

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

Minutes of the Quarterly Meeting held on March 12, 2008
Episcopal House, Newark, New Jersey

Present: Dr. Brown, President
Mr. Garde, Vice President
Ms. Christie, Secretary
Ms. Budd
Mr. Carpenter
Ms. Mayes
Mr. Van Brunt

Also Present: The Bishop of Newark
Ms. Sammons, Chancellor
Mr. Graham, Interim Chief Financial Officer
Canon Haines, Canon for Mission and Ministry
Mr. Milano, Financial Advisor
Mr. Caputo, Property Manager
Ms. Garde, Vice Chancellor

The meeting was called to order by Dr. Brown at 3 pm, and after welcoming newly elected Trustee Bernice Mayes, the Bishop opened the meeting with prayer.

I. Minutes of the December 2007 Meeting

Following the insertion of \$15,900 in paragraph XIV, the minutes were approved as amended on motion by Mr. Garde, seconded by Mr. Van Brunt.

II. Financial Report

Mr. Graham presented a simplified and clear overview of the various accounts for which the Trustees are responsible and noted the \$4.6 million property value of Mulberry Street, South Orange and Montclair – this in response to questions from the auditors. They have requested appraisals on all properties under the Trustees’ jurisdiction. Ms. Budd will follow up on appraisals, finishing the work she has underway.

Jersey City investment in the DIT as of December 31, 2007 is \$2,971,937. As of February 21, 2008, of the total expenditures of \$1,369,962 since 1997, more than a third went to JCAM programs, not to property related expenses. In response to Mr. Van Brunt’s inquiry about authority over such spending, the Bishop responded that the Diocesan Council has authority to make expenditures, noting also that Canon Echols had researched Council and Convention resolutions for clarity of this authority.

Mr. Graham reported expenses for Mission Church projects and repairs: \$393,338 has been spent between May 2007 and February 25, 2008 (including \$26,576 for delinquent

property taxes for St. Gabriel's Milton/Oak Ridge for years 2007 and 2008, owed due to the church's failure to file the appropriate forms).

Mr. Caputo commented on various visits to mission churches and his urging reimbursement, whenever possible, of funds applied to repairs by the Trustees. Ms. Budd recommended that letters of thanks be sent to Vernon and Belleville; she also asked that the Trustees be notified of future repayments.

Following discussion about various reporting forms, Mr. Milano suggested the Finance Committee (Messrs Graham, Shackford, Garde and Milano) meet to develop necessary procedures and forms.

Mr. Graham reported the completion in draft form of the audits for the Butts Fund and the DIT, with the formal report and management letter to be received in April. The audits for the Trustee Funds and the Diocesan Council are to begin the weeks of March 17 – 24.

Following a discussion of the Congregational Growth and Development Fund for emergency and other needed building and grounds repairs at mission sites, it was moved by Mr. Garde and seconded by Ms. Budd to use the monies from the sale of Trinity Montclair for future Congregational Growth and Development Fund projects. The motion was approved.

The Trustees thanked Mr. Graham for the clarity of his new reporting methods.

III. Investment Strategies and Examination of Investment Trusts

Mr. Milano reported that there would be a meeting on March 28 of representatives of the Trustees and the Episcopal Church Foundation related to future investment strategies; since Mr. Lynch will not be able to attend, Ms. Budd will take his place. Dr. Brown noted her conversations with Mr. DuBose, Vice Chair of the Diocesan Investment Trust, in advance of the March 28 meeting which advised him of the meeting and during which they agreed to discuss the way forward following the ECFs March 28 presentation.

Ms. Garde described the lengthy and difficult process of examining the 243 trust and fund files to determine which are restricted in usage, unrestricted or a combination of both. She is about half way through the process and anticipates she will be able to make a final report by September. For each file she is writing an analysis and summary of the contents, which will serve as a valuable reference in the future.

Ms. Garde also reported on the status of the Elizabeth Drogan bequest which the Trustees are trying to get released to the diocese by Merrill Lynch; letters have been sent to the executor's attorney and to the Deputy Attorney General and the executor has been informed that should litigation occur, his portion of the estate will incur the court costs.

IV. The Bishop's Remarks

Construction has been completed on creating meeting space on the second floor of Episcopal House and rearranging offices on the fifth floor; soon to follow is reconfiguration of the fourth floor. Conversations continue with Cushman & Wakefield

regarding properties in the diocese. The Bishop expressed interest in future plans related to Episcopal House, 24 Rector Street and 2 Park Place (owned by the Cathedral).

Strategies around mission churches, the use of endowments and a possible capital campaign are not formulated as yet but are forthcoming in the months ahead. Financial responsibilities among the Standing Committee, the Diocesan Council and the Trustees are being examined by Steven Duggan, former Treasurer of the national church and currently CFO for Trinity Church Wall Street. There will be no further meeting of the Roles Clarification Group until the various financial responsibilities are clarified.

The management of the Bishop's Discretionary Fund, formerly handled by volunteer assistance, has been turned over to the Finance Office where it will be overseen by Mr. Graham, Interim CFO.

A meeting with the vicars and wardens of mission churches will be scheduled for the near future. The meeting held in 2007 proved to be a valuable communication effort.

Following the Bishop's remarks, Dr. Brown reported that the Law School of Seton Hall University had expressed interest in the possible purchase of Episcopal House as it is planning the construction of student housing. However, the need of the Law School for an immediate decision precludes the possibility that the Trustees can entertain an imminent sale, as a sale necessarily would have to embrace prior planning for the relocation of the diocesan headquarters as well as possible arrangements, desired by the Bishop, to accommodate cathedral and diocesan staff in an alternative location.

