

TRUSTEES SESSION 1: BOD OVERVIEW

Topics

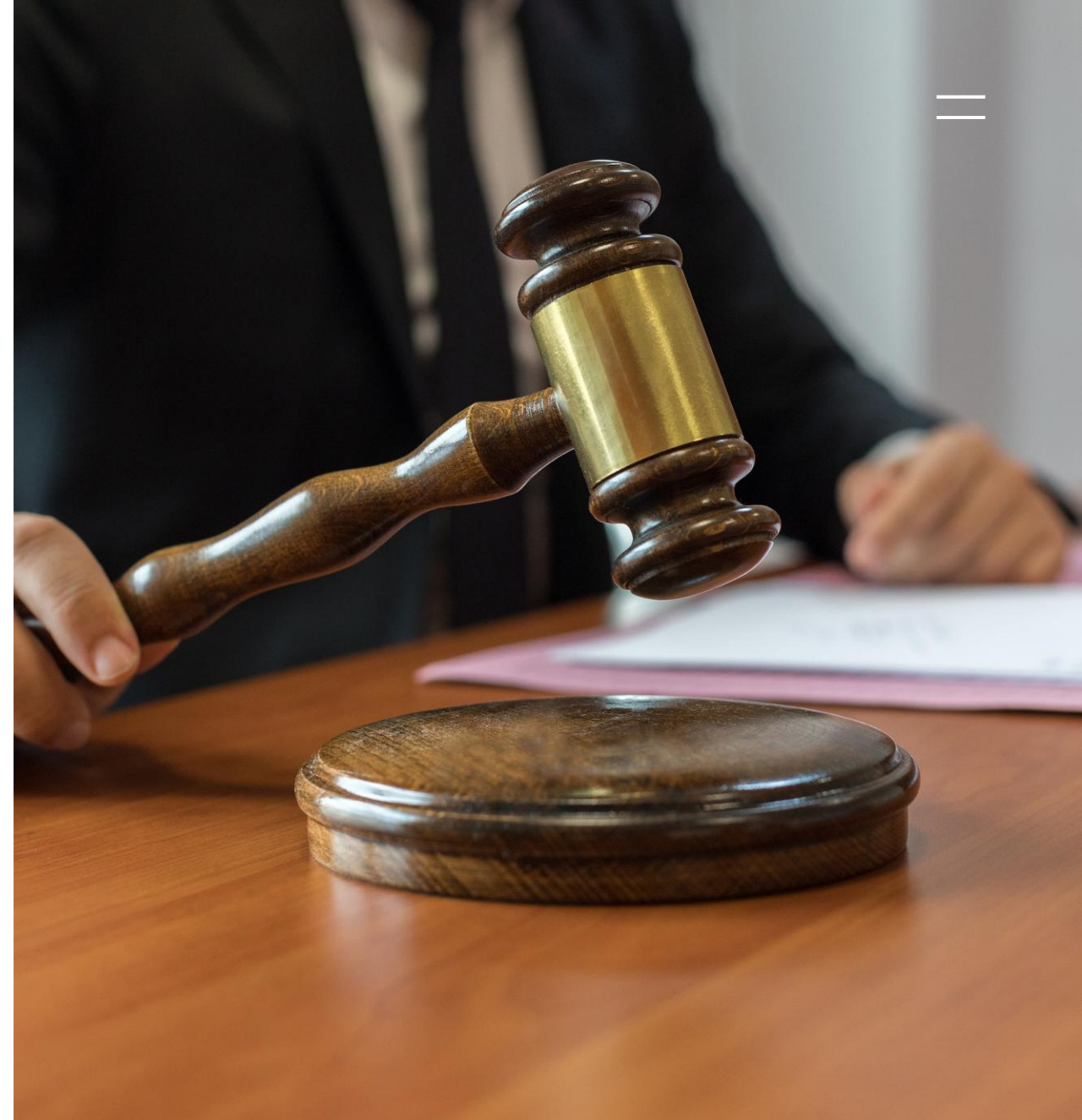


Fiduciary Duties Disciplinary Responsibilities

Fiduciary Duties

What Is A **Fiduciary Duty**?

A duty to use the highest degree of skill, competence and integrity in order to protect the assets entrusted to us by our annual conference.



Where Does The **Duty** Come From?



