

**Divine Redeemer
Board of Directors Meeting
February 20, 2023**

Members Present:

Dennis Gehrke, Ken Saydel, Rob Chandler, Mark Bahr, Chelsea Chandler, Jason Hynes, Tim Timmerman, Tracy Holt, Pastor Seth Flick.

Members Absent: Gary Peppel

Invited Guests: Janet Bahr, Ally Spors

1. Call to order: Dennis Gehrke Time: 6:02 PM
2. Faith Exploration (Tim Timmerman)
3. The minutes from January 16, 2022, meeting was approved.
 - Motion to approve: Ken Saydel
 - Seconded
 - One requested change by Ken Saydel on amending language as it pertains to the potential distribution of Endowment funds.
 - Motion passed.
4. Schedule Amendment
 - Kyle Hanson moved from the beginning of the meeting schedule to 7 pm, as he was unable to be there by 6:00 as scheduled.
5. COO Report (Written Report: COO Renee Kandler not present)
 - Various small projects were completed at the facility.
 - There was a lift onsite and now all lights and fans are operational in the gym.
 - Discussion on the roles and responsibilities of the COO. What are they now, and what are the future plans for expanding the responsibilities of the newly created role?
 - Jim Suchocki plans to retire at the end of the fiscal year. COO evaluating potential replacements.
 - Jim Suchocki's replacement to hold the title of Director of Facilities
 - Discussion on utilizing volunteer help from the Congregation for projects throughout the building, before hiring someone to complete projects.
 - Tim Timmerman generously volunteered to bring in his fully licensed and insured laborers to paint the interior of the sanctuary. ETA Fall 2023.

6. School Report (Written Report: Principal Janet Bahr)

- Registration currently at 347 Students
 - New Accepted (45)
 - Applied (39)
 - Enrolled (347)
 - Pending (67)
- Enrolled Student is defined as having paid deposit and is fully enrolled for next year.
- Pending is defined as new or returning approved because siblings or Church members.
- Applied defined as completely new families that cannot be accepted until March 6th.
- ECDC Eaglets and 3 and 4k to be full by 2/21/23.
- Hatchlings currently has 4 openings but is expected to be full as soon as enrollment is opened to new families.
- Class sizes in ECDC have been bumped up to accommodate as many students as possible.
- The new 2-day program opened in 3k. Early childhood teachers suggested a new program to infill 6 FDE's.
- The current max FDE's of 93, and next year max FDE's at 110 students.
- 3rd Grade has been identified as an issue for next year, as capacity was set at 23 and there are 48 pending/approved students and only 2 classrooms for 3rd grade. Looking at options to create an additional classroom to facilitate growth.
- Attended best practices conference in Phoenix, which is put on by Christ Church and brings in over 2800 Pastors and Educators.
- Attended LEA Principals Conference, where the subject matter discussed was protecting our religious exemptions.

7. Executive Pastor Report (Written Report: Pastor Seth Flick)

- LEA Christus Magister Award has been awarded to current Men's Ministry Director Michael Oldenburg. This is LEA's "Lifetime Achievement Award" and highest honor for a Lutheran educator.
- Attended Best Practices Conference in Phoenix. Hopes to have more staff be able to attend next year, as it is an excellent way to encourage Church workers.
- Board of Directors members are also welcome to attend if they would like.
- One of the topics discussed at length was pastoral shortages and ways that different congregations are handling it.
- Toured Hales Corners Lutheran to look at their new technology and how it is being implemented. Reviewed the new ClearTouch technology to see if it would be a good fit for replacing our current Promethean boards.
- Discussion on the baptism of three children within the Tebow family, and two kids within the Nerbun family.
- Report tabled to allow time for Financial Review Committee report.

8. Financial Review Committee (Written Report: Chairman Tim Timmerman)

- Overall, our financial picture is very positive, with DSCR at 1.7.
- Operating Revenue positive +46k based on offerings.

