

**LOCAL  
CHURCH  
BOARD  
OF  
TRUSTEES**

## **LOCAL CHURCH BOARD OF TRUSTEES**

The mission of any United Methodist Church is to make disciples of Jesus Christ. The fundamental way we fulfill that mission is for each us to reach out to people in the name of Jesus Christ, to relate people to God, to nurture and strengthen them and to send them into the world as the church. As a member of the Board of Trustees you will supervise and maintain all property belonging to the congregation so that the ministries of the congregation can be effective. The primary task of the United Methodist Church is inviting and receiving others in the name of Jesus Christ. As a member of the leadership team of the church you are to insure that all people have a welcoming place to meet Christ.

### **THE ORGANIZATION OF THE BOARD OF TRUSTEES**

**Membership:** The Board of Trustees is composed of not more than nine nor fewer than three members. At least one-third of the trustees shall be laywomen, one third laymen, and two thirds must be members of the United Methodist Church. The Trustee members are nominated and elected at the Annual Charge Conference upon nomination of the Committee on Lay Leadership. The length of term for the trustee is three years. In order to maintain continuity and experience the trustees are divided into three classes with one third being elected each year.

The appointed pastor of the charge is always a member of the Board of Trustees. If the church has an employed Business Manager that person is a member of the Board of Trustees with voice but no vote.

The Board of Trustees elects their own officers which includes a Chairperson, Vice-Chairperson, and Secretary. Others officers may be elected as needed. The duties and organization of the Board of Trustees can be found in *The 2004 Book of Discipline of the United Methodist Church* par. #244, 259.3, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2549.

### **HOW THE BOARD OF TRUSTEES RELATES TO OTHER GROUPS IN THE CONGREGATION.**

**The Charge Conference.** The Charge Conference is the primary governing body of the church. It sets the policy and direction for all work and ministry of the church including that of the Board of Trustees. The Charge Conference may assign to the Trustees, the following tasks to be completed for the approval of the Charge Conference. They are:

- I. Incorporate the local church.

2. Develop a policy to be used by the church in purchasing, leasing, selling, mortgaging, constructing, remodeling, repairing, and maintaining all church properties.
3. Develop a policy for the use of the church by groups not related to the church's ministry and for funerals, weddings and receptions.
4. If needed develop an agreement or written covenant with short-and long-range tenants (those groups that use the building on a regular basis: an example could be a Day Care, Congregate Meal Program for Seniors, Weight Loss Group)
4. Develop a policy for the acceptance or rejection of bequests, gifts or trusts.

Each year the Board of Trustee is to make a written report to the Charge Conference in which the following items are included:

1. The legal description and the reasonable valuation of each parcel of real estate owned by the church.
2. The specific name of the grantee in each deed of conveyance of real estate to the local church.
3. An inventory and the reasonable valuation of all personal property owned by the local church.
4. The amount of income received from any income producing property and a detailed list of expenditures in connection with this property.
5. The amount received during the year for building, rebuilding, remodeling, and improving real estate, and an itemized statement of expenditures.
6. Outstanding capital debts and how contracted.
7. A detailed statement of the insurance carried on each parcel of real estate, indicating whether restricted by co-insurance or other limiting conditions and whether adequate insurance is carried.
8. The name of the custodian of all legal papers of the local church, and where they are kept.
9. A detailed list of all trusts in which the local church is the beneficiary, specifying where and how the funds are invested, clarifying the manner in which these investments made a positive contribution toward the church's mission and how the income was expended. (Some congregations have established an Endowment Committee that will have his responsibility.)
10. The status of the church's incorporation and the name of the registered agent for the corporation.

**The Administrative Council (Board)** The Chairperson of the Board of Trustees is a member of the Administrative Council (Board). The Chairperson is responsible for taking the recommendations of the trustees to the council for

approval and action and for taking directions from the Council to the Trustees. The Council is responsible for implementing the church's ministry- however; a majority of that ministry takes place within the buildings for which the trustees are responsible. The council acts on behalf of the Charge Conference throughout the year. It is important that all work cooperatively to provide buildings and equipment that can support the program of the church.

