

THE DIOCESE OF NEWARK
OUR DIOCESAN COUNCIL
Wednesday, March 14, 2012
St. Agnes' Church, Little Falls
Draft Minutes of Meeting

The next meeting will be Wednesday, April 18, 2012 at St. David's, Kinnelon

Present: The Rt. Rev. Mark Beckwith, President; Mr. Michael Francaviglia, Secretary; Mr. Paul Shackford, Treasurer; Diane Sammons, Esq., Chancellor

Elected by Districts: Mr. Thomas Bisdale, The Rev. Timothy Burger, Mr. T. Donald Cairns, The Rev. Deborah Drake, Ms. Edith Gallimore, The Rev. Charles Hatfield, Ms. Naomi Horsky, Ms. Lorraine Jones, Ms. Barbara Piccirillo, Ms. Martha Reiner, The Rev. Dean Weber

Bishop's Appointments: Ms. Gail Barkley, The Rev. Ginny Dinsmore, The Rev. Joseph Harmon

Absent: The Rev. Michael Allen, The Rev. Barrie Bates, The Rev. Thomas Mathews, Jr., The Rev. Allison Moore The Rev. Robert Rhodes, The Rev. Jon Richardson, The Rev. William Thiele, The Rev. Canon Dr. Sandye Wilson

Staff: Ms. Kai Alston, Ms. Kitty Kaweck, Ms. Nina Nicholson

Other: The Rev. Mark Waldon, Education for Ministry diocesan coordinator, who met with the Empowering action team.

AGENDA

The agenda was adopted as prepared.

MINUTES

Motion: It was moved and seconded to accept the minutes for the meeting of February 8, 2012. The motion was adopted.

EPISCOPAL COMMUNICATIONS

Bishop Beckwith's comments included:

- Welcomed the Rev. Anne Koehler, new representative from District 5, and The Rev. Mark Waldon, Education for Ministry coordinator, visiting the Empowering action team.
- Thanked the Rev. Fairbairn Powers for the St. Agnes' hospitality.
- The Ash Wednesday services of "Ashes to Go" (to be referred to as "Engaging the World with Ashes" in the future) had nearly 40 congregations involved. The bringing of the church out of the buildings and into the outside surroundings was experienced by many people. He was working with the Liturgy & Music Commission on developing services for blessing church grounds on Rogation Sundays.
- The recent pilgrimage to Israel was a marvelous experience and deeply felt by participants during the trip. Council members Chuck Hatfield and Anne Koehler shared their thoughts about the trip.
- The Alleluia Fund will be launched at Easter and information will be sent at that time. Other funding opportunities will be identified.
- Bishop's Church Extension Fund will be renamed Bishop's Church **Emergency** Fund in keeping with its current purpose and dedicated to congregational structural problems.

- On March 25 there is scheduled a Showcase of Diocesan Outreach to celebrate the special work of the ministries that receive support from the Episcopal Diocese of Newark through the Alleluia Fund outreach grants. The event will take place at Grace Church in Madison, 4-6pm.
- The surveillance of the Muslim community in Newark was a recent issue that was addressed by religious leaders including several diocesan clergy who participated in last week's news conference.
- An ad hoc group – Patterns of Spiritual Practices – has been meeting and will try to identify people and places involved in centering prayer.

STEERING COMMITTEE - EPISCOPAL CAPITAL LOAN FUND

The Rev. Ginny Dinsmore presented and moved for ratification the ECLF minutes that approved a \$40,000 loan to All Saints' Episcopal Korean Church, Bergenfield for repairs needed in part due to water damage and deterioration. The priority repairs included: floor replacement in the lower level; conversion of a multi-purpose room for new tenant – build platform and install additional partitions to create an office and two classrooms; and water damage to floor and ceiling tiles – replace loose floor tiles, install drop ceiling. It was projected that the loan would be repaid by 2037 (25 year term). The interest rate was 5%.

In addition, the request for the suspension in payments for an earlier loan received for kitchen renovation work at the church building in North Bergen, their former location was approved. The Trustees had earlier agreed to the suspension with the understanding that the balance of the loan – approximately \$35,000 - would be settled for ECLF with proceeds from the sale of the North Bergen property.