- YTD we are up 15.5% to budget.
- FRC Chair voiced concerns about inflation and its potential impact on future giving.
- Total expenses unfavorable by \$130k, which was identified as needing to be looked into further, as it was significantly over budget.
- FRC Chair to review ledgers on facilities and program expenses, as they were the major drivers of the unfavorable outcome.
- Restricted investments of \$1.152 and unrestricted cash of \$534k.
- Three proposals were received for appraisal services from L&A, Oaks, and Moegenburg.
 - Recommendations were made to utilize L&A, as they are the most conservative appraiser of the group.
- Three proposals were received for audit services from Sitzberger, Ritz Holman, and CLA.
 - Motion made by Jason Hynes authorizing action of FRC Chair to negotiate the best price possible with Ritz Holman and signing a contract for services.
 - Motion seconded by Ken Saydel.
 - Motion passed.
- Further discussion was had on asset placement/investment vehicles for excess funds.
- There have been two previous motions passed by the BOD for action items relating to the placement of excess funds. First was a directive to Kyle Hanson and prior FRC Chair, Brent Adler, in September of 2022 to find the best place to invest the funds and do so.
- In January of 2023, the funds had yet to be placed into an investment vehicle, and the BOD directed new FRC Chair Tim Timmerman and Kyle Hanson to place funds in three separate accounts (Morgan Stanley high yield savings account, 3-month T-Bill, and 6 month T-Bill).
- On February 8th, Pastor Seth identified that \$500,000 was still sitting in a non-interest bearing account. He reached out to Dan Doyle at Morgan Stanley for further clarification.
- As of today, it was identified that Morgan Stanley had yet to place these funds, resulting in lost interest of approximately \$6,500 for Divine Redeemer. FRC Chair had been told that funds were placed as of January 3rd, by Dan Doyle at Morgan Stanley.
- Pastor Seth has taken steps to ensure that this will not happen again and will now be receiving electronic statements monthly. In addition, the FRC Chair will be reviewing the statements monthly to ensure compliance with Board directives.
- Section 3.3.1.5 of the Board policy manual states that we cannot go below 5% of cash/cash equivalents in our operating account. Pastor Seth has the ability to move funds as long as we do not fall below the 5% liquid cash position.
- It was determined that the final responsibility on the cash management strategy will be Kyle Hanson at TRIUN3, and oversight responsibility will be FRC Chair Tim Timmerman.
- Section 2.2.3 of the policy manual currently states that treasury notes cannot exceed an excess of 366 days. The verbiage should be changed to reflect treasury bills, and not notes.

9. CFO REPORT/ECDC Expansion Proforma Review (Written Report: CFO Kyle Hanson)

- Quarterly budget reports will be provided to each department head to ensure adherence to the budget.
- Overall financials are very positive and giving continues to trend upwards.
- ECDC proforma results indicate that with conservative growth, the ECDC will be cashflow positive.
- Review of potential financing options and available structures to be able to move forward in the event that the Congregation approves the plan.
- Kyle Hanson recommended a 77% LTV loan with LCEF.
- Discussion on potential revolving line of credit to fund future growth.
- Further discussion on segregation of revenues and expenses for PTL funds, Auction funds, etc. This should be instituted so they can be appropriately tracked. Concern was indicated that it was currently set up like a “slush fund” as opposed to individual GL accounts.
- Discussion on whether we should invest another 250k. FRC Chair Tim Timmerman to review and make recommendations to Pastor Seth.

10. Committee of Lay Elders Report (Liaison Gary Peppel)

- Gary Peppel not in attendance.

11. Endowment Committee Report (Dennis Gehrke)

- The endowment committee has comprised a list of potential mid-year disbursements. List to be shared later.
- Fall estate planning event to feature Diana Raasch and Mike Kaiser is planned.
- Discussion on whether or not it is prudent to distribute Endowment fund interest until they recover losses incurred during the last fiscal year.
 - Discussed that showing distributions from the fund could be a good marketing tool, showing that the endowment fund is serving ministry goals.
 - Discussed that the endowment committee bylaws state that distributions must be made within a 3 year period. It was determined that we are not close to that 3-year anniversary.

