

**REGULAR COUNCIL MEETING
December 11, 2018**

OPENING

1. **Devotion and Prayer** – Andy Ribbing

REPORTS

1. **Communications/Visitor Comments**
2. **President's Report** – Dave Larkin
3. **Staff Reports:**
 - a. Lead Pastor's Report – Pastor Steve
 - b. Associate Pastor's Report – Pastor Corey
2. **Financial Report** – Jeff Pilger

ACTION ITEMS

Consent Agenda – Proposed for approval without discussion:

1. Approve the minutes of the regular Council Meeting of November 13, 2018.
2. Approve a free will offering at the December 13th Healing Ministry Seminar to cover the speaker's travel and time costs.
3. Approve setting the rental value of the parsonage for 2019 at \$1,030 per month (plus \$30).
4. Approve setting Pastor Ernst's Housing Allowance for 2019 at \$23,500.
5. Approve setting Pastor Corey's Housing Allowance for 2019 at \$23,000.

Old Business:

1. Progress Report on consolidation of Scholarship Funds – Todd Maier.
2. RLC Investment Portfolio. – Dave Larkin
3. Council approval/response of 2017 Financial Audit Report.
4. Approval to proceed with RLC History/Ministry Timeline Wall Display.
5. Revisit funding sources for parking lot paving.

New Business:

1. Approve extending hiring Susan Miller as the interim Organist through 03/31/19.
2. Approval of Jim Honeyman to fill Ed Simonen vacancy as Council Member-at-Large through 2020.
3. Recommendations of candidates for Foundation Board.
4. Review/approval of Membership Change List.

INFORMATION ITEMS

1. Membership on 2019 MALT teams.
2. Council Action List

CLOSING

NOTES ON THE AGENDA

For the benefit of our new Council members I am including some notes to better understand items on the agenda.

Our minutes are key to being able to determine in the future what Council approved in the past. Having experienced the job of secretary in trying to document what Council actually agreed to when a member says “I move that” with no other details I have included a few sample motions that could be used to make the Janet’s job easier. These are just suggestions and you are welcome to replace with whatever you want.

UNDER CONSENT AGENDA

- **Parsonage Rental Value** - Our Adjacent Properties Policy requires us to contact Everstar each year to determine the “fair market value” for the “parsonage” that is then used as part of Pastor Steve’s salary calculation to determine how much is cash. This year Everstar told us that if the house was vacant they believe a fair rental would be \$1,200 per month (in 2018 he is paying \$1,000/month). For an existing tenant they propose an increase in the range of \$25-\$35 per month. The Executive Committee has proposed making it \$30/month increase for 2019 in line with the policy.
- **Housing Allowance** – A housing allowance is not something RLC pays the pastors but is an amount that the IRS allows as a write-off in income for income tax purposes. So, for example Pastor Corey’s housing allowance provides him with at least \$2,300 more net income than a layman with the same salary. For a pastor to claim this benefit their church must authorize what they believe is a reasonable cap. The actual benefit is limited to actual recorded housing expenses, or the cap, whichever is less.

UNDER OLD BUSINESS

- **RLC Investment Portfolio** – A review of the performance of all the individual stocks owned by RLC. Our Financial Handbook states that our policy is to promptly sell all such donated stocks but it has not been happening. Should you agree with our policy a proposed motion might say:
“I move that all stocks of individual companies owned by RLC be sold no later than December 31, 2018, and the proceeds be invested as recommended by the Finance Committee.”
- **Financial Audit Report** – The Financial Audit Committee sent the Council an audit report for 2016-17 that included seven specific recommendations. These have been reviewed by staff with proposed responses for most of the recommendations. I have prepared a proposed response to the recommendations that incorporates both the staff’s responses and what I suggest as additional input from the Council. Once we agree on the responses a proposed motion might say:
“I move that Council approve the responses to the Financial Audit Report 2016-17 recommendations as shown in the attachment to the minutes.”
- **History/Ministry Timeline** – Early in 2018 Pastor Steve proposed replacing the pictorial display of former pastors of RLC that are currently on the southwest hall wall with an exhibit showing important historical events and ministries of RLC. The exhibit would show where we have been and would integrate with the exhibit of current ministries on the northeast hall wall. A discussion on the proposal was included at the Annual Meeting in October and also discussed in a PREVIEW with a request for congregation comments. None were received so having given the congregation an opportunity to react we are ready to proceed with the proposal. A proposed motion might say:
“I move that the Richland Lutheran Church staff be authorized to proceed with replacing the current exhibit of past RLC pastors’ photographs with an exhibit highlighting past significant historical events and ministries of Richland Lutheran Church.”
- **Funding Sources for the Parking Lot Paving** – In June 2018, Council approved payment of the invoice for the parking lot paving from the following sources: Parking Lot Equity Fund - \$37,755, Operating Fund Equipment Repair/Replacement account - \$25,000, Operating Reserve Restoration account - \$27,463, and Adjacent Property Account - \$12,409. Thus \$52,463 was to come from Operating Budget tithes and offerings. It is quite likely that without a dramatic increase in tithes and offerings in December that revenue for 2018 will be insufficient to cover all 2018 expenditures without

dipping into Operating Reserves. Since June about another \$5 thousand has been donated for the paving and could be used to off-set the hit to Operating Reserves. The other suggestion is to use more of the funds now in the Adjacent Properties account.

Whether any money from the Adjacent Properties can be used for church operating expenses is unclear. Past admonitions to keep the financial accounts and funding separate may not be accurate. Our Adjacent Properties Policy requires the church to reimburse the Adjacent Properties for any use of their assets including storage of items in the houses. Can the church use the land of the Adjacent Properties for parking – a church function? I think we can because the admonitions we have heard I believe are not required by the IRS but I am not an expert. I intend to ask for an opinion from the Northwest CPA Group representative on December 19th.

If the CPA Group's opinion is positive that we can use rental income for church operating needs then we will be faced with a trade-off. If we don't use rental income we probably will reduce our Operating Reserve level below our 90 day policy level and need to begin cutting spending in 2019 to build that back up. If we do use rental income then we reduce income we may need for maintenance and repairs of the properties and that could be used to remove the houses.

If you believe that maintaining Operating Reserves is more important than maintaining Adjacent Property Reserves then a possible motion could say:

“I move that up to \$38,000 be used from the Adjacent Properties reserve if needed to avoid a reduction in Operating Reserves at the end of 2018, subject to an opinion from Northwest CPA Group that such use of Adjacent Properties income will not impact the tax status of the Adjacent Properties.”

NEW BUSINESS

- **Interim Organist** – Because of the time required to revise and approve the Job Descriptions for the church musicians and Traditional Worship Coordinator the Search Committee for a permanent organist has not completed their work and the ninety days provided for hiring by Pastor Steve to fill vacancies will expire this month. Therefore, Council is asked to continue hiring Susan Miller until the end of March 2019. A proposed motion could be:

“I move that Council extend the employment of Susan Miller in the position of Church Accompanist – Organ, reporting to the Traditional Worship Coordinator, until the hiring of a permanent organist or March 31, 2019, whichever occurs first.”

- **Foundation Board** – The constitution of the RLC Foundation specifies that the church Council will provide candidates to fill vacancies on the Foundation Board. Because the Foundation plans to have their Annual meeting where these candidate are voted on Council needs to recommend candidates at tonight's meeting. Three members' terms are expiring but all three have indicated they are willing to serve again. But one of these members has not been regularly attending the meetings. In addition, one other member has indicated they intend to begin disengaging in attending RLC and indicated they are willing to finish their term or be replaced if thought best. They have not resigned, however. We need to discuss this situation and make our recommendations.