

# CARING FOR METHODIST PROPERTY



- ▶ Synod and Property
- ▶ District Property Advisory Committees
- ▶ Methodist Connexional Property Committee
- ▶ Church Building and Loan Fund
- ▶ Insurance Fund
- ▶ Useful information Leaflets

# OVERVIEW

- ▶ Refer Law Book Section 4 clause 11.1 and 11.2
- ▶ Each Synod has a responsibility for the oversight of property within the District and shall guide a District's strategy in respect of property.
- ▶ In formulating a District's strategy each synod shall:
  - ▶ initiate consultation in the use of all property resources in the District;
  - ▶ study and consider Parish aspirations, strategy, plans and financial arrangements in respect of property;
  - ▶ facilitate the seeking of such Connexional consents and support as are needed;
  - ▶ see to the adequate oversight of Connexional Property in the District and such other property )e.g. campsites as are not he specific responsibility of any Parish Council or Incorporated Board within the District;
  - ▶ oversee on behalf of the Conference the implementation within the District of any Conference decision on property.

# SYNOD AND PROPERTY

- ▶ Refer Law Book Section 4 clause 11.4.1 & 11.4.3
- ▶ A District Property Advisory Committee is appointed in each Synod at the August Synod in accordance with procedures determined by each Synod.
- ▶ The District Property Advisory Committee undertakes on behalf of the Synod the following:
  - ▶ assist Parishes in working out their strategy in all property matters;
  - ▶ consider all proposals by Parishes for the purchase, sale, lease, mortgage or other borrowing against buildings and property, plans and specifications of proposed buildings or alterations to buildings and report to Synod and the Methodist Connexional Property Committee of the Board of Administration with recommendations regarding such proposals;
  - ▶ assist local Churches and Parishes in all matters concerning buildings, maintenance, briefs to architects, plans, specifications and the purchase or selling of any property;

# DISTRICT PROPERTY ADVISORY COMMITTEES

- ▶ assist a Parish in the choice of an approach to any builder, architect, draughtsman or other professional person, as may be appropriate to meet the needs of the Parish;
- ▶ assist in researching the History of Church land in the District.

DISTRICT PROPERTY ADVISORY COMMITTEES

- ▶ Refer Law Book Section 9 clause 9.1, 9.2, 9.3, 9.4 & 9.5
- ▶ Works with the District Property Advisory Committee's to provide oversight and authorisation to Church Property transactions.
- ▶ Ensures that the requirements determined by conference for buildings are followed.
- ▶ Provides advice on property issues.
- ▶ Manages the Church Building and Loan Fund
  - ▶ Provides funding for capital projects
  - ▶ Holds deposits from the sale of property
- ▶ Manages the Insurance Fund.
  - ▶ Provides Material Damage insurance for Methodist owned properties and contents.
  - ▶ Provides Liability cover for Parishes and Church organisations.

METHODIST CONNEXIONAL PROPERTY COMMITTEE

- ▶ Refer Law Book Section 9 clauses 3.1 to 3.6  
Refer Law Book Section 9 clauses 11.1 to 11.2.4
- ▶ Proceeds from the sale of all Methodist property is deposited with the Church Building and Loan Fund which is managed by the Methodist Connexional Property Committee.
- ▶ Interest is credited monthly and statements are produced quarterly (March, June, September & December) and distributed early in the following month to all CB&L Fund depositors.
- ▶ Interest credited is calculated on 70% of the current lending rate of the Church Building and Loan Fund.

# CHURCH BUILDING & LOAN FUND

ALSO CALLED "CB&L"

- ▶ Parishes can apply to the District Property Advisory Committee annually for up to 80% of the interest to be paid out to the Parish quarterly for Ministry and Mission.

USE OF INTEREST FROM CB&L





- ▶ The capital held in the Church Building & Loan Fund is made up of the original deposit from the proceeds of the sale of property and the accumulated interest added to the capital each year.
- ▶ Capital Funds may be spent on authorised capital projects, this includes new buildings, purchases of property, renovations and maintenance of existing properties.
- ▶ Approval must be sought from the District Property Advisory Committee and the Methodist Connexional Property Committee for the withdrawal of funds over \$10,000 from CB&L for capital projects.
- ▶ Any capital works that require a building consent/resource consent will also need approval from the DPAC and the MCPC as well as approval for the withdrawal of funds from CB&L to fund the project.

## USE OF CAPITAL IN CB&L

- ▶ The Church Building & Loan Fund lends money to Parishes and other Church entities within the Methodist Church of New Zealand and to Union and Co-operating Parishes.
- ▶ The purpose of these loans are to assist Parishes and other Church organisations to finance building projects.
- ▶ Approval must be sought from the District Property Advisory Committee and the Methodist Connexional Property Committee to borrow funds from CB&L.
- ▶ The usual term is for up to 10 years.
- ▶ Loans are on the basis that the interest rate charged for the first two years of the loan will be 2.5% pa. (for loans up to \$100,000)  
For the remaining term of the loan, interest is charged at 90% of the current Westpac Floating mortgage rate.
- ▶ The rate is set at the beginning of the quarter. **Interest rates are increased (or decreased) when there is a significant shift.**

## LOANS FROM THE CB&L

- ▶ CURRENT INTEREST RATES (**SUBJECT TO CHANGE**)
- ▶ Loans 2.5%pa (first two years for up to \$100,000 loans)
- ▶ Loans 5.62%pa (balance of the term of the loan)
- ▶ Depositors 3.93%pa

INTEREST CHARGED ON LOANS

- ▶ Refer Information Leaflet - Insurance Fund No. 81 for more information, **note this is currently under review to accommodate the recent changes in the insurance industry.**
- ▶ The Insurance Fund is an account authorised by Conference and operated by the Board of Administration through the Methodist Connexional Property Committee to purchase insurance cover for the Church's buildings, contents, possible liability exposures and other "insurable risks" from the insurance marketplace.

