

UMC 2021 Annual Conference Leadership Training SUPPORT

Finance and Administration • Personnel • Trustee • Episcopacy • Equitable Compensation
Statistician • Treasurer • Conference Secretary

Sponsored by GCFA

Virtual Training Event
January 26-28, 2021

Trustees: Skill Session 1

Trustee Responsibilities under the Book of Discipline

Bill Thresher, Trustee (Immediate Past President)

Matthew Morley, Chancellor

Eastern PA Conference

Eastern PA Conference

Outline/Overview

- Trustees and Fiduciary Duties, Generally
- Annual Conference Trustees in the United Methodist Denomination
- Trustee Responsibility under BOD Paragraph 2553, relating to disaffiliation of local churches

Trustees and Fiduciary Duties, Generally

Important Elements of being a Trustee

- Hold legal title to property that you are not the beneficiary of;
- As a trustee, you have Fiduciary Duties;
- You are accountable to beneficiaries.

Fiduciary Duties

- Duty of Care
- Duty of Loyalty
- Duty of Obedience (to charitable purpose)

Duty of Care

- Informed
- Act as a reasonably prudent person
- Act with independent judgment
 - May rely on judgment of professionals, assuming you do not have reason to believe that judgment is compromised.

Duty of Loyalty

- Avoid Conflicts of Interest
 - Real, potential or perceived.
 - Confidentiality.
 - Use of Information
- Cannot utilize position to profit

Duty of Obedience

- Do not substitute personal preference for will of the organization.
- Know the purpose of your organization and stick to it.
- When donors give unrestricted funds to a nonprofit, the implied understanding is that funds will be utilized for the purpose as outlined in applicable documents (normally the Articles of Incorporation)

To Whom are Duties owed?

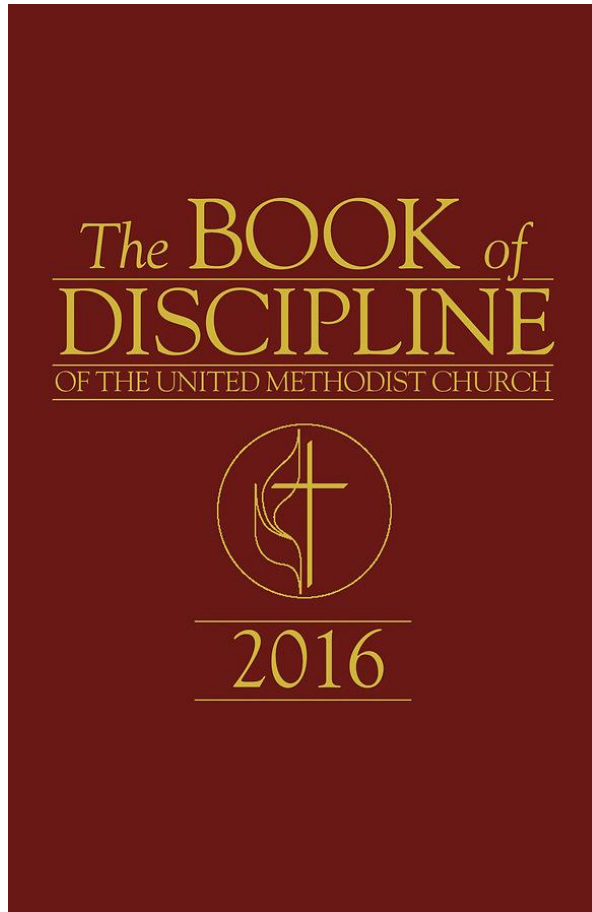
- Other Board Members
- To the Annual Conference
- Local Churches
- Your Conference
- Individual Donors
- The Global Denomination

Vignette 1

- Local UMC votes to close; annual conference confirms closure at annual conference. The closure resolution of annual conference provides that net proceeds will be divided 1/3 to trustee reserves, 1/3 to a new church start and 1/3 to the Cabinet.
- Under BOD 2549, title to real property vests in annual conference trustees upon closure.
- Property is very valuable and sells quickly; however, it is discovered that the neighbor's swimming pool is on the property and buyer doesn't want liability. To close, buyer requires that the portion of the parcel containing pool be transferred to neighbor and that conference indemnify buyer until this has occurred.
- How do you, as trustees, balance the missional needs of the cabinet and the new church start against the need to protect the annual conference until this is resolved?