Motion: It was seconded to ratify the minutes from the Ward J. Herbert Fund Executive Committee which approved a loan of \$40,000 from the Episcopal Capital Loan Fund was approved for All Saints' Episcopal Korean Church, Bergenfield, on February 29, 2012 for repairs needed due to water damage and deterioration. The motion was adopted.

STEERING COMMITTEE – COUNCIL RETREAT

The Rev. Ginny Dinsmore reported that the Council retreat will be held on Friday, September 7 and Saturday, September 8, 2012 at the Sacred Heart Spirituality Center in Newton. The original site was the Carmel Retreat Center in Mahwah but the center will close in June. Sacred Heart Center will be the replacement location and the date had to be moved back to the first weekend of the month following Labor Day as had been done with previously held retreats.

FINANCE REPORT

Mr. Paul Shackford presented the finance report for year to date for the period ended February 29, 2012.

Key revenue items were ahead of budget:

- Pledge revenue (line 1) for the first two months was \$13,880 higher than budget. The methodology used to create the monthly budget was to base the estimated 2012 monthly pledge income on the actual pattern of pledge receipts in 2011.
- Other Sources: Development Advisor (line 6) - the income to support the Advisor to the Bishop for Development equals the amount of the corresponding expense (line 13) as that expense will be paid from funds outside the Diocesan budget.
- Rental Income (line 10) - The budget assumes income from the current tenant for each of the first six months of 2012. Income from that tenant and a second tenant is included in the budget for the second half of the year.

Expense items were mostly at or below budget:

- Staff expense - The budget for 2012 includes an increase in salaries as well as the implementation of unemployment insurance coverage for diocesan employees who work at Episcopal House. These will be implemented in March and will be retroactive to the beginning of the year, so the current favorable variances will be offset next month.

- b. Development Advisor (line 13) - reflects the consulting costs for this consultant. This expense is offset by income in line 6.
- c. Commission on Ministry (line 22) reflects a negative variance; this is a timing difference which is expected to be offset in future months.
- d. TEC 2008 Pledge Arrears - the payment of \$1 0,000 (line 31) will be paid on a quarterly basis during 2012.
- e. Prison Ministry (line 42) reflects a negative variance; this is a timing difference which is expected to be offset in future months.
- f. Bishop's Expenses (line 51) are under budget, reflecting the timing of payment of expenses.
- g. Building & Grounds expenses (line 52) were under budget, reflecting the timing of payment of expenses.

Bottom line:

It is very early in the year to conclude there are any significant variances from the budget that was adopted by Convention in January. At this point the favorable and unfavorable variances are generally considered to be timing differences. Based on the higher than budgeted pledge receipts and lower than expected expenses, the bottom line reflects a favorable variance of \$26,941 as compared with budget.

Other Matters:

The final amount of pledge income in 2011 included an accrual of \$170,000, which represents the estimated amount of pledges for 2011 that will be collected in 2012. Of that accrued amount, we have collected \$109,000 through the end of February.

Motion: It was moved and seconded to accept the Treasurer's report. The motion was adopted.

PAROCHIAL REPORTS

Mr. Shackford reported that sixty-five parochial reports were submitted to date. The deadline was March 1. Reports were expected to be completed on-line and "marked complete." The Page 5 (*Sharing Our Stories of Transformation through Mission*) was received from approximately 20 to 25 congregations. Page 5 was an opportunity for churches to share their stories. The information will be shared with our diocesan Mission Strategy Committee. Responses may also be shared with the Presiding Bishop's Office of the national church and possibly posted on the diocesan website.

SMALL BUSINESS HEALTH CARE TAX CREDIT FOR 2011

Mr. Shackford reminded members that the Small Business Health Care Tax Credit for 2011 was available for a second year to churches that qualify. While there are a number of requirements, if you paid medical insurance premiums during 2011 for clergy and/or lay employees, you may qualify. Last year, a number of churches in the Diocese of Newark filed and received checks from the IRS, many for about \$2,000 to \$3,000, but a few for amounts in excess of \$10,000.

The resource was accessible by clicking on this link: <http://dioceseofnewark.org/content/small-business-health-care-tax-credit-2011-information-now-available>.