**The Committee on (Pastor) Staff-Parish Relations** As the Board of Trustees, you may provide day-to-day supervision of persons relating to the maintenance of the church property; however, the Staff Parish Relations Committee is responsible for all the people that are employed by the church. Their purpose is to ensure that all employees receive fair and impartial consideration for salaries and benefits. They, also, set and administer the personnel policies established by the Charge Conference. The Trustees will want to assist them in developing a comprehensive personnel policy especially in the areas of sexual misconduct/harassment. The Trustees will also want to work closely with this committee to maintain the parsonages) or if a parsonage is not provided a housing allowance for the pastor(s).

**Committee on Finance:** The raising, managing and distributing of funds are the responsibility of the Committee on Finance. The Board of Trustees will prepare an annual budget and present it to the Committee who will make recommendations to the Charge Conference. There may be a representative of the Board Trustees on the Committee on Finance.

## **FUNCTIONS OF THE BOARD OF TRUSTEES**

**1. Conduct an annual inventory and inspection of all real property.** Real property should be inventoried each year to determine the replacement value of all buildings. A list of maintenance needs should be made so that the Trustees may prioritize this list as they budget for each year. Also, an annual safety inspection should occur, looking to identify and correct hazards. Items to look for are:

1. Sidewalk conditions should be free from cracks, holes, depressions, raised slabs and other tripping hazards.
2. Basement window wells should be checked for gratings at grade level or some other barricade to prevent falling into and also make sure all basement windows as well as first floor windows can be locked from the inside.
3. Parking areas should be in good condition free from recognized tripping and falling hazards. The quality of the parking should be considered. Also, during the winter months check frequently to insure that snow and ice removal is adequate.

4. The stairs in the church should be in good condition with adequate handrails and the steps should be free from obstacles that could cause slipping or tripping.
5. Inspect the inside and outside of the building at night to make sure that illumination is adequate. Note, where outside lights should be placed and when they should be on for the safety of people using the building at night and for crime prevention.
6. Entrances and exits should be checked for adequate illumination, inside and outside mats in good condition and properly set, handrails in good condition and properly placed.
7. The interior should be inspected for satisfactory illumination where needed (be sure emergency lights are in working order in all areas), floor surface slip resistance, carpeting is securely set and free from recognized tripping hazards, housekeeping is properly maintained and walking surfaces are free from, electrical wiring, raised floor outlets and other hazards.
8. Check furnace room to make sure combustible materials are removed from the heating areas.

**2. With the Committee on Pastor/Staff Parish Relations, conduct at least one inspection and inventory of the church owned parsonages.** The parsonage inventory should clearly list all of the things inside the parsonage that are owned by the church. This list should be shared with the pastor when they move into the parsonage and then updated each year. The inspection should note areas in the parsonage that needs attention and especially document areas where damage may be occurring beyond the normal wear of living in a house. If there are concerns about the way the parsonage is being used by the residents, those concerns should be reported to the District Superintendent.

The parsonage area should also be inspected for hazards just as other church property. The above check list could also be used for this inspection. Also, a needed maintenance list should be made so that priorities may be established when budgeting. One important note, when you are inspecting the parsonage, be sure to talk with the people living in the house. They are ones who know if the plumbing is working, electrical wiring is adequate and how the stove is working etc. They should be able to tell you what things are needed to make living in the parsonage a less frustrating experience.

**3. Inspect and inventory all equipment and set up a maintenance schedule.** Just as property is inspected and inventoried, so should all of the equipment owned by the church. The condition of the equipment should be noted and all equipment owned by the congregation should be labeled. Tables, chairs, dishes, minor and major appliances, etc., should all be clearly identified as belonging to the church. Also, a time line for items to be replaced is helpful as you plan spending needs for the congregation.

**4. Set up a schedule for paint and redecorating.** Often Trustees overlook painting and redecorating needs until the project becomes a major undertaking requiring, raising a large sum of money. A schedule for painting a certain number of classrooms or a section of hallway each year can defray these costs and keep the building looking well cared for and fresh at all times. Flooring, lighting improvements, ceiling care if put on a regular schedule for care can be very beneficial. It is easier to spend less money each year than to wait until the conditions of the buildings are in a real depressed state and then the need to raise the large sum of money to redecorate.

