**MANUAL OF OPERATIONS**

**BOARD OF TRUSTEES**

**PRESBYTERY OF EASTERN OREGON**

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**MANUAL OF OPERATIONS: BOARD OF TRUSTEES**

**Approved 10/20/2007**

**I.**The Trustees are governed by the Bylaws of the Eastern Oregon Presbytery, and the Constitution of the Presbyterian Church (U.S.A.) and applicable federal and state statutes.

A. **Authority & Organization:**The management and disposition of the property, legal and financial affairs of the Presbytery of Eastern Oregon are vested in the Board of Trustees of the Presbytery of Eastern Oregon, an Oregon non-profit corporation, who's directors are the Trustees of the Presbytery of Eastern Oregon.

1). The President of the Trustees is the president of the Corporation. The Stated Clerk of the Presbytery of Eastern Oregon is the secretary of the Corporation.

2). The Regional Presbyter or General Presbyter shall be an ex-officio member of the Board of Trustees with voice, but without vote. The Stated Clerk & Treasurer is an ex-officio member with voice, but without vote.

B. **Functions:**The Board of Trustees shall, subject to direction by the Presbytery and in

accordance with the Constitution of the Presbyterian Church (U.S.A.):

1). Buy, receive, hold, encumber, sell, transfer, and convey real and personal property.

2). Conduct or oversee all legal and corporate affairs of the Corporation, which shall include implementing Presbytery legal and corporate matters in cooperation with and support of the program and strategy decisions made by other committees.

3). Borrow money and issue notes, bonds, debentures, and other evidences of indebtedness, and mortgage, pledge, and hypothecate real and personal property as security for repayment for obligations of particular congregations, organizations

related to the Presbytery, and of the Presbytery itself.

4). Maintain a list of, and periodically review, the agreements with related organizations and recommend to Presbytery their renewal, amendment, or discontinuance.

5). Oversee investment and reinvestment of operating and other non-endowed funds held by the Presbytery.

6). Manage the legal affairs of the Corporation and execute documents which are necessary or desirable to fulfill the requirements of civil law in respect to the Corporation, exercising all authority allowed directors of a nonprofit corporation

under Oregon law.

8). Authorize and empower the President and Secretary, in the name of the Presbytery, to execute appropriate documents in accordance with the actions of the Presbytery.  In the event that either the President or the Secretary is not available to execute the documents the Trustees’ Vice-President is authorized and empowered to act.

9). Assure that the financial books and records of the Presbytery are audited annually.

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**C**. **Policies ;**

1). The Trustees may from time to time make policy recommendations to the Presbytery relating to property, insurance and legal matters.

2). The Trustees may from time to time offer or require training or inform sessions on property, insurance, or financial issues for themselves and/or Presbytery.

**D. Meetings:**

1). The Trustees shall meet at least two times a year and at other times as needed.

2). The President of Trustees may call special meetings of the Board, or in the absence or incapacity of the President, any officer may call a special meeting.

3). Voting may be in person, by telephone, mail, or other electronic means, or as otherwise authorized by Oregon law.

**II. TRUSTEES AND THE PRESBYTERY**

Trustees shall name representatives and be represented on other bodies as requested by

Presbytery.

**III.TRUSTEES AND CONGREGATIONS**

**A. Title to Property:**All Presbytery and congregational property is held in trust for the Presbyterian Church (U.S.A.), regardless of whether this is stated in the title documents.

**B. Proceeds from Congregational Sale of Real Property:**

1). Congregations are ordinarily to use proceeds from the sale of real property to reduce existing encumbrances; to invest proceeds in other real property or new construction. Any other use must be specifically authorized by Presbytery after

review by the Board of Trustees.

2). Proceeds from congregational sale of a manse are ordinarily to be used to reduce existing encumbrances, to purchase other real property or new construction, or to

renovate existing property. The interest on such proceeds may also be used to support the pastor’s housing allowance.

**C. Encumbrances and Property Transactions:**Congregations must meet Standard

Conditions for Encumbrances regardless of the source of funding.

[See Appendix — Standard Conditions for Encumbrances.]

1). Presbytery bodies will act to implement property transactions or encumbrance only after the approval of the congregation granted in a duly constituted meeting, transmitted through the Session. Ordinarily, a congregation shall have granted such

approval prior to applying to Trustees for action.