There is a significant change in the requirements that was not applicable last year. To qualify for the tax credit, the employer must pay a uniform percentage (not less than 50%) of the premium or contribution for each employee enrolled in health insurance coverage offered by the employer. Last year, for example, if a different percentage was used by the church to cover clergy and lay employees, you could file and recover the credit; for the year 2011, you cannot.

CLERGY HOUSING EQUITY PLAN AMENDMENT

Mr. Paul Shackford presented an amendment to the diocesan Clergy Housing Equity that was recommended to Diocesan Council by the Bishop's Advisory Committee on Human Resources and Benefits. The Committee agreed to recommend the proposal on February 23, 2012. The change to the

Clergy Housing Equity Plan was to Section 5, entitled Payment of Benefits.

The plan was closed to new participants in 2006. There were 26 participants. The Clergy Housing Equity Plan was created as a way for clergy to accumulate funds to assist with housing costs after retirement. It is a nonqualified, deferred compensation plan and has very strict provisions for the distribution of the individual's account balance to ensure that contributions to the account are not considered taxable income until the funds are received at retirement. Although it seems clear, given the name of the plan and its intention, that these funds should be considered housing allowance when they are paid out, there is not now an express statement of that in the plan document. This new provision (new paragraph C) will correct that apparent omission. Additionally, there is now a provision for paying FICA taxes that is irrelevant (the plan was probably copied from a secular document), and the Committee recommends it be deleted (current paragraph G).

Motion: It was moved by Mr. Don Cairns and seconded by Ms. Naomi Horsky to adopt the amendment to the Clergy Housing Equity plan as proposed.

The new paragraph will read:

(c) Tax Status of Payments. All distributions made from the Participant's account to the Participant shall be eligible for the Housing Allowance Exclusion provision of IRS Code Section 107.

The motion was adopted.

The text of the deleted paragraph G will be deleted (shown below) and other paragraphs will be re-lettered.

(g) Payment of Employment Taxes. Any Federal Insurance Contribution Act ("FICA") tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) on Compensation deferred under the Plan (the "FICA Amount"), plus the income tax on wages imposed under Code Section 3401 with respect to the FICA Amount and any additional income tax on wages attributable to the pyramiding Code Section 3401 wages and taxes that are otherwise due and payable on amounts deferred under this Plan, shall be deducted from any other compensation payable to the Participant by the Company.

The full revision of Section 5 would be as follows.

5. Payment of Benefits.

(a) Benefit Commencement. Benefits under this Plan shall become payable for any of the following reasons:

- (i) the Participant's Separation from Service because of Retirement;
- (ii) the Participant's death;
- (iii) the Participant's attainment of age 72; and
- (iv) the Participant's Disability.

Except as provided in Section 5(c) with respect to a Participant's death, payment of benefits shall commence or be paid no earlier than 30 days prior to, and no later than 30 days after, the Participant's Separation from Service as a result of Retirement or Disability or the Participant's attainment of age 72.. In no event shall a Participant take part in any decision concerning the payment of benefits from such Participant's account. Payment of the Participant's account shall be made in cash, by wire transfer or negotiable instrument, in the discretion of the Plan Administrator.

(b) Form and Amount of Payment upon Retirement and Disability. Upon a Separation from Service because of Retirement or Disability, or upon attaining age 72 (any, a "Payment Event"), a Participant's account shall be paid as follows:

- (i) where the aggregate value of a Participant's account is less than \$30,000 as of the time of the Payment Event, then the account shall be paid in a lump sum;
- (ii) where, as of the Payment Event, the aggregate value of a Participant's account is \$30,000 or more but less than \$60,000, then the account shall be paid in a lump sum of \$30,000, and the

remaining balance shall be paid in substantially equal monthly installments over a three-year period, commencing on the date of the first payment; and

(iii) where, as of the Payment Event, the aggregate value of a Participant's account is \$60,000 or more, then the account shall be paid in a lump sum of \$30,000, and the remaining balance shall be paid in substantially equal monthly installments over a five-year period, commencing on the date of the first payment.