Federal law



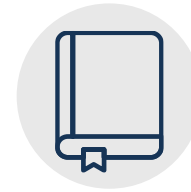
State law



**Corporate articles
and bylaws**



**Code of Ethics and
other policies**



Book of Discipline

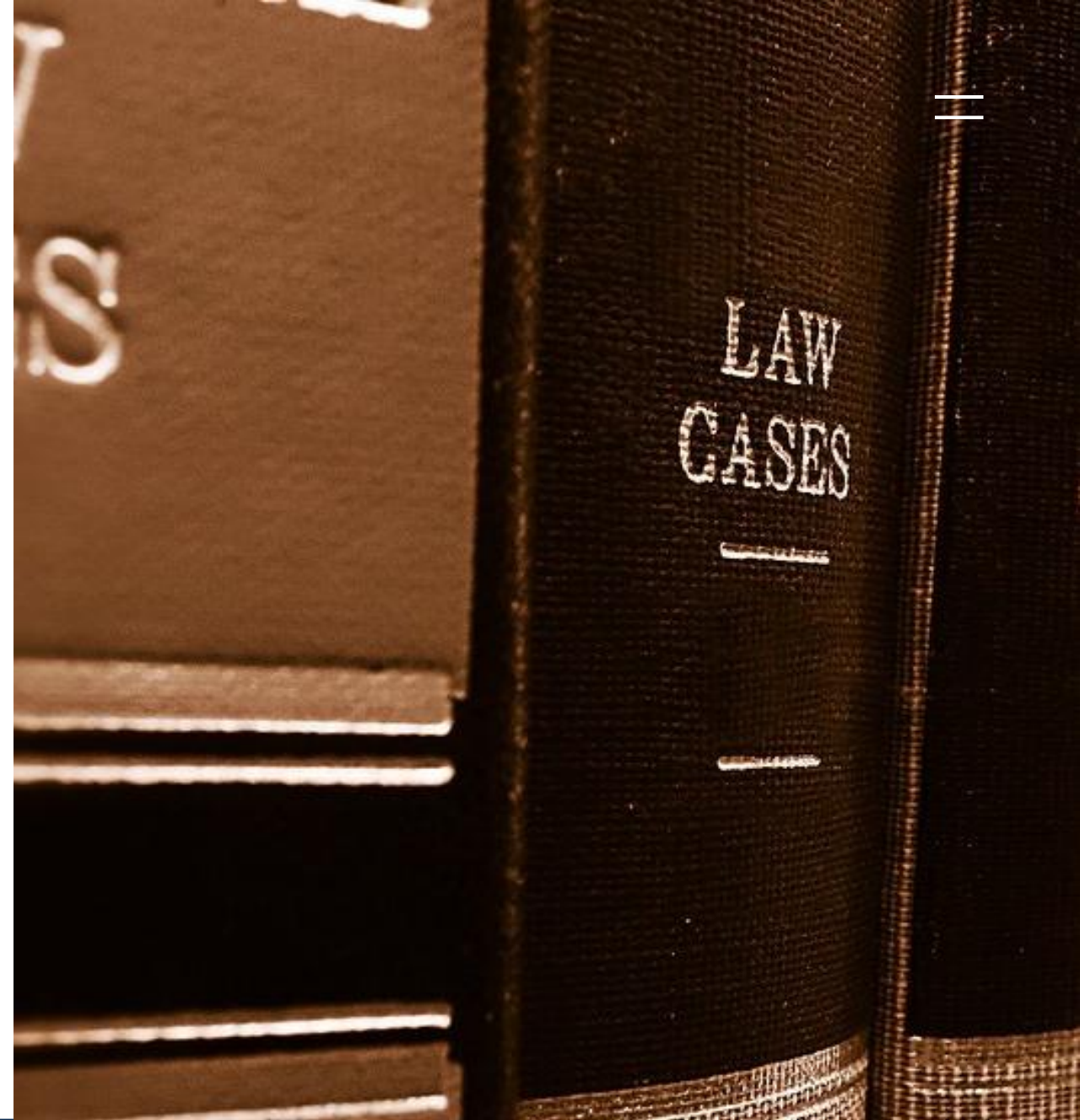
Elements of Fiduciary Duty

Duty of Loyalty

- **Conflicts of interest**
 - Can be:
 - Financial or personal,
 - Present, potential, or perceived
 - Direct or indirect
 - Remedies:
 - Disclosure
 - Recusal
- **Confidentiality**
 - UMC open meeting rule – ¶ 722