2). Congregations shall contact the Board of Trustees in planning for real property transactions and encumbrances at the earliest possible date. Ordinarily, a congregation shall have discussed such matters fully prior to bringing them to the

Committee on Congregations and the Board of Trustees for action.

3). Congregations and Presbytery entities shall consider environmental, energy conservation, and accessibility concerns in their planning for property transactions.

4). Congregations and Presbytery entities shall make a written request for approval of encumbrances and property transactions, and submit them in a timely manner to the Board of Trustees.

5). The Board of Trustees makes recommendations to Presbytery, unless authorized by Presbytery to act on Presbytery’s behalf, regarding property matters and encumbrances. The Board of Trustees may base its recommendations or actions on

such factors as:

 a). The Board’s assessment of the congregation’s ability to afford the proposed project or indebtedness,

 b). Any legal concerns the Board may have,

 c). The congregation’s history of compliance with the Standard Conditions of Encumbrance on previous loans (if any),

 d). The congregation’s agreement to abide by the Standard Conditions for Encumbrances, and

 e). The congregation’s fulfillment of pertinent Book of Order requirements.

6). All loans to congregations shall be evidenced by promissory notes and/or secured by mortgage or deed of trust. They shall be recorded in session and congregational minutes.

7). Annually the record of all loans to a congregation shall be noted in the congregation’s session and congregational meeting minutes.

**D. Funding Sources:**

1). The Board of Trustees encourages congregations and Presbytery entities to borrow funds through denominational sources or commercial lending institutions, and strongly discourages borrowing from church members.

2). Congregations shall borrow no more than $10,000 from any one family or household. All loans must be evidenced by promissory notes and/or secured by mortgage or deed of trust.

 a). State and federal law permit no more than ten (10) non-commercial loans to a congregation unless the congregation complies with complex Securities and Exchange Commission regulations.

 b). A congregation must give any lender a promissory note to evidence such loan.

 c). Congregations are prohibited from the sale of bonds which are secured by real property held in trust for the Presbyterian Church (U.S.A.).

**E. Leases:**The provisions of a lease and the manner in which they are drafted importantly

affect the rights and duties of a lessor and lessee. The leasing of church buildings, grounds, or other church property should be accomplished with the same regard for precision and thoughtfulness which any land owner would give to the rental of property.

[See Appendix for lease checklist]

1). “A particular church shall not lease its real property used for purposes of worship, or lease for more than five years any of its other real property, without the written permission of the presbytery transmitted through the session of the particular

church.”

2). Any lease involving the use of the sanctuary or any lease extending more than five years shall be submitted to the Board of Trustees for recommendation to Presbytery.  The Board of Trustees shall consider the impact of the lease on the program of the congregation, and shall pay particular attention to the liability issues involved.

3). As part of the request to Presbytery for approval of such a lease, a congregation shall submit a copy of the certificate of insurance of the potential lessee in an amount equal to or greater than the coverage of the Presbytery policy/standards.

**F. Shared Equity Agreements:**Shared equity agreements shall be considered when the Board of Trustees recommends it, sound financing is available, tax considerations have been dealt with, and a legal agreement is signed.

**G**. **Congregation Making Loans to Pastors or Other Staff for Housing:**The Board of Trustees cautions a congregation from lending funds to its staff. If a congregation does lend funds to staff:

1). The loan shall be secured by a formal mortgage or deed of trust on the real property owned and used as principal residence by the staff member.

2). Such loan documents shall name the congregation as the holder of the security interest and shall be publicly recorded.

3). Such loans shall specify that payment of the loan in full is due immediately upon sale of the secured property or upon the dissolution of the pastoral or other employment relationship between the staff member and the congregation.

4). Such loans shall be recorded annually in the session and congregational meeting minutes.

5). Such loans shall be for normal durations and interest rates with usual penalties for non-payment and late payments. Any difference between the current applicable federal rate (AFR) and a lower rate extended by the congregation constitutes

taxable and pensionable income to the staff member and shall be so reported to the IRS on the staff member’s W-2 or equivalent form.

6). The congregation shall obtain an appraisal of the value of the property before extending the loan. The loan shall not be made for more than 70% of the appraised value.

