

Synod of the Covenant
Board of Trustees – Motions (All Approved)
4/22/2022 – 9/28/2022

BOT Members (Voting):

Class of 2022:

Frank Walburg, President, Muskingum Valley

Susan Vlcek, Western Reserve

Class of 2023

Joseph Salvato, Secretary, Cincinnati

Garrett Mostowski, Detroit

Class of 2024

Ted Fines, Mackinac

Andrew Pomerville, Lake Huron

Note: Motions to approve minutes and motions to adjourn are not included.

April 22, 2022

1. Release of lien: First Presbyterian Kalamazoo:

The SOC Trustees are requested to release a lien of \$20,000 for the First Presbyterian Church Kalamazoo.

Motion for consideration.

Whereas the Synod of the Covenant has no historical or current records of this \$20,000 loan to Pine Island Presbyterian Church or First Presbyterian Church Kalamazoo the Board of Trustees votes to release the lien. President Frank Walburg is authorized to sign the appropriate release form to affect this release. Motion moved by Susan and seconded by Joe. Discussion reflected rationale for the motion, as well as authority given to BOT to release a lien. Unanimously approved.

Rationale for the motion

#1. In the early 1990's Pine Island Presbyterian church borrowed funds from the PCUSA (\$72,000) and the Synod of the Covenant (\$20,000). The repayment plan for the Synod loan, starting 11.1.93 was for 60 months at \$359.40. Had the church not repaid the loan in the 60-month time there would be correspondence of this default and the receivable would remain on the SOC balance sheet. See #4.

#2. In November 2019, Pine Valley merged with First Presbyterian Kalamazoo.

#3. Records per the attorneys working with the church indicate that the PCUSA loan was repaid and the lien released.

#4. SOC final balance sheet 12.31.19 & 2020 (prepared by DeMarco CPA) indicate no indebtedness by either church. The unreviewed balance sheet as of 12.31.21 shows no indebtedness from either church. The lack of a receivable on the balance sheet indicates the loan balance was recorded on the balance sheet in 1993, reduced by the required monthly payments to zero and thus disappeared from the balance sheet.

#5. The lien was never released.

Attachment: Original SUBORDINATE MORTGAGE

2. Re-establish monthly committee meeting dates:

Motion made to change regular monthly meetings from third Friday of month at 8:00 am to fourth Friday of month at 8:00 am. Joe moved, and Susan seconded. Discussion reflected Martha's very important commitment at a food bank on third Friday at 8:30 am. Unanimously approved.

May 27, 2022

3. PPNK request for SOC insurance rider for their retreat (BOT refusal), and BOT termination of our undefined relationship with PPNK. (Presbyterian Peace Network for Korea [\(Presbyterian Peace Network for Korea\)](#)):

PPNK is located in California. PPNK received seed money in the amount of \$5,000 from SOC Peace Making Funds in 2018. The intent was to assist in establishing PPNK. This was to be a short-term relationship. PPNK has made periodic deposits to SOC and currently has a balance of \$4,862.10, which is subject to change based on past transactions. BOT is of the opinion SOC is not in the position to provide liability insurance to this entity, especially since it is not even in the SOC operating area. Susan moved and Ted seconded the motion to give Chip and Martha authority to work with PPNK to terminate any business relationship now standing and return PPNK funds currently held by the SOC by 7.31.22. Motion unanimously passed.

4. Review of New Covenant SOC General Fund Income and Growth funds:

Frank led this discussion. Discussion focused on the current downturn of the financial markets, and more specifically on the New Covenant SOC General Fund – Income, New Covenant SOC General Fund - Growth, and New Covenant Trust SOC Special Trust – Equity. In first quarter 2022 both New Covenant funds are down \$252,183 due to a decrease in market value of \$222,694 and draws of \$34,199, which were slightly offset by income of \$4,710. The New Covenant Trust Fund is down \$28,971 due to a decrease in market value of \$25,052 and draw of \$5,166, which was slightly offset by income of \$1,247. Frank’s key point is these fund market declines are not realized until shares are sold. However, shares were sold from all three funds to satisfy first quarter draws, incurring a loss, and more significantly sacrificing those shares for market value increases in the future. It would be more prudent to use funds from our PILP MMA which has a balance over \$1,000,000 and has miniscule return. The BOT is to provide guidance on drawing funds for operational requirements in the future through the BOT Subcommittee on Investments and Audits, when formed. Draws from investment accounts will be examined each quarter. Frank moved and Susan seconded the motion to cease 2nd quarter draws from the New Covenant SOC General Fund – Income, New Covenant SOC General Fund – Growth, and New Covenant Trust SOC Special Trust – Equity; and draw from the PILP Money Market Mission Account. Motion unanimously passed.

