

**TRUSTEES OF THE EPISCOPAL FUND & DIOCESAN PROPERTIES  
OF THE EPISCOPAL DIOCESE OF NEWARK**

Minutes of the Quarterly Meeting held on September 14, 2011 – 3 p.m.  
Episcopal House, Newark, New Jersey

The Bishop of Newark  
Mr. Garde, Chair  
Ms. Christie, Secretary  
Rev. Ackland  
Mr. Carpenter  
Mr. Cooper  
Ms. Harrison-Arnold  
Mr. Milano  
Ms. Mayes  
Rev. Powers  
Rev. Weber

Also Present  
Diane Sammons, Chancellor  
Mr. Shackford, Chief Financial Officer  
Mr. Caputo, Property Manager  
Canon Jacobs, Canon to the Ordinary

The meeting was called to order by Mr. Garde and opened with prayer by the Bishop.

**I. Minutes of the March 9, 2011 and June 8, 2011 Meetings of the Trustees**

The minutes of the March 9, 2011 meeting were presented for review. Mr. Cooper's name was added as being in attendance.

Upon motion made by the Rev. Powers and seconded by Ms. Harrison-Arnold, the minutes were approved. All agreed.

The minutes of the June 8, 2011 meeting were presented for review. Upon motion made by Rev. Powers and seconded by Ms. Mayes, the minutes were approved. All agreed.

Four interim resolutions generated as a result of board electronic votes since the June, 2011 meeting were presented for ratification pursuant to the By-laws.

1. Approval of the withdrawal of funds held for Church of the Incarnation, Jersey City.
2. Approval of the withdrawal of funds held for St. Paul's and Resurrection, Woodridge.
3. Approval of the accounting and authorization for the execution of a Release with regard to the resolution of the Burrell Trust.
4. Retention of Hopkins Sampson Brown as listing agent for the 31 Mulberry Street property.

Upon motion made by Mr. Cooper and seconded by Mr. Carpenter, all interim resolutions were approved. Ms. Harrison-Arnold abstained with regard to the resolution involving Incarnation, Jersey City.

## **II. Communications from the Bishop**

Bishop Beckwith reported on two items of significance to the Trustees:

1. Hurricane Irene damage. The Bishop indicated that a number of congregations in the diocese had suffered damage to various degrees as a result of the recent Hurricane Irene. Some of the damage was significant. Reports were still coming in and complete information was not available. Many congregations were experiencing difficulty with insurance claims and issues involving deductibles. The Bishop suggested putting together a task force which included at least one member of the Trustees to serve as a collective sounding board and advocate for churches experiencing difficulties with insurance claims. Trustees will be solicited for volunteers for such task force. The Trustees pledged their support to the effort.
2. St. John's Episcopal Church, Union City. The Bishop reported that with the consent of the Standing Committee, St. John's, Union City had become an incorporated mission coming under the property ownership of the Trustees. Work was being undertaken with the Finance Office to gain a better understanding of the finances of St. John's. Consultations were also underway with the Rector and Vestry of All Saints, Hoboken with regard to possible affiliation of the congregations. Trustee consideration to the status of the St. John's property and the potential funding of immediate repairs may be required at some future time.

## **III. Presentation of Financial Reports for the Period Ending June 30, 2011**

Mr. Shackford presented the financial report for the second quarter for the period ending June 30, 2011. Investment returns during the second quarter were relatively stable. Some individual accounts such as those relating to Jersey City continue to have negative cash balances which will require attention. Consideration needs to be undertaken to the allocation of Jersey City funds into two separate accounts as required by convention resolutions of some years back. Two thirds of the Jersey City funds are to be spent on "new church initiatives" and one third is to be used for ministries as recommended by JCAM. Proposals will be forthcoming before the December meeting of the Trustees as to an appropriate manner in which to effectuate this allocation.

Mr. Garde expressed the concern of the Trustees that the Trustees are being asked to provide funding for various programs in the Diocese over and above support of the Diocese and property manager. The Trustees clearly need to have a better understanding of all of the various elements of funding that comes out of their various accounts so that they can be assured that funds are available to meet these demands. This is an issue which will be undertaken as part of the Endowment Fund review and the resulting budgetary issues that occur as a result of that review.

After consideration and on motion made by Rev. Weber and seconded by Mr. Milano, the financial statements for the period ending June 30, 2011 were approved. All agreed.

Because of the press of other business issues regarding the Endowment Fund review were deferred for a future meeting.

Mr. Garde reported that issues involving the review and acceptance Burrell Trust termination and bequest to the Diocese had finally been resolved after much discussion with counsel for the

Estate and counsel for the bank. While the final amount of distribution to the Diocese would be dependent upon market forces on any given day, it was anticipated that approximately \$250,000 would be received as a result of this bequest for this inclusion in the Trustees unrestricted account.

#### **IV. Diocesan Investment Trusts Presentation**

Mark Dadd, Chair and Vice Present of the Diocesan Investment Trust, made a presentation to the Trustees with regard to the current strategy and investment approach of the DIT and a proposed change in the TIAA-CREF investment platforms from the Trust Company platforms to the Kaspick platform.

A general discussion was undertaken with regard to DIT investment strategy and the reasons behind the DIT's recommendation for a change in investment platforms. Consideration was given to issues involving the timing of any potential change and its ramifications for investment proceeds and funds available in the current period and in the 2012 cycle.

