

Policy for the Distribution of Proceeds from the Sale of Diocesan-Owned Property and Closed Churches (Revised 2012)

Theological Statement: As the Episcopal Diocese of Newark, we have been called to be good stewards of all that we have received from God. The resources with which we have been blessed are gifts from God to be used in furtherance of our mission as caretakers of God's bounty. Mindful of our Diocesan mission statement, we understand our spiritual and material wealth to be instruments for equipping our congregations, empowering people, and engaging the world with the hope and justice of Jesus, both today and in future generations. The distribution of this wealth in our diocese is a matter of discipleship in creating and maintaining institutions, programs and congregations for the greater honor and glory of God and for the building up and support of our church.

Scope of Properties Coming Within the Intended Purview of this Policy

- Church property resulting from the closing of a parish or mission
- Church contents and fixtures (e.g., stained glass windows) resulting from the closing of parishes or missions
- Real and personal property of whatever kind and wherever situated related to the closing of parishes or missions (e.g., vacant land, property bequeathed to church [restricted & unrestricted], a rectory)
- Diocesan-owned non-church real and personal property, including contents and fixtures, subject to the Policy Considerations below.

Policy Considerations: Recognizing that each situation which led to the sale of diocesan owned or closed-church property is unique, this policy is meant to provide a process and a framework within which the net proceeds of such sales are to be administered. It is contemplated that every expenditure and allocation of the net proceeds will therefore be evaluated in light of the particular circumstances presented by that situation. It is recognized that in the sale of certain diocesan-owned non-church property (e.g., the Bishop's House and Episcopal House), initial consideration should be given to the necessity of retaining those proceeds for the acquisition of a similar type property. A goal of this policy is also to set aside, where possible in accordance with the considerations above, funds for ministry opportunities in the Diocese beyond physical property maintenance. This policy, however, shall not apply to the sale and disposition of property and assets of the Cator Avenue property in Jersey City, Church of the Ascension in Jersey City, Grace Church Greenville in Jersey City, St. John's Church in Jersey City, St. Matthew's Church in Jersey City, and St. Stephen's Church in Jersey City because policy considerations regarding the sale and disposition of these Jersey City properties is provided in prior actions of Diocesan Council in December 1995 and April 1998 and the 122nd Annual Diocesan Convention in 1996 and the 123rd Annual Diocesan Convention in 1997. However, the distribution of the net proceeds from the closure, sale and disposition of any existing active church in Jersey City, will be governed by the terms and conditions of this policy.

Procedure for Disposition of Assets

1. When a situation arises involving the proposed sale of property described above, the Bishop's Office will secure the appropriate consents in order to authorize the closing and/or sale of the property on behalf of the Diocese.
2. When required, legal action will be taken to effect the transfer of all right, title and interest in such property to the Diocese.
3. The Bishop's Office will inform all diocesan bodies required by canon of the decision to sell such property.

4. When required, the Bishop's Office will request the Trustees' assistance to oversee the sale of church property, the Trustees taking all such measures as are prudent and necessary to preserve the value of the property until it is sold.
5. Upon the sale of the property, the proceeds from such sale shall first be applied to meet the following expenses and obligations:
 - Repayment of any funds advanced for the closing, maintenance and repair of the property;
 - Payment of any legal fees, commissions, or related expenses incurred in connection with the closing, maintenance, repair and sale of the property;
 - Repayment of any outstanding loans or obligations, including loans made by Diocesan or Diocesan-related entities;
 - When necessary, payment into an escrow fund created to meet contingent liabilities connected with the property.

Such proceeds less the foregoing deductions shall be defined as "Net Proceeds."

6. Net proceeds are to be distributed to funds and initiatives as described below according to the following suggested minimum and maximum percentage allocations, which will be reviewed from time to time and adjusted when necessary to compensate for current requirements, ministry needs, and market conditions:

<u>Fund/Initiative</u>	<u>Minimum</u>	<u>Maximum</u>
District Covenant Partnership Initiative	0%	5%
Marge Christie Congregational Growth & Vitality Fund*	15%	25%
Capital Improvements (Ward J. Herbert Fund)*	0%	20%
New Ministry Initiatives *	10%	25%
Diocesan Emergency Fund	0%	0%
Trustee Property Maintenance Fund*	0%	20%
Undesignated**	50%	75%

**Indicates endowment fund*

*** The decision as to the distribution of undesignated net proceeds would be based on needs and requirements identified at that time or in the future. Pending a decision on the best use of the undesignated proceeds, all or a portion of such proceeds would be placed in a separate escrow account.*

- **District Covenant Partnership Initiative:** A percentage of the Net Proceeds from the sale of a closed parish, not to exceed five percent (5%), is to be set aside in escrow for up to two (2) years in order to promote covenant partnerships among 3 or more congregations or area-wide ministry initiatives within the district in which a church property was sold. If no partnership or area-wide plan is submitted or approved, within that two-year time period, the funds will be distributed between the Marge Christie Congregational Growth & Vitality Fund and the New Ministry Initiatives Fund.

- **Marge Christie Congregational Growth & Vitality Fund:** This fund supports those growth and development initiatives related to a congregation’s ministry vitality and mission which demonstrate a high level of congregational commitment.
 - **Capital Improvements (Ward J. Herbert Fund):** Funds are provided for essential upkeep of buildings used for congregational purposes with priority given to addressing deteriorating conditions, property hazards, and emergencies such as inoperative boilers. Funds are also available for lower priority matters such as interior/exterior renovation necessitated by expansion of a congregation’s ministry.
 - **New Ministry Initiatives Fund:** The Diocese seeks to promote the creation and expansion of new programs for ministry, including new church initiatives through this fund. Proposed projects and programs will seek to reach out to traditionally underserved populations, new or emerging communities, or existing groups (such as young adults) that are seen as “mission priorities”.
 - **Diocesan Emergency Fund:** This fund is intended to provide for unanticipated or unforeseen financial needs that have not been or cannot be addressed through the Diocesan Budget.
 - **Trustee Property Maintenance Fund:** Funds needed to meet the ongoing expense of managing, maintaining and repairing diocesan-owned property as well as the property of closed parishes and missions.
7. The Bishop shall after consultation with appropriate bodies (including Standing Committee) recommend a distribution of the net proceeds in accordance with Section 6 above. Such recommendation shall first be presented to the Steering Committee of Diocesan Council for its information and input. The Bishop shall then present the recommendation first to the Trustees of the Episcopal Fund & Diocesan Properties and then to the Diocesan Council for their respective approvals.
8. **Review and Oversight:** Pursuant to its role of providing for and supporting the development of the Diocese’s congregations, the Diocesan Council shall administer and oversee the grant review process for the following funds and initiatives.
- New Ministries Initiatives
 - Marge Christie Congregational Growth & Vitality Fund
 - District Covenant Partnership Initiative
 - Capital Improvements (Ward J. Herbert Fund)
 - Diocesan Emergency