**5. Consider the merits of service contracts on large equipment (air-conditioners, computers, copiers, etc.)** There are many differing opinions about the merits of service contracts. For some equipment such as copy machines a service contract may be warranted. For other equipment, the Trustees should consider the cost effectiveness of such contracts. Also, because of the rapid changes in technology the trustee might consider leasing some equipment such as copy machines and computers. When the lease ends, it may be time to replace the machine with a new one and new lease. The benefits of leasing could include less cash out lay at one time, easier to do budget planning, service contracts included in the lease and replacing equipment when the lease expires thus keeping pace with technology.

**6. Insure that your facilities are accessible to persons with disabilities.** Older constructed building should list areas where the facilities have limited accessibility. Then in remodeling projects accessibility will already be known and plans can include improvement in the needed areas. Some communities have codes that define accessibility requirements for new construction. Also, there are some things that can be done in most buildings that can be helpful, such as: making a telephone accessible for someone in a wheel chair or using levers instead of door knobs for people with arthritis. Sometimes a little change can mean so much.

**7. Develop guidelines for receiving and managing wills, trusts, bequests, and other investments given to the church.** The Trustees are responsible for seeing that the intent of the donor is accomplished with each gift. The Trustees are to invest these funds in accordance with the terms of the bequest *The Book of Discipline*, the Social Principles of the United Methodist Church, local laws and the direction of the Charge Conference. The receiving, management and dispersal of such funds and the income generated by them are subject to the direction for the Charge Conference.

The congregation may have a Committee on Memorials or Foundation /Permanent Funds Committee which could be given the responsibility for managing bequests. In such a case, a trustee will serve as an ex officio member of that committee. If the church does not have such a committee in their program,

the Trustees may want to include (a) an emphasis for all adults of all ages to have a will and estate plan-, (b) encouragement for members to include the United Methodist Church in their will or estate plan, and (c) share information about wills, estate planning as a Christian and possible uses for estate funds within the church.

**8. Evaluate your insurance coverage annually.** The Trustees should ensure that the property and liability insurance is adequate.

*Property insurance should include the following items:*

- >Building and Business Personal Property
- >If needed newly acquired construction property
- >Glass, Including stained Glass windows
- >Building Ordinance or Law
- >Property at Another Location
- >Property in Transit
- >Personal Property of Others
- >Outdoor signs
- >Outdoor Plants
- >Valuable Papers and Records
- >Accounts Receivable on Premises
- >Extra Expense
- >Rental Value/Business Income
- >Fire Department Service Charge
- >Pollutant Clean Up and Removal
- >Debris Removal
- >Preparation of Statement of Loss
- >Deductibles on the Above Items
- >Mini Computer/Electronic Data Processing
- >Fine Arts Coverage >Boiler Insurance

*Liability, insurance should include:*

- >Bodily Injury/ Property Damage Each Occurrence with an Annual Aggregate
- >Personal/Advertising Injury Each Occurrence with an Annual Aggregate
- >Medical Payments Per Person
- >Fire Damage Legal Liability
- >Products/Completed Operations Each Occurrence with an Annual Aggregate
- >Physical or Sexual Abuse on an occurrence basis
- >Day Care Coverage if church operates a day care or Certificate of Insurance for non church operated day care
- >Pastoral Professional Insurance
- >Directors and Officers on a claim made basis
- >Employee Benefits Liability Annual Aggregate
- >Hired/Non Owned Auto-Bodily, Injury/Property Damage
- >Church Owned Vehicles if church owns vehicles
- >Crime including volunteers as employees

## >Employee Dishonesty

The Annual Conference provides a Master Insurance Plan that has the coverages and limits deemed most adequate for a local church. When it comes time to update insurance coverage, be sure to seek quotations from at least two different sources and be sure that they are quoting for comparable limits. Sometimes the less expensive policy may cost the congregation more when a claim is filed. Some simple illustrations: (1) Some insurance policy limit sexual misconduct claims and exclude legal fees or they include legal fees in the total amount that the insurance company will pay out for a settlement. Some companies have a maximum coverage with low limits, below the settlement limit of most recent claims. This could mean that the congregation might find itself bankrupt. Or sometimes to receive a higher limit, the demands of background checks on all volunteers, a Child Protection Policy and other demands may be difficult for a church to complete. (2) Some times the policy has differing deductibles which can change rates. (3) Also, be sure that for some property items it is replacement value and not current value that is being quoted. For example if the church has roof damage to wind or hail and it is replacement value, the insurance company will pay the cost of the replacement minus the deductible. If the coverage is current value and the roof is 15 years old with a life expectancy of 20 years, the value of the roof would be one fourth of its replacement value because its life expectancy is only five more years. The insurance carrier would pay one-fourth of the cost minus the deductible. Be sure when seeking quotes that each source has the inventory, evaluations of property and equipment and knows what special items should be added to the policy. Those special items can be an expensive organ, stain glass windows, silver, etc.