12. Executive Committee Report (President Dennis Gehrke)

- The Executive Committee did not meet.

13. Governance Committee (Chairman Jason Hynes)

- Pg 12 of the board policy manual, section 2.4.3.2 states that no more than 2 spouses of staff members may be on the Board of Directors. Verbiage to be changed to the Board of Directors shall not be comprised by more than 2 spouses of staff members. This change is at the end of the first sentence.
- Motion to approve made and seconded.
- Motion passed.
- BOD asked to consider if allowing more than 2 spouses of staff members would be a good idea. Discussion ensued and it was determined that the committee should further

discuss and come back with a recommendation to the BOD at the next meeting.

- Policy manual section 2.4.4.1.2 currently states that the nominating committee shall bring forth 2, but no more than 4 candidates.
- Verbiage changes to say at least 2 candidates and have the top limit of 4 removed completely.
- Motion to approve made and seconded.
- Motion passed.
- Changes to be compiled by Rob Chandler and forwarded to Gail Arnold for updating of the board policy manual.

14. Old Business

- Ken Saydel questioned the existing election process, and where in the policy manual does it determine how we handle the election of BOD and Elders. In the past, we have followed the same process that is outlined only for election of the Executive Pastor.
- The discussion was that we need specificity added to the policy manual to clarify the procedure as it related to voting for members of the BOD and Committee of Lay Elders.
- Should verbiage be added to section 2.4 to clarify the election process?
- The governance committee was asked to review and report at our next BOD meeting on March 13th, 2023, whether they felt that this was needed.

15. New Business

- Board policy manual section 4.6.2.1 states that the Executive Pastor is to provide a SWOT Analysis to the BOD.
- Pastor Seth presented his SWOT Analysis, highlighting the identified strengths, weaknesses, opportunities, and threats at Divine Redeemer.
- Pastor Seth also presented a detail strategic plan that highlighting the ECDC expansion as it related to fundraising, project phasing, contractor partner selection, campus master planning, future staffing needs, and Ministry programming.
- Potential contract partners identified as Steier Group for the capital campaign and Anderson Ashton Design Build for the general contracting.
- Motion made by Rob Chandler and seconded by Ken Saydel to make the April 16th meeting a voter's meeting. At this meeting, the Congregation will vote on whether or not to move forward with a capital campaign for the ECDC project.
- The BOD was asked to pray over and consider the following items for further discussion at the March 13th BOD meeting:
 - To what level are you comfortable with financing the ECDC expansion?
 - Are you comfortable with utilizing land value as equity in financing the ECDC project?
 - Which financing options should we be considering for the ECDC project?

16. Task List

- The governance committee asked to review election procedures as it related to BOD and Committee of Lay Elders.
- FRC asked to clarify items as discussed in the FRC report/discussion.
- Pastor Flick to initiate the investment of the \$500,000 with Morgan Stanley that was

sitting in a non-interest bearing account.

- Pastor Flick to investigate recouping interest that we lost due to inaction by Dan Doyle at Morgan Stanley.
- FRC Chair Tim Timmerman to send an email to CFO Kyle Hanson and Pastor Flick detailing all items that should be segregated and tracked separately. Discussed items were PTL account and Auction account. There may be others that should be segregated and tracked separately as well.
- FRC to consider options to invest the next 250k of investable funds.

17. Future Meetings

- March 13th a regularly scheduled BOD meeting will be held in the music room, located at the east side of the gym. Reminder to please use the door nearest the trash enclosure (where the grill is kept).
- March 27th is a specially called BOD meeting where LCEF will present the findings of the feasibility assessment.
- April 16th is a specially called voter's meeting.
- May 21st is the voter's assembly.

18. Closing Prayer: Tim Timmerman

19. Motion to Adjourn passed

Time: 9:13 PM