The foregoing dollar amounts shall be adjusted annually commensurate with increases in the Consumer Price Index. Each installment shall be considered a separate payment under the Plan.

The Participant's account shall be credited for earnings pursuant to Section 4(b) for as long as there exists any unpaid balance.

(c) Tax Status of Payments. All distributions made from the Participant's account to the Participant shall be eligible for the Housing Allowance Exclusion provision of IRS Code Section 107.

(d) Form and Amount of Payment upon Death. In the event a Participant dies before his or her account is fully distributed, the balance remaining to such Participant's credit shall be paid in a single sum to the beneficiary or beneficiaries designated on the Participant's Beneficiary Designation Form as soon as practicable and, unless such beneficiary or beneficiaries cannot be determined or located, not later than 30 days following the Participant's death.

(e) Forfeiture upon being Deposed under Title IV. Notwithstanding anything in this Plan to the contrary, all Contributions deferred hereunder, and any investment gains on those amounts, shall be forfeited by any Participant who is Deposed under Title IV.

(f) Subsequent Deferrals. A Participant may elect to delay a distribution that he or she would otherwise receive if the following conditions are met: (i) the election to delay must be made no fewer than 12 months before a scheduled payment; and (ii) the election may be effective no earlier than 12 months after it is made. If a distribution event occurs after the election to delay is made but before such election becomes effective, such distribution must then be made in accordance with the original distribution method, and the delay must be for at least an additional five years.

(f) Accelerated Distributions. Distributions may be accelerated to comply with a divorce decree or domestic relations order, to pay applicable employment taxes and withhold income taxes on any distribution made in accordance with the terms of the Plan and to pay applicable employment taxes and withhold income taxes on any amount required to be included in income upon failure to comply with section 409 A. The distribution must be made by the end of the calendar year, or within 2 ½ months of Separation from Service, whichever is later.

~~(g) Payment of Employment Taxes. Any Federal Insurance Contribution Act ("FICA") tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) on Compensation deferred under the Plan (the "FICA Amount"), plus the income tax on wages imposed under Code Section 3401 with respect to the FICA Amount and any additional income tax on wages attributable to the pyramiding Code Section 3401 wages and taxes that are otherwise due and payable on amounts deferred under this Plan, shall be deducted from any other compensation payable to the Participant by the Company.~~

ACTION TEAMS MEETINGS

The Action Teams met separately and afterwards reported on their discussions.

Equipping: The Rev. Dean Weber reported the group discussed this year's planning for Vestry University and noted that information on previous workshops was posted on the diocesan website; Christian formation curriculum; a webinar for Vestry 101 offered by the Church Publishing; and whether *Safeguarding God's Children* might be required for congregations seeking diocesan funding and grants.

Engaging: The Rev. Joseph Harmon reported time was spent on reviewing the efforts to reach out to entities that work with children in our diocese. The Rev. Laurie Wurm, former team member, and two current team members will meet this Friday with the Newark ACTS interns who were working at YCS. There will be conversations at the May meeting when the Council meets at St. Philip's Academy with deacons working with children. Started discussions on the administrative work of the Alleluia grants. Reflected on and discussed ways that the team can help congregations engage the world. There was a continuing focus on children and will identify resource people to help congregations reach out into their communities on finding ways to assist youth and children.

Empowering: The Rev. Ginny Dinsmore reported that the Rev. Mark Waldon met with the group this evening and discussed how the team could support Education for Ministry. The team was planning a workshop for the summer and might focus on the work of EfM and the Jubilee ministries. The Rev. Mark Waldon briefly addressed the Council and described the work of EfM that helps people read the Bible for themselves and to think about what God does in their lives.

MEETING EVALUATION AND ANNOUNCEMENTS

Time was well spent. The extra action team time was helpful.

Ms. Naomi Horsky announced that thirty years ago this September will mark the first time that this diocese sent a youth group to General Convention.

DISTRICTS

District 10: Mr. Don Cairns reported the district met last night and began work on developing a district wide proposal for diocesan funding of shared programs.

COMPLINE

A service of Compline was led by the Empowering action team.

The meeting was adjourned at 8:20 p.m. into Compline.

Respectfully submitted,
Michael Francaviglia, Secretary