**9. Develop a funding plan for the work of the Trustees.** Although the Committee on Finance is responsible for raising and managing the distribution of funds necessary for the work of the trustees. The Trustees will need to provide the Finance Committee with a spending plan or budget for the necessary maintenance, upkeep, and management of all church owned building and grounds.

*Categories of the trustee budgets often include:*

- >maintenance and repair of buildings
- >maintenance of grounds including lawn care costs and snow removal
- >maintenance of equipment
- >purchase or lease of equipment
- >insurance
- >building debt retirement
- >utilities
- >parsonage furnishing replacement
- > taxes, if appropriate
- >future capital needs of the church

Funding may come from the annual church budget or the church may raise additional funds for capital improvements.

*Source of funding for Trustees may be:*

- >annual church budget and spending plan
- >special gifts designated for a particular project
- >bequests for designated and undesignated purposes
- >investment income
- >endowments and memorial gifts

**10. Develop a plan for building usage.** Church buildings are being used more than ever by outside groups. The Board of Trustees should develop a written policy and present it to the church council and charge conference for approval. The policy should include the following:

- a. Procedures for scheduling the use of buildings and equipment and who is authorized to grant approval.
- b. Availability of the buildings and facilities to non-church groups and a prohibition against the use of the church facilities by for-profit groups.
- c. Require non-church groups to provide certificates of insurance, naming the church as additional insured.
- d. Donations expected to offset expense involved in building use. This is to include not only utility costs but replacement costs which occur because of usage.
- e. The responsibility of the users to clean up. Lock up and care for the facilities.
- f. Limitations on the use and movement of furniture and equipment.
- g. Arrangements for custodial services.
- h. Special provision for the use of kitchen and arrangements for food service.
- i. Designations of rooms that may or may not be used for special functions.
- j. Prepare a pamphlet for distribution to groups seeking to use the church so that they will have a clear understanding of what is expected.

It is also very good to prepare a pamphlet for general distribution to the members of your church stating the policies related to the use of the buildings for weddings, receptions, funerals and other events. These policies should contain the items listed above but may be slightly different for a church member family.

**11. Acquisition of property:** The trustees hold title to all local church property, subject to the final authority of the charge conference. If the church proposes to buy real estate the following steps are required.

- a. Secure the written consent of the pastor and district superintendent.
- b. Secure the approval of the district board of church locations and buildings for the purchase of a new church or parsonage site, or a new church building or parsonage.

- c. Give at least ten days notice of a meeting for the charge conference. This notice must be authorized by the district superintendent. It must be announced from the pulpit or written in a weekly bulletin. It must state the proposal upon which a vote is to be taken.
- d. A majority vote of those present and voting is needed for the purchase of the property to be approved.

**12. The sale, transfer or mortgage of property:** The process for the sale, transfer or mortgage of real property follows the same steps and those outlined in the acquisition of property with these additions;

- a. The pastor and district superintendent are to ensure that full consideration has been made for the missional needs of the community and the United Methodist Church prior to giving consent.
- b. The resolution authorizing the actions must instruct the trustees to execute the written instruments necessary to implement the action of the charge conference.
- c. Local laws governing corporation's actions must be followed with any two officers of the trustees authorized to sign legal documents.
- d. If the church is receiving property through a gift for the purpose of resale and the charge conference has accepted this gift no further charge conference is necessary when the sale finally takes place.
- e. A copy of the written consent of the pastor and district superintendent for the sale, transfer, or mortgaging of church property must be attached to the instrument of sale, transfer or mortgage.
- f. Money received from the sale or mortgage of the church or parsonage buildings and grounds may not be used to defray the current budget operating expense of a local church.

