

THE DIOCESE OF NEWARK
OUR DIOCESAN COUNCIL
Wednesday, December 14, 2011
Episcopal House, Newark
Draft Minutes of Meeting

The next meeting will be on Wednesday, January 11, 2012 at St. Agnes', Little Falls

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

Elected by Districts: The Rev. Barrie Bates, Mr. Thomas Bisdale, Mr. T. Donald Cairns, The Rev. Deborah Drake, Ms. Edith Gallimore, Ms. Naomi Horsky, Ms. Lorraine Jones, The Rev. Thomas Mathews, Jr., The Rev. Victoria Geer (Vicki) McGrath, Ms. Barbara Piccirillo, The Rev. Jon Richardson, The Rev. William Thiele, The Rev. Dean Weber, The Rev. Canon Dr. Sandye Wilson, The Rev. Laurie Wurm

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

Absent: The Rev. Michael Allen, Ms. Gail Barkley, The Rev. Timothy Burger, Ms. Terrie McColl, Ms. Martha Reiner

Staff: The Rev. Canon Gregory Jacobs

Others: The Rev. John Mennell, chair of the Budget and Finance Committee; Ms. Martha Gardner, Diocesan Jubilee Officer and ERD Coordinator

AGENDA

The agenda was adopted with the addition of an item from Engaging on the Oasis grant program.

MINUTES

Motion: It was moved and seconded to accept the minutes for the meeting of November 14, 2011. The motion was adopted.

EPISCOPAL COMMUNICATIONS

Bishop Beckwith's comments included:

- Welcomed The Rev. Vicki McGrath back from sabbatical; recognized the call as rector to Christ Church, East Orange of The Rev. Joseph Harmon
- Welcomed Ms. Martha Gardner, Diocesan Jubilee Officer, who met with the Empowering action team.
- Reminded members about the December 16 gathering at the bishop's home.
- Canterbury Board of Christ Hospital recently voted to enter into an asset purchase agreement with Prime Health Care of California to avoid bankruptcy of the hospital effective mid-February 2012.
- Diocesan Convention will honor four entities in the diocese that work with children – North Porch, YCS, St. Philip's Academy, and The Apostles' House – at the Friday night dinner.
- Thanked Tom Bisdale for presiding at the November meeting of Diocesan Council in his absence.
- It was decided that a parliamentarian would be in attendance at Council meetings.
- Since November, the leadership of NECA met with the HR Advisory Committee. NECA leadership and reps from HR will continue the discussion on recommendations for consideration. Evident was concern and pain during the conversations. Other issues surfaced, such as

sustainability, which the insurance was discussed. The HR committee continued to meet with the Clergy Conversations. In early 2012 there will be meetings with clergy and lay leaders about the implementation of the lay pensions and the DHP.

- The June 2012 special convention will provide an opportunity to look at how the diocese is missionally structured. A mission strategy group will be appointed and work as congregational coaches trained by the Rev. Thomas Brackett with churches on mission strategy. A subgroup of the B&F committee will look at a three year plan for the diocese.
- Sarah Rosen, advisor to the bishop for development, started her position recently.
- Follow up phone calls will be made to congregations who hadn't sent in their pledge cards to date.

FINANCE REPORT

Mr. Paul Shackford, CFO, presented the finance report for November 2011.

Projection of Income and Expenses for Full Year:

The budget for 2011 anticipated that total expenses would not exceed total income for the year. At its November 2011 meeting, the Diocesan Council decided that steps are to be taken so that the actual results for the full year will reflect a break-even level of income and expenses.

As noted in more detail below, total income will be lower than budgeted due to lower than expected Alleluia Fund and Rental Income; it is too early to tell how close actual Pledge revenues will be as compared with the amount budgeted. While actual overall expenses are expected to be lower than the amount budgeted, they will not be low enough to offset the lower level of revenues. Therefore, in order to balance income and expenses, the decision has been made to reduce expenses wherever we have the ability to do so. The only significant areas where such reductions can be made are in the amounts we originally budgeted to pay to The Episcopal Church for our 2011 pledge and for Outreach.