After consideration a sub-committee was formed consisting of Mr. Milano, Mr. Cooper and the Rev. Powers to meet with representatives of the DIT, the Diocese and Chief Financial Officer and representatives of TIAA-CREF to further consider the matter and report back to the Trustees with recommendations as to how to proceed. All agreed.

#### **V. Presentation of the 2010 Audit Report and Report of Audit Committee**

Brian Flynn of the firm of O'Connor, Davies, Munns & Dobbins, LLC appeared and together with Mr. Shackford presented the draft financial statements for the Trustees for the years ending December 31, 2010 and December 31, 2009. The proposed draft financial statements had been reviewed by the Audit Committee with the recommendation that they be accepted by the Trustees.

After consideration and on motion made by Mr. Garde and seconded by Mr. Milano, the audited financial statements for the periods ending December 31, 2010 and December 31, 2011 were accepted by the Trustees. All agreed.

Mr. Flynn and Mr. Shackford both reported that the audit process had been very smooth and that there were no issues of significance requiring consideration by the Trustees.

#### **VI. Property Matters**

##### **A. Report of Property Manager and Funding Requests.**

Mr. Caputo presented the quarterly funding requests for various mission and closed church properties. After consideration and upon motion made by Mr. Carpenter and seconded by Rev. Powers, the following requests were approved.

(1) Good Shepherd, Ringwood, \$7,800 for the remediation of drainage issues affecting the Parish Hall.

(2) St. John's, Union City, \$24,000 to correct certain immediate deficiencies in the property which has now become the responsibility of the Trustees.

(3) Trinity, Irvington, \$1,000 to cover the insurance deductible related to hurricane damage over the flat room in the library and kitchen area. Total repair estimate was \$5,600 with the balance to be covered by insurance.

Mr. Caputo also reported on various other issues of hurricane damage relating to St. Mark's, West Orange that may be the subject of future funding requests. A general discussion was had about the potential needs for repair and the coverage of self-insured retentions or deductibles for certain parishes with regard to hurricane damage.

Mr. Caputo also advised the Trustees of a number of potential future funding requests from various mission churches and other closed properties that may be presented to the Trustees at later meetings.

B. St. Mark's, West Orange.

Mr. Garde presented a proposal from an adjoining property owner seeking to acquire a portion of the parking lot and ingress and egress areas on the closed St. Mark's, West Orange property for \$150,000. After consideration and on motion made by Mr. Carpenter and seconded by Mr. Cooper, this offer was rejected for a variety of reasons.

C. 31 Mulberry Street - Sadie Nash Leadership Project .

Mr. Garde presented a formal draft Lease to lease a portion of the first floor of 31 Mulberry to the Sadie Nash Leadership Project for the period beginning October 1, 2011 and ending on September 30, 2012 for \$1100.00 per month with other terms as described in the Lease.

After consideration and on motion made by Mr. Milano and seconded by Ms. Mayes, execution of the subject Lease on behalf of the Trustees was approved.

D. Van Houten LLC Marketing Proposal for West Orange, Irvington and Bergenfield properties.

In response to concerns expressed in prior Trustees meeting with regards to exploring alternative means of marketing properties from closed churches, consideration was given to proposals made by Van Houten LLC to market and potentially sell or lease properties located in West Orange, Irvington and Bergenfield. The proposal contemplated a standard real estate sale or lease commission arrangement with Van Houten in Bergenfield and West Orange and with John Johnson in Irvington.

Consideration was given to the recommendations made by Van Houten to the expense of improvements that needed to be made in the properties located in Irvington and West Orange in order to make them saleable. Estimates suggest that the cost of completing the proposed repairs in West Orange and Irvington consisted of a minimum of \$153,000. It was the view of the Trustees that efforts should be made to market these properties without this expenditure of

money and that consideration might be given to sale price or credits in the event that potential buyers were found.

On motion made by Mr. Milano and seconded by Ms. Harrison-Arnold, the retention of Van Houten LLC as marketing and sales agent for the West Orange, Bergenfield and Irvington properties was approved. All agreed.

E. St. John's Jersey City.

Because of the need to act on issues involving the demolition of the Jersey City property, the property formerly known as St. John's, Jersey City, consideration was given to the retention of Richard McElhiney Architects, LLC as manager for purposes of applying for demolition permits and soliciting proposals for the completion of asbestos abatement and demolition and ultimately managing the project. All other discussions with regard to the Jersey City project remain confidential for legal reasons.

After consideration and on motion made by Mr. Carpenter and seconded by Ms. Christie, it was agreed to retain the services of Richard McElhiney Architects, LLC for the purposes stated consisted with the proposal submitted to the Trustees dated July 27, 2011. All agreed.

F. Christ Church Belleville Cemetery.

An update was provided on the status of discussions with regard to Christ Church, Belleville and the cemetery associated with the church. Meetings that were to have occurred with the holders of the cemetery contracts had not yet occurred and further updates with regard to this issue will be forthcoming.

G. Cator Avenue Jersey City Property.

A report was presented on the status of the Cater Avenue property and negotiations with Jersey City Episcopal Community Development with regard to its acquisition of a option to purchase the existing property. Further discussions with regard to this acquisition remain confidential. A draft option to purchase will be circulated for consideration and approval once negotiations are complete.

**VII. New Business**

There was no new business presented at the Trustees meeting other than as indicated.

**VIII. Adjournment**

The business of the Trustees having been completed, the meeting was adjourned upon motion at 5:40 pm. All agreed.

Respectfully submitted,

Marge Christie, Secretary