7). The staff member must maintain, and provide the church annually, a certificate of all-risk insurance equal to the current value of the property and with liability coverage equal to or greater than the Presbytery’s coverage.

H. **Other Loans by Congregations to Staff:**Without the consent of the Board of Trustees, congregations shall not make other loans to pastors or other staff. Pastors or other staff shall not borrow funds from congregation members.

**IV. LEGAL MATTERS**

**Involvement in a Lawsuit:**Any member of Presbytery, congregation, or Presbytery entity which is being sued or is considering a lawsuit, and the suit mentions or contains matters which might implicate or involve the Presbyterian Church (U.S.A.) or any of its entities or bodies, shall immediately notify the Regional Presbyter and the Stated Clerk, who shall then

upon receipt of such report immediately notify the President of the Board of Trustees, legal counsel and insurance representative. Any member of Presbytery, congregation, or Presbytery entity who is being sued, shall notify the appropriate representative for their own or the Presbytery’s insurance carrier. The President of the Board of Trustees shall be notified

immediately whenever there is a lawsuit, significant potential for a lawsuit, or other legal matters in which the Presbytery may be named.

**V. INSURANCE**

A. The Board of Trustees may review and recommend comprehensive insurance programs for the Presbytery and for congregations within its bounds:

B. The Board of Trustees shall obtain liability and property insurance coverage to protect Presbytery’s facilities, programs, staff, and elected and appointed officers

C. Claims for losses of more than $5,000 are to be reported promptly to the Stated Clerk for the Board of Trustees

D. The Presbytery shall maintain officers and directors insurance for the protection of

presbytery officers and directors.

**POLICY**

**Presbytery of Eastern Oregon • Standard Conditions for Encumbrances**

1. The applicant congregations shall budget a minimum of 10% current budget for Basic Shared Presbyterian Church (USA) Mission Support (Presbytery, Synod, General Assembly); or shall provide for raising such giving by 2% per year to a minimum of 10% of current operating budget.

2. Recognizing that capital projects are part of the larger ministry and mission of the Presbyterian Church (USA), the applicant congregation shall consider including in its capital project support for the wider mission of the Presbyterian Church (USA).

3. Building design shall take into consideration the needs of persons with handicapping conditions.

4. Building design shall incorporate measures to make the building energy efficient.

5. Applicants shall engage, as required, the services of companies, contractors and other professionals who are registered equal employment opportunity employers.

6. Applicant shall have conducted a special building fund campaign and received pledges over and above the regular pledges to the program of the church from at least half of the families in the congregation, to be paid over at least a three (3) year period.

7. Building fund pledge receipts shall be held in a separate bank account with a separate ledger account, and shall be applied directly to actual project costs or to reduction of the project's mortgage.

8. Loan proceeds shall be used only for the purposes for which they were appropriated.

9. Applicant shall have raised, in unborrowed cash, at least 20% of the project cost before executing a construction contract.

10. Applicant shall require construction bid and performance bonds, builder's risk and vandalism insurance during the projects duration; and shall carry fire, extended coverage, and liability insurance on the full amount of the contract; and shall require documentary assurances at the conclusion of the project to indemnify the owner against mechanics' liens.

11. All contractors shall provide liability insurance to protect the owner against construction errors and omissions, including a guarantee period of one year from the date of acceptance by the owner. All contracts shall be bonded.

12. The applicant shall insure the premises with an all risk insurance policy in an amount no less than the amount of the loan.

13. The applicant shall borrow no more than $10,000 from any one family or household. All loans must be evidenced by promissory notes and/or secured by mortgage or deed of trust.

14. The applicant shall incur no financial obligations which are not scheduled as part of the approved Financial Plan for this project.

15. The terms and outstanding balances of all loans shall be acknowledged by being printed in the minutes of each annual meeting of the congregation, until fully amortized.

16. It is required that a church’s per capita payment be current beginning with 1995 in order for the Presbytery to process requests for encumbrance.

17. Prior to acquisition of real property, an environmental assessment of the property shall be undertaken.

**Please Note:**

**If any of the above conditions cannot be met, please request a waiver of the condition**

**and state reasons for such a request at the time of application.**

Adopted: 10/20/07

Presbytery of Eastern Oregon