June 10, 2022

5. Ink Business Credit card:

Motion: “To establish an "Ink Business Credit Card" account with Chase Bank for the Synod. New cards will be issued to the Executive, currently Charles Hardwick, and the Office Manager, currently Heather Johnson. The old cards will be destroyed. Account limit of \$5,000. Treasurer, Martha Blenman and Corporate President, Frank Walburg to sign application.” Motion was made, vote taken, and passed.

June 30, 2022

6. Receivables/Loans write-off on the 12/31/2021 Balance Sheet:

The net dollar amount in question is \$8,637.00, which is the net of the following balances per the 12/31/2021 balance sheet. Loans Receivable Dublin PC of \$(3,856.00), Loans Receivable Brookwood Community Church of \$(20,000.00), Loans Receivable Korean PC of \$(22,137.00), Other Notes of \$53,787.00, Doubtful Accounts of \$(50,150.00), and Church Loans of \$50,993.00. The primary issue which had been preventing writing off these balances was the details of these balances were unknown to BOT. Therefore, DeMarco was contacted but could not provide any additional insight as to the background of these

balances. Because the \$8,637.00 net balance is immaterial, and because the BOT needs to move forward, Susan moved to write-off the all the components of \$8,637.00 net balance, and Joe seconded. Unanimously approved.

7. Update on PPNK status from Executive:

Per May 27, 2022 minutes PPNK requested for SOC insurance rider for their retreat (BOT refused), and BOT addressed termination of our undefined relationship with PPNK, which stands for Presbyterian Peace Network for Korea ([Presbyterian Peace Network for Korea](#)). PPNK is located in California. PPNK received seed money in the amount of \$5,000 from SOC Peace Making Funds in 2018. The intent was to assist in establishing PPNK. This was to be a short-term relationship. PPNK has made periodic deposits to SOC and currently has a balance of \$4,862.10, which is subject to change based on past transactions. BOT is of the opinion SOC is not in the position to provide liability insurance to this entity, especially since it is not even in the SOC operating area. Susan moved and Ted seconded the motion to give Chip and Martha authority to work with PPNK to terminate any business relationship now standing and return PPNK funds currently held by the SOC by 7.31.22. Motion was unanimously passed.

In response to the May 27, 2022 motion above, Martha stated as of June 30, 2022 there were no other transactions or cut checks.

8. Engagement Letter for DeMarco & Associates review of SOC 2021 results:

Fee will range from \$8,000 to \$9,000 dependent on hours of service required. DeMarco will prepare the financial statements with limited assurance. It will be a review engagement. Skillman is to send required documents to DeMarco by July 15, 2022. See DeMarco engagement letter below. When up and running Skillman will provide statement of investments for end of 2022, and quarterly statements in 2023. Internally monthly reports will also be prepared. Motion was made and seconded to accept the DeMarco engagement letter, and was unanimously approved.

9. Fall Assembly mileage for commissioners - \$0.14 or higher (\$0.30 in Old Ops Manual dated Oct 4-5, 2006):

Discussion was for Fall Assembly only and for commissioners only. Various manners in which to reimburse for milage and incidental expenses were discussed. However, for sake of simplicity Ted made the motion to reimburse \$.30 per mile for commissioners for the Fall Assembly 2022. Susan seconded and was unanimously approved.

July 22, 2022

10. Synod per capita recommendation to the Assembly for 2023:

The per capita rate for 2022 was \$3.25. Chip stated the amount should be the same for 2023. The budget committee had addressed this \$3.25 rate for 2023 in its July 20, 2022 budget meeting, and was in agreement. Joe motioned to recommend to the Synod the rate of \$3.25 for 2023. Susan seconded and it was unanimously approved. After a short discussion Susan made a second motion to recommend to the Synod the same rate of \$3.25 for 2024. Joe seconded and it was unanimously approved. Susan also stated for long-term purposes we need to look for new ways to address income.

August 26, 2022

11. To clarify the 2/18/22 Trustee motion, with the following motion:

"To clarify the 2/18/22 Trustee motion regarding the Chase Bank accounts and signing authority: The Treasurer, currently Martha Blenman, has full authority for approving all transactions related to Chase Bank Accounts. Corporate President, currently Frank Walburg, has full authority for approving all transactions related to Chase Bank Accounts.

