Creation at a cost of \$65,000; second by Pat. Motion passed unanimously.

Review and Recommend 2016-2017 Budget

Jane presented the proposed 2016-2017 operating budget, and the Changing Church, Women's Ministry and Capital budgets to the board.

Jane noted that a preliminary budget presented at the last meeting had a \$33,000 deficit projected in that draft, and the budget is now balanced. About half of the deficit was reduced through staff making minor budget cuts and by taking \$9,000 in capital expenses out of the operating budget. Those capital expenses, if approved would come from the capital replacement fund. The remaining portion of the deficit was covered by reducing the merit pool for salary increases from 2% to 1%, and delaying increases from September to January.

This budget includes a projected 13% increase in medical insurance, 8% in dental and 3% in life and LTD insurance. This was the conservative estimate from our benefits administrator, and costs may come in below this when our policies renew in December. If these costs are lower, it would provide some additional funding to increase the merit pool for pay increases. We would also have six months of spending and offering history to see if there more capacity to provide more funding for pay increases.

There is some 'capacity' built into expenses to preserve ability to take on more debt from the operating budget in the future. From the beginning of any construction work there will be capital campaign dollars available to make payments on debt. But it's important to retain margin in the operating budget to pay on long term debt when a capital campaign is complete. This margin can be used as additional savings or to cover an offering decline during a capital campaign until needed for ongoing debt payments. The goal is to have the ability to pay long term debt without impacting ministry when construction and a capital campaign are complete.

Motion made by Wendy to recommend approval of the Prince of Peace operating budget at the Annual Congregational Meeting; second by Gene. Motion passed.

Motion made by Pat to approve the Changing Church, Women's Ministry, and Capital budgets; second by Gene. Motion passed.

Nomination Team Update

The Board will hold a special meeting on Monday, May 9 at 6:00pm to receive the recommended board candidates from the Nomination Team.

Future Capital Campaign

Jane will be convening a team to review and recommend to the board a fundraising firm to assist in a future capital campaign. The team includes Jane, Jeff, Dan, Sharon and Jim Rothschiller.

Adjournment

Dan adjourned the meeting at 7:50pm and Jeff ended the meeting with prayer.

Respectfully submitted,

Julie Klein
Assistant to the Lead Pastor
Recording Secretary

Sharon Venne
Secretary