**13. Consulting an Attorney:** Sometimes it is easier and less costly to prevent a legal problem than to correct the consequences of an unwise action. An attorney should be contacted when:

- a. The congregation is signing a contract for any purpose.
- b. Receipt of legal documents on any involvement in a court (judicial) or government (administrative) proceeding.
- c. Transactions involving real property either buying, selling, leasing or trading.
- d. Drafting and reviewing documents related to wills, gifts and bequests.
- e. Incorporation of the local church or charge.
- f. Prior to terminating an employee.

**14. Incorporating a local church:** It is recommended that each local church, or if needed a charge consisting of one or more churches be incorporated as a not-for-profit local church. The state of Iowa expects local congregations to be incorporated. The reason for incorporation is that it assists in exempting church

members and members of the Trustees from legal liability for debts, law suits or other obligations. To conform to *The Book of Discipline of the United Methodist Church*, the following items should be included in the articles of incorporation. The Treasurer's Office of the Conference has a sample of articles of incorporation that you or your attorney may obtain by calling or e-mailing the Conference Treasurer.

- a. The corporation supports the doctrine of the United Methodist Church.
- b. All of its property will be subject to the laws, usages, and ministerial appointments of the United Methodist Church.
- c. The board of directors of the corporation shall be the trustees with the church treasurer as elected by the charge conference being the corporation treasurer.
- d. All the powers and duties relative to property specified by The Book of Discipline shall be the posers and responsibilities for the corporation.
- e. The members of the corporation shall be the members of the charge conference.
- f. If the corporation for any reason ceases to exist, then the title to all its property shall be vested in the annual conference board of trustees to be held in trust for the local church. This helps to protect the church official in the event their articles of incorporation may lapse or cancelled for some reason.
- g. The bylaws of the corporation shall conform to The Book of Discipline as enacted from time to time by the General Conference.

**15. Maintaining the Trust Clause:** Sometimes there is confusion among local congregations as to who owns the church property. The church property is owned by the local congregation; however, it is to be held in trust for all United Methodists.

The United Methodist Church is organized as a Connectional structure. Each local congregation is connected to every other local congregation through the district and the annual, jurisdictional and General Conferences. Thus, all property is owned by a local church or charge or by an agency or initiation of the church shall be held in trust for the United Methodist Church and subject to the provisions of its Discipline (*The Book of Discipline par. #2501*)

The specific wording of the trust clause as stated in *The Book of Discipline par. 9 2503* shall be used in at least the following situations.

- a. When property is to be used as a place of divine worship.
- b. When property is to be used for the parsonage.
- c. When property is to be used both as a parsonage and as a place of worship.
- d. When property is not to be used exclusively for a place of divine worship, a parsonage or both.

The courts have consistently held that the absence of such a clause in any deed or conveyances does not relieve the local church of its connectional responsibility. Every congregation that has accepted pastors appointed by a bishop of the United Methodist Church or employed by a district superintendent, or any local congregation that has used the name, customs or policy of the United Methodist Church is deemed to have accepted the terms of the trust clause with respect to its property. Just to declare that a congregation will no longer accept an appointed pastor is not enough according to the courts to void the trust clause. It is the history of the church that is considered.

**16. Governmental Regulations:** The favored position churches was held with governmental agencies is now being reduced. There is an increasing trend for governments (local, state, and federal) to restrict and diminish privileges that were once granted to churches. Local zoning restrictions, historical landmark buildings and neighborhoods may complicate the work of local congregations. The local church trustees are now called upon to develop greater care and skill with regard to governmental regulations.

The local church Board of Trustees has received a legacy of property, investments and buildings. It is the important work of the Board of Trustees to insure that the congregation is a good steward of what previous generations have made available to them. The trustees cannot and should not interfere in the ministry program of the church, even if it means the building will be used, and in a sense wear out. It is the responsibility of the trustees to provide space for use as ministry centers. The wise and continual care and stewardship of the property will enable the church to be a well maintained and pleasant place to serve God. The ministry of the Trustees is important as it helps provide a safe, clean, well-maintained environment in which people may come and work together to serve Christ. In this way the mission of the church to make disciples and love one another as Christ loved us is being fulfilled.