

## Policy for the Distribution of Proceeds from the Sale of Diocesan-Owned Property and Closed Churches

**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. In recognition that all of our real property comes from the generosity of our forebearers and should support the mission of the diocese for countless generations to come, we establish this policy to preserve and invest the proceeds of sold property.

### **Scope of Properties Coming Within the Intended Purview of this Policy**

- Church buildings 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, financial assets, rectories)

**Jersey City Exception:** This policy 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. This is due to policy considerations regarding the sale and disposition of these Jersey City properties as provided in prior actions of Diocesan Council in December 1995, April 1998, 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 church in Jersey City active at any time subsequent to the close of the 123<sup>rd</sup> Annual Diocesan Convention will be governed by the terms and conditions of this policy.

### **Procedure for Disposition of Assets**

1. 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."

2. Upon the recommendation of the Bishop, with the approval of Diocesan Council and the Trustees, the Net Proceeds will be distributed to funds and initiatives within the limitations described below, which will be reviewed from time to time and adjusted when necessary to compensate for current diocesan priorities:

### **Fund/Initiative, Minimum-Maximum**

- Diocesan Permanent Operating Endowment 55-100%
- District Covenant Partnership Initiative 0-5%
- Trustee Property Maintenance Fund 0-20%
- Mission Fund 0-20%
- Bishop Search and Call Fund 0-20%
- Lay Pension Plan 0-20%
- Undesignated\*\* 0-20%

*\*\*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.*

3. 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 District Covenant Partnership Initiative, as further described below.

Description of Funds:

- **Diocesan Permanent Operating Endowment:** A fund held by the Trustees from which the income will be contributed to support the annual operating budget of the diocese.
- **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 in order to promote covenant partnerships among three or more congregations or area-wide ministry initiatives within the district in which a church property was sold. The district congregations shall be given written notice of the availability of these funds and must submit a written partnership or area-wide plan within one year from the date of the written notice. Council shall then review the plan and notify the district congregations of its decision concerning the distribution of the funds. If no partnership or area-wide plan is submitted or approved, or if the district plan is not initiated within one year following Council's approval of the plan, the funds will be added to the Diocesan Operating Endowment.
- **Trustee Property Maintenance Fund:** Funds needed to meet the on-going expense of managing, maintaining and repairing diocesan-owned property as well as the property of closed parishes and missions.
- **Mission Fund:** Funds needed to meet the on-going expense of managing, maintaining and repairing diocesan-owned mission properties.
- **Bishop Search and Call Fund:** Funds set aside to pay the expenses relating to the search, call and transition of future bishops of the diocese.
- **Lay Pension Plan:** Funds set aside to cover the future obligations of the terminated Diocesan Lay Pension Plan.
- **Undesignated:** Funds set aside in this category may, at Diocesan Council's discretion, be used in a variety of ways, including to provide a neighborhood mission charitable gift to be presented by a future closing parish to their community at the final service of their parish.

[Approved by Council April 2020 and the Trustees June 2020]