## INSURANCE FUND

- ▶ The cost of the cover provided is allocated on a property by property basis for all properties on the Church insurance schedule, being all properties where title is held in the name of or on behalf of the Conference of the Methodist Church of New Zealand.
- ▶ Insurance provides compensation of damage caused by an insurable event for example, fire, burglary, theft, natural disasters etc. and is not intended to provide for normal repairs, maintenance and upkeep of premises.
- ▶ The insured is required to take normal, prudent and reasonable steps to safeguard and protect the property and contents covered. This includes regular and necessary maintenance being undertaken and that the premises are secured when vacant.
- ▶ The Insurance Fund provides cover for:
  - ▶ Buildings, including stained glass windows, if significant in value these should be listed and valued separately.
  - ▶ Contents – including pipe organs, these should be listed and valued separately.  
Only contents
  - ▶ Money – where building and/or contents cover exists. This cover is for cash only and the Insurance Fund does not cover money removed from bank accounts by fraudulent means.

## INSURANCE FUND - MATERIAL DAMAGE

- ▶ The Insurance Fund can provide other covers on request for example:
  - ▶ Business Interruption Insurance
  - ▶ Travel Insurance, for Church employees and representatives and their families  
Buildings, including stained glass windows, if significant in value these should be listed and valued separately.
  - ▶ Contract Works Insurance (MCPC requires that any building work requiring a building consent requires Contract Works Insurance)
  - ▶ Excess Money Cover for fairs etc.

## INSURANCE FUND - OTHER

- ▶ Notify the Connexional Office as soon as the damage is discovered.
- ▶ Notification can be made by telephone, facsimile, email or post but for likely substantial claims, e.g. over \$5000, notification by telephone during office hours would be appreciated ASAP.

*In line with normal insurance requirements, claims not notified within 30 days of the occurrence may be declined.*

- ▶ Report all claims involving theft, burglary and dishonesty to the police and forward a copy of the complaint notice to the Insurance Fund.
- ▶ Fill in a claim form, contact the Connexional Office if you need one and return to the Connexional Office filled in along with the Police complaints notice and any relevant information and or quotes for the repairs or replacement costs.
- ▶ For claims above \$5000 or where special circumstances may apply, the Fund will normally appoint an independent professional assessor to assist in processing the claim and undertaking restoration and repair.

## INSURANCE FUND-NOTIFICATION OF CLAIMS

*Presbyters and all Church members should have their own contents cover or personal property cover to protect against loss or damage of their own personal property. The Church cover does not extend to provide cover to the private property of those associated with the Church regardless of whether it is normally used for Church purposes or not, or is lost or damaged whilst on Church premises.*

PERSONAL CONTENTS ON CHURCH PROPERTY



Refer Information Leaflet - Insurance Fund No. 81 for more information

- ▶ The Insurance Fund provides automatic cover for the Methodist Church of New Zealand and its Presbyters and Deacons, office holders and employees undertaking their **proper roles** and activities **bona fide** on behalf of the Church against a number of Potential risks including:

Professional Indemnity  
Employers Liability  
Trustees Liability  
Statutory Liability  
Directors and officers Liability  
Public Liability  
Employment Disputes  
Criminal Defence Costs  
Internet Liability  
Malpractice Liability

# INSURANCE FUND- LIABILITY COVER

- ▶ Advise the General Secretary, as soon as possible, of:

- The discovery of any circumstance which may give rise to a claim under any of the policies

- Any threat or intimation of a claim

- Any legal proceedings issued against an Insured Person

- The cancellation, suspension or termination of the statutory registration of an Insured person

- Notice of intimation by any person or organisation of possible intention to investigate, charge or prosecute the Insured

- Investigation, charge or prosecution of the Insured

- The acquisition, merger or consolidation with any other organisation

- Any material addition to or material change to the Business

- ▶ The Church is required to advise its Insurer as soon as it becomes aware of:

- Any circumstances which may give rise to a claim

- Any threat or intimation of a claim

- Any legal proceedings issued against the Church

# INSURANCE FUND NOTIFICATION OF LIABILITY CLAIMS

The Church is best served where any potential problem is notified at the earliest opportunity – there is no penalty or problem if a claim does not eventuate – late notification can result in cover being withdrawn.

“If in Doubt Notify”



- ▶ 40. The Church and Property (March 2003)
- ▶ 41. Guidelines for Administration of Property in Union & Co-operating Parishes, March 2003
- ▶ 45. Loans from the Church Building and Loan Fund , February 2003
- ▶ 46. Our Land Story, March 2003
- ▶ 47. Guidelines for Taking Action on land & responding to the Waitangi Tribunal, March 2003
- ▶ 50. Parsonages Preparing for a New Ministry – A Look at Accommodation, February 2003
- ▶ 51. Management Structure for Building Development Projects, March 2003
- ▶ 52. The Church and Building Law, March 2003
- ▶ 64. GST Legislation, April 2011

## INFORMATION LEAFLETS