Annual Conference Trustees in the United Methodist Denomination

Important Discipline Provisions for Trustees



- 2512 (Incorporation, consistency of board, board authority, investments, meetings, reporting to annual conference)
- 2517 (Relationship with Health and Welfare Institutions)
- 2518 (District Property)
- 2549 (Closed Church Property)

UMC Trustee Basics

- 12 member board
 - Recommended demographics are 1/3 clergy, 1/3 laymen and 1/3 laywomen
 - Members must be of legal age and in good standing with UMC church
 - Serve for staggered 4 year terms
 - Officers: President, Vice President, Treasurer and Secretary
- Meets at least annually
 - Consider an executive committee authorized to act between meetings
- Directors of the (Annual Conference) Corporation

UMC Trustee Meetings: Open or Closed?

- BOD 722 Restrictions on Closed Meetings
 - All meetings at all level of church are open by default (except SPRC)
 - May have close-session meetings
 - Requires three fourths vote of voting members present
 - “Great restraint should be utilized”
 - Appropriate Topics for Closed Session:
 - Real Estate Matters/Negotiations
 - Personnel
 - Accreditation or approval of institutions
 - Pending or potential litigation (or collective bargaining)
 - Communication with attorneys or accountants
 - Deployment of security personnel or devices
 - Negotiations involving confidential third-party information
 - Disaffiliation discussions?

Trustee Responsibilities and Authority

- Receive and administer donations
 - Designated/Undesignated
 - Gift Acceptance Policy?
 - Use of gifts not designated, "at direction of annual conference"
- Manage conference-owned (and potentially district owned) Properties
- Management and Disposition of Closed Church Property

Vignette 2

What should Annual Conference Trustees do with assets received from closed churches?

Trustee Responsibilities and Authority, continued

- Investments
 - Should be consistent with United Methodist Social Principals (Consider a UM Foundation)
 - Should be Risk-Averse (Trustees must safeguard annual conference property)
- Insurance
 - “Make recommendations to the annual conference regarding the development, promotion, and review of a broad general program of insurance protection....”
 - See <https://www.gcfa.org/media/2102/minimum-insurance-requirements-november-2019-revision-final.docx>

Broad Authority in BOD 2512.4

“The board may intervene and take all necessary legal steps to safeguard and protect the interests and rights of the annual conference anywhere and in all matters relating to property and rights to property whether arising by gift, devise, or otherwise or where held in trust or established for the benefit of the annual conference or its membership.”

Vignette 3

- Local UMC only has 7 members, but a large facility
- Attendance has been dwindling for the last 10 years and the congregation votes to close effective December 31, 2020
- Next Annual Conference is not scheduled until June 2021
- It is now January 2020; the furnace at Local UMC is not working and pipes are freezing.

Discussion Questions:

1. Can the conference trustees take over the property/manage the property?
2. What other options do trustees have working with bishop and cabinet?

Reporting

- Must report to Annual Conference “a full, true, and faithful report of its doings, of all funds, monies, securities, and property held in trust [...] and of its receipts and disbursements during the conference year.”

BOD 2553: Disaffiliation of a Local Church Over Issues related to Human Sexuality

General Process under 2553

- Church Votes to Disaffiliate
 - DS Calls Church Conference, to be held within 120 days
 - Broad notice required
 - 2/3 local church vote necessary to approve of disaffiliation
- If vote passes, “terms and conditions for that disaffiliation shall be established by the board of trustees of the applicable annual conference, with the advice of the cabinet, the annual conference treasurer, the annual conference benefits officer, the director of connectional ministries, and the annual conference chancellor.”

Trustee Responsibilities under BOD 2553

- 2553 set minimum standards for disaffiliation, including
 - All unpaid apportionments and one additional year's apportionments
 - Proportional share of unfunded pension obligations
- GCFA developed a standard form that can be utilized
- **Up to the Annual Conference to develop standard terms and/or set terms and conditions for each church that wishes to disaffiliate**
- Present to annual conference
 - Judicial Council requires a simple majority vote of the Annual Conference to approve

UMC SUPPORT



FINANCE & ADMINISTRATION

General Council on Finance and Administration

THE UNITED METHODIST CHURCH

*thank
you*



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