Any thought of relocating must take into account the fact that NJPAC has the right of first refusal of 31 Mulberry Street. It is also worth noting that any development plans could be restricted (a) by the underground subway, six feet from the building, and (b) by the lack of required space for parking for a commercial building. The Trustees agreed that now is an appropriate time for a new appraisal. Ms. Budd will follow up.

V. Various Properties Under Repair and/or Other Issues

Mr. Caputo reported the status of various properties under the jurisdiction of the Trustees:

- **Belvidere**, St. Mary's – oil tanks removed, cupola repairs next on list
- **Bergenfield**, All Saints' – work completed except for the driveway repair
- **Hackensack**, St. Cyprian's – fire suppression changed, heating system replacement next
- **Irvington**, Trinity – vandals broke into the vicarage and stole the boiler and piping in five rooms; the Church Insurance Company will be notified. Mr. Caputo and Ms. Budd are trying to find a developer to buy the property or a broker who will be authorized to sell the church and vicarage "as is"
- **Milton/Oak Ridge**, St. Gabriel's – is delinquent in tax payments, having failed to file appropriate forms; Mr. Garde will ensure that forms are filed appropriately
- **Montclair**, Trinity – renters of church and vicarage must be notified to vacate by June 1 in order to complete the contract for sale (to Redeemer, Montclair for \$1,1 million). The Standing Committee had the papers for the sale but had not acted as

of March 12 – members will be asked to conduct a phone or email vote so that the sale can be completed

- **Montclair**, South Fullerton property – Martin Schwartz accepted the offered amount for damages related to the removal of the underground oil tank and signed the release forms so that he and his wife cannot make further demands on the Trustees.
- **Newark**, St. Andrew's – after conversion to gas, the oil tank will be removed (the last one!)
- **Newark**, Episcopal House – conversion of space to be completed by June 15; there was a minor electric fire with no serious damage
- **North Arlington**, St. Paul's -- back steps to be repaired once money is available
- **North Bergen**, St. Peter's – heating system to be repaired
- **Orange**, All Saints' – demolition of the parish hall is required and was approved by the Trustees. Approval is to be given for use of the parking lot Monday to Friday by a company across the street (a safety issue for them). Former parishioners desire that the church continue to be used as a worship space; this led Ms. Budd to move to contract with a renter. All agreed.
- **South Orange**, Bishop's residence – front steps to the Bishop's house are being repaired
- **West Orange**, St. Mark's – the renters have agreed to take care of the cemetery; Mr. Garde will prepare a contract for the rental of the vicarage and church which will also include ongoing care of the cemetery.
- **Vernon**, St. Thomas' – there is an electrical problem in the vicarage, a safety concern, with probable repair cost of \$12-15 thousand; the Trustees recommended that the church request an emergency grant from Ward Herbert.

In addition, there was considerable conversation related to environmental concerns at **Cator Avenue**, Jersey City: the 50 square feet of chromium, the gasoline leakage and the historic fill substances. Discussion included the potential for gasoline to have leaked into the water table. The Trustees voted to ask the Whitman Group to make additional borings to determine if there had been spread of the leakage since the borings taken in 2004. Discussion also addressed the likelihood that a state agency would eventually want to condemn the property for the construction of a school (as it had done previously before going into bankruptcy) precluding it making any sense for the Trustees to spend the present estimate of \$56,000 to clean up the toxic waste in preparation for a sale or to try to sell the property without a major cleanup to a buyer with particular development plans in hand who might be able to access governmental assistance for the cleanup effort. Ms. Budd's motion to hire Whitman to do simple further testing to monitor the wells was passed. This gasoline leakage will be monitored periodically while the Trustees try to get a determination from the state agency regarding its possible future desire to obtain the property.

Any possible action on the request, conveyed by Mr. Van Brunt, that the **St. John's** Jersey City, property be turned over to the Jersey City CDC is on hold until the potential landmarks litigation is resolved.

Mr Garde reported that an heir has been found for the property at **St. Mary's Haledon** and that he is waiting for a letter of release. Meanwhile, the town is moving toward erasing the paper street on the town map. Otherwise, the sale of the church and vicarage is ready to be completed.

VI. Title Searches

Ms. Budd reported on the title searches which have been completed and suggested that all mission churches should be put in the name of the Trustees; Mr. Van Brunt moved to complete title searches of all properties under the jurisdiction of the Trustees. The motion carried. Mr. Caputo will assist in this effort. Ms. Budd asked that the Trustees be alerted whenever there is a potential change from parish to mission status so that a search can be conducted sooner rather than later.

VII. Congregational Growth and Development Fund

Ms. Christie moved the requests for second year funding for two congregations which had submitted good reports of work completed in their first year. The motion was seconded by Ms. Budd and Mr. Van Brunt:

Church of the Messiah, Chester: \$10,000 for its worship/music program -- the motion carried (church member Mr. Van Brunt abstained)

Epiphany, Orange: \$14,000 for development of ministry projects – the motion carried.

VIII. Gift Policy

Mrs. Garde will examine the current gift policy and report if there is a need for it to be changed/updated at the June meeting.

The meeting adjourned at 6:45 p.m.

Respectfully submitted,
Marge Christie, Secretary