Duty of Care

- Be reasonably informed
- Act as a reasonably prudent person
- Act with independent judgment



To Whom Is **The Duty Owed?**

- Other members of the board of trustees
- The annual conference
- Local churches
- Individual donors
- The denomination



Disciplinary Responsibilities

¶ 2512.1



Each annual conference may be incorporated in its own name if permitted by local law. It shall have a board of trustees, which shall be incorporated if the conference itself is not incorporated. In either case, the board shall consist of twelve persons, and it is recommended that one-third be clergy, one third laywomen, and one-third laymen, in accordance with the provisions of ¶ 610.5.4 Said persons must be of legal age as determined by law, and lay members shall be members in good standing of local churches within the bounds of the conference. Such persons shall be the directors of the corporation. They shall be elected by the conference for staggered terms of four years, except for the first board, one-fourth of whom shall be elected for a term of one year, one-fourth for a term of two years, one-fourth for a term of three years, and one-fourth for a term of four years, and shall serve until their successors have been elected; provided, however, that existing incorporated trustees of any annual conference may continue unaffected while the charter or articles of incorporation are amended to bring them into conformity with this paragraph.

Organization



Must meet at least annually

Officers:

- President
- Vice President
- Secretary
- Treasurer

Vacancies are filled temporarily by a vote of the district superintendents on nomination of conference committee on nominations

- Annual conference “permanently” fills the vacancy when it next meets for remainder of the term

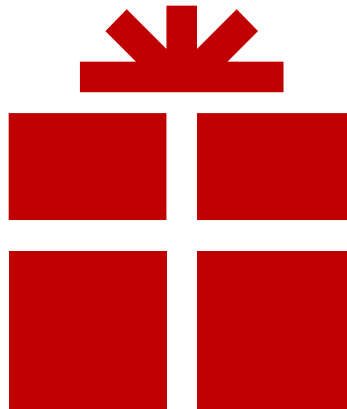
Responsibilities – Gifts



Receive and administer all donations made to the board or the annual conference

Must follow and designations/restrictions made by the donor

Undesignated gifts are handled pursuant to instructions from the annual conference



Responsibilities – Property



“Receive and hold in trust” previously acquired property of the annual conference and its districts and agencies, as directed by the annual conference

Can “invest, reinvest, buy, sell, transfer, and convey” funds and property it holds in trust

- This power is subject to any donor- or beneficiary-imposed restrictions

Can protect the annual conference’s rights involving property

Develop a response to governmental efforts to designate United Methodist property within the bounds of the annual conference as a landmark

Make recommendations on a “broad general program of insurance protection”

Responsibilities – Property (¶ 2515)

No annual conference real property shall be sold, transferred, or leased for a term that exceeds twenty years, or mortgaged or purchased without the consent of the annual conference or, ad interim, (a) the consent of the presiding bishop and of a majority of the district superintendents, and, in the case of discontinued or abandoned local church property or property to be purchased, the consent of a majority of the district board of church location and building (see ¶ 2549), and, in case of a discontinued Wesley Foundation or campus ministry property, the consent of the majority of the conference board of higher education and campus ministry, and the consent of the annual conference (see ¶ 633.4d); and (b) the bishop's determination that such transfer or encumbrance conforms to the Discipline. The bishop's written statement evidencing the satisfaction of this condition shall be affixed to or included in any instrument of transfer or encumbrance. Any required written instrument necessary to carry out the action so authorized shall be executed in the name of the conference corporation by any two of its officers or, where the conference is unincorporated, by any two officers of its board of trustees, and any written instrument so executed shall be binding and effective as the action of the conference.

Responsibilities – ¶ 2517



- **The annual conference must designate a group to monitor its relationship with health and welfare organizations**
 - If it doesn't, the job defaults to the board of trustees
- **A “related health and welfare organization” is anything that provides health or welfare services, is located within the bounds of the annual conference and either:**
 - Wants or has a relationship with the annual conference, of any kind, or
 - Holds itself out as having such a relationship or uses “United Methodist” or the Cross & Flame
- **The purpose of this paragraph is two-fold:**
 - Ensures that the annual conference’s understanding of its relationship with a particular organization is current, accurate, and documented
 - Gives the annual conference a process for making it clear which organizations it does not have a relationship with, especially for any organization that wants to be perceived as having such a connection



Thank You!



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