Chase Bank accounts are: Checking, Savings, Credit Card, and Debit Card."

Frank motioned and Joe seconded. Martha stated there are now three corporate credit cards for Chip, Heather and Martha. Martha will have her card cancelled. By necessity, in the past personal credit cards were used. A debit card has also been issued to facilitate regular monthly charges for vendors who only take payments via debit cards.

Motion unanimously passed.

12. Final payment to PPNK still in process. (\$4,757.17 was sent.) Reply received from PPNK with their numbers. Martha reconciled. Additional due PPNK \$1,710.59 for a total of \$6,467.76."

An additional \$1,710.59 was proposed to be wired to PPNK to close out the account with PPNK. Also, due to some minor errors and adjustments by DeMarco the original \$4,862.10 was changed to \$4,757.17 which has already been wired. In conversations and correspondence with PPNK Martha reported that an additional \$1,710.59 was due to PPNK. Fran stated the Synod is graciously erring on PPNK's side, which in reality can't be disputed.

Ted motioned to approve the wiring of an additional \$1,710.59. Frank seconded and the motion unanimously passed. The total of both wires will be \$6,467.76. This effectively severs the financial relationship of the Synod Board of Trustees and Presbyterian Peace Network for Korea.

13. Q22 New Covenant, New Covenant Trust, PILP Analysis:

All balances are down due to market deterioration in 2022, which impacts how operating funds are drawn from investment accounts, including cash accounts. Frank made the following motion related to new business item 2 (2Q22 New Covenant . . .) and Ted seconded:

“Move that the draws from the New Covenant SOC General Fund-Income, New Covenant SOC General Fund-Growth, and New Covenant Trust SOC Special Trust-Equity be suspended for 3Q22, 4Q22, 1Q23, 2Q23, 3Q23, and 4Q23. Quarterly draws to be taken from Money Market Account @ PILP.”

There is enough cash on hand to cover these operating costs, which is about \$160,000 per year. This also provides sufficient time for the Investment and Audit sub-committee to get up and running. This sub-committee will evaluate and develop an investment-withdrawal policy.

Motion unanimously passed.

September 28, 2022

14. Approval of the attached SOC 2023 Operating Budget:

The SOC 2023 Operating Budget presented by Frank reflected minor changes made during the presentation by Frank to the Leadership Team on September 19, 2022, as follows: \$6,000 from account 6710 Presbytery Leadership Formation (EP/GPs) was reclassified to account 56xx Coaching and Leadership Formation, which changed it from \$1,000 to \$7,000, and account 62xx Representation – Miscellaneous was added with a budget of \$1,000. This changed the Net Operating Surplus/Deficit budget from -\$12,712 to -\$13,712.

During this final review by the Finance committee Chip suggested for clarification purposes the description for account 6705 be revised. It was changed from Admin (currently coaching Pastors, CRE's) to Admin (Executive Discretionary). Frank also pointed out that newly established accounts ending with xx will later be assigned four-digit account numbers by Skillman book keeping services. Garrett motioned to approve the budget, Andrew

seconded, and it was unanimously approved. The final budget is to be submitted by Frank to the Stated Clerk by October 6, 2022 for the fall Assembly.

15. Trustee approval for Martha/Frank to seek engagement letters for 2023 for Skillman Group PLC, DSC Inc, DeMarco & Associates CPA LLC:

It was emphasized this approval was only to seek engagement letters for Skillman and DeMarco services. Ted inquired about fees, and Frank responded we might negotiate an engagement letter including fees, but would not sign an engagement letter without seeking the Trustee's approval. Ted motioned and Garrett seconded the motion, and it was unanimously approved.

16. Review of Draft SOC 2021 Reviewed Financial Statements:

Martha led the presentation of the draft SOC 2021 Reviewed Financial Statements. These statements will be submitted for the Fall Synod Assembly. It is a review and not an audit. Due to book keeping issues an audit, if so desired, was not even an option.

Writing off the approved \$50,150 in 2021 was a good thing for moving forward. Cash was up because expenses were down. Investments were up due to a strong market in 2021. There were no surprises for liabilities. For assets restricted assets were broken out from non-restricted assets. For clarification purposes Revenue and other support replaced Income.

Motion was for the Trustees to accept and pass the DeMarco Review of the Draft 2021 Reviewed Financial Statements to the Assembly, with the understanding there would be a final report. Ted so moved this motion and Garrett seconded. It was unanimously approved.