

FSC Foundation Board Special Meeting
10/24/23 at 2:00 pm
Room 109

Meeting called to order at 2:03 pm.

Members present : All Foundation Board members present in person or by zoom.

Meeting minutes taken by Nancy Ayres and Bob Chapla

Purpose of the meeting was to respond to a motion from the Governing Board which stated " Kristen L moved to engage the Foundation Board for a vote on how they would use the Foundation funds to fix the bell tower immediately. We would like this vote within 7 days."

All members were provided an opportunity to share their thoughts on the motion.

Several members suggested the following for consideration:

That the Foundation trust funds are available and should be used for this purpose. It's difficult to raise money in our church. There will be flack from the congregation no matter which way this goes. Sign the quote now was expressed by more than one member

Second Century Campaign Committee (SCCC) should try to secure lead gifts of \$50K or more to get the Campaign started. These questions were asked by a number of members: What work has been done by SCCC to date – does anyone know? Is Tim Chester still leading that group? Other concerns about SCCC were discussed including a feasibility study – would that be done internally or by hiring an outside campaign professional? Does the SCCC understand their duties or does GB need to further advise? Some frustration was expressed that the campaign does not appear to have started yet.

It was suggested that perhaps the Foundation Trust offer a challenge using Foundation trust monies to match gifts raised by the SCCC \$1 for \$1 up to \$1M. This suggestion resonated with several board members. This would help the church reach a \$2.3M goal to pay for the repair without putting the Foundation trust fund in jeopardy of being depleted and a significant amount of the corpus needing to be used.

Long conversation ensued regarding how much money is currently on hand for the project. It was finally determined that Amy Preston from the GB had confirmed that \$500K was being held in the FSC account at Mercantile Bank which was a combination of money stockpiled by the Properties Committee over the past several years from the Foundation's annual distribution and a partial \$200K payment on a \$400K pledge from an anonymous donor. In addition the Foundation trust has \$103K from the sale of the Gilleo property on Lake Michigan. So, \$603K is on hand with a possible \$200K yet to be paid as the remainder from the anonymous donor.

Questions around the actual quote and is it still valid? How much might the quote increase if not acted upon soon? A figure of at least \$1M was offered if the church does not sign the contract now. Several members expressed the opinion that the quote should be signed now. We talked about the safety of the tower if work is delayed. Further discussion on where money would come from if a contract/quote was signed now. Capital campaign pledges are generally paid over a 3 year time frame. With only \$603K currently on hand a cash flow emergency is bound to happen. Only the Foundation trust would have the funds readily available. Further discussion that the trust should not be used to loan the church money because it is rarely repaid and we don't want to drain the trust fund. Should we suggest a commercial construction loan to bridge the gap until funds are raised?

Other questions raised: how can we talk about giving funds to bell tower repair without knowing the results of a full building maintenance assessment? What if we repair the tower and find out that the rest of the building needs more repairs than we could ever raise the funds to pay for? Is it a mistake to sign the quote when no fundraising has taken place? Will people donate if they see work going on or will they think the money has been found so they don't need to donate? It was suggested that the congregation needs to "have some skin in the game." Further discussion that trust money should be the last money used, not first. We need to guard and be good stewards of the trust fund we are in charge of overseeing so that it will be available to support FSC in the future.

Discussion on where funds raised should be kept until they are needed. The board agreed that funds should be kept in a separate money market (MM) account in the trust. Reasons are – if we pay a matching grant would only pay when funds are collected so we need to know funds have been collected. Also – trust MM account currently paying about 5% ROI so at least funds would be growing while held. Foundation board also needs to know who donors are to include them in Liberal Legacy Society. We believe that the \$500K currently held by the church in the Mercantile account is not earning any interest.

Straw vote taken at this point with three choices. 1. Fix the tower now and use the trust fund to pay for the repair with no conditions attached. 2. No trust funds to be used. 3. Matching fund idea used with conditions attached. Unanimous decision to go with option 3 and figure out the conditions.

After this sharing of thoughts about the bell tower project and the motion from the GB the board moved on to identifying what conditions we would suggest attaching to our offer of matching funds.

1. GB needs to verify our assumptions on how much money is currently on hand for the project. Based on our current assumptions, the Foundation board would offer a \$800K matching funds challenge and the SCCC would need to raise \$800K in order to hit the \$2.3M mark.

2. Foundation trust will not serve as a lender. If the church has cash flow issues they will have to get a commercial construction loan or money from a source other than the foundation trust.
3. Matching funds only paid from the trust as pledges are paid, not as they are pledged.
4. Funds raised will be held in the Foundation trust with a designated MM account set up for the bell tower repair.
5. The church needs to contract for a whole building assessment and put a time limit on it (90 days suggested).
6. All of our conditions are based on the current quote. We will not, because we weren't asked this question, direct the GB to sign the contract/quote. We reminded ourselves that we serve in an advisory capacity to the GB and that any decisions about the repair must be made by the GB.
7. The GB may need to be reminded that we have already given, or committed approximately \$1M to fix the bell tower through our annual distributions and the Gilleo gift. We should not make it easy for the GB to only use the trust fund to fix the bell tower. If that happens the future integrity of the trust fund will be seriously jeopardized.

Decision made that Todd, Nancy and Bob will craft the motion based on today's meeting and the key points noted above. Once done it will be shared with the full board for an electronic vote and then passed on to GB officers group no later than the evening of Thursday October 26, 2023 . Bob will notify Amy and Kristen regarding the timeline for our response.

All members were thanked for their participation and the work done today to get a response back to the GB. Meeting was adjourned at 4:10 pm.

Motion circulated by email to Foundation Board on October 26, 2023:

The following motion is based on our understanding that the church has accumulated and earmarked approximately \$703,000 toward the restoration of the bell tower. Our understanding is that the church will dedicate these amounts toward the bell tower project:

- ***\$300,000 set aside from past annual distributions from the Foundation,***
- ***\$200,000 in unspent funds from an anonymous donor,***
- ***\$103,000 in proceeds from the sale of the Anita Gilleo property, and***
- ***\$100,000 from the Foundation's regularly scheduled distribution in January 2024.***

Further, the following motion is based upon the assumption that:

- ***Repairs to the bell tower will total \$2.3 million, as expressed in the current quote submitted by OAK in June 2023.***
- ***The Second Century Campaign Phase 1 will raise at least \$800,000. When combined with a Foundation match and the accumulated***

earmarked funds outlined above, the \$2.3 million bell tower expense would be covered.

If the above assumptions are true, the Foundation Board would support releasing up to \$800,000, to match future funds raised in the church's Second Century capital campaign, toward the restoration of the bell tower, under the following conditions:

- 1. Foundation funds will be released as one-to-one matching contributions, and only as donations are received by the capital campaign.**
- 2. The Foundation trust will not serve as a lending source. The church will secure a commercial loan or other outside funds to cover cash flow during construction.**
- 3. All funds received by the Second Century capital campaign will be deposited into the Foundation and kept in a dedicated bell tower fund.**
- 4. The church will conduct a whole-building assessment, to determine the condition of the entire physical property and the estimated costs of addressing the identified issues. This assessment must be completed by Feb. 1, 2024.**

The Foundation Board believes the offer, structure, and conditions outlined above are consistent with our responsibilities of honoring the intentions of our donors, acting as good stewards of the trust fund, and supporting the church.

Motion by Nancy Ayres. Seconded by Charlie Gallmeyer. Approved unanimously.

Minutes approved 2023-11-20



William Brunner, Secretary