In November, we reduced the amount we otherwise would have paid against our 2011 pledge to The Episcopal Church, and did not make outreach payments that we originally budgeted to make. Therefore the November year-to-date financial results reflect lower than budgeted expenses for the 2011 TEC pledge and for Outreach. It is the intention to reduce the amounts spent through the end of the year on a proportionate basis; we currently expect that the amounts to be paid for each of these items will be about 85% of the originally budgeted amounts for the year. The final results will depend on the actual amounts of income and other expenses for the full year.

There are a number of items of note.

1. Key revenue items are behind budget:

a. Pledge revenue (line 1) for this year-to-date period is \$2,798 behind budgeted receipts, which are based on the prior year; actual 2011 pledge receipts are very slightly ahead of actual receipts through the end of November 2010. December is the key month, however - on average, we receive about \$155,000 per month for each of the first eleven months, and then expect \$450,000 in the month of December. Therefore the pledges we receive for the month of December will be critical in determining final 2011 results.

b. Alleluia Fund (line 10) - Through November, we have received contributions of \$75,050, which is \$34,950 behind the \$110,000 budgeted for the year. The Alleluia Fund Committee has begun promoting this funding opportunity and will do so throughout the month of December. We hope to narrow the gap by the end of the year. However, we do anticipate a shortfall from the \$110,000 budgeted for 2011.

c. Rental Income (line 13) - In July we retained a new real estate firm to assist in finding organizations to rent a portion of Episcopal House, and the firm was successful in its efforts to rent part of one floor; our first tenant moved in on October 1st. We continue to meet with possible tenants. The amount of rental revenue to be received this year will be about \$47,000 lower than the \$50,000 budgeted for 2011.

2. Expense items are mostly at or below budget:

- a. Staff expense for the Finance Department (line 15) is below budget because the budget anticipated a full-time CFO for the full year, offset in part by expense related to the Interim CFO. The CFO position was filled in May. This expense will be somewhat under budget for the full year.
- b. Congregational/Clergy/Ministry Development (line 18) is over budget by \$5,040, due principally to expenses related to providing consulting and other support to congregations. It is expected that this cost center will be over budget by about \$3,000 for the full year.
- c. A refund of expenses for the Annual Diocesan Convention (line 22) was received in June. We also used an available credit from 2010 of \$11,537 to reduce the net projected cost for 2011 to zero.
- d. Commission on Ministry expense (line 25) is over budget by \$4,781 through November. We anticipate that the result for the full year approximate the budgeted amount.
- e. Payments against the 2011 Pledge to the Episcopal Church (line 34) total \$414,367 through November, which is \$12,572 lower than budgeted. As indicated above, it is currently expected that the amount paid to date will be the total paid for the year. Further adjustments in December may be necessary based on the final full year amounts of income and expenses.
- f. The 2008 TEC pledge payment of \$10,000 (line 35) is being paid in four quarterly installments, and three payments have been made through November.
- g. Domestic (line 36) and International (line 37) Outreach - all spending for domestic outreach was budgeted for the October through December period, while spending for international outreach was budgeted to occur beginning in July. Domestic outreach grants of \$100,000 and international outreach grants of \$5,000 were approved by Council, and payments of those grants began in November. The amount of additional outreach payments will be based on the final levels of income and expenses.
- h. Communications/The Voice (line 40) shows a favorable variance through the November YTO period; the variance is due principally to the timing of payments, and we expect the final annual expense amount to be somewhat below budget for the full year.
- i. Bishop's Expenses (line 56) are over budget through November. This variance is principally due to higher maintenance and utility costs of the Bishop's residence, reflecting the harsh winter in the beginning of the year, and costs associated with a new communications consulting agreement. We anticipate that this department will be \$10,000 over budget for the full year.
- j. Building & Grounds expenses (line 57) is over budget by \$12,780. The budget anticipated a "normal" year of expenses but, with the harsher than expected 2010 winter, expenses exceeded the anticipated spending. In addition, there were some required unbudgeted maintenance expenditures relating to the Episcopal House building. We expect that the full year 2011 will be over the budgeted amount by approximately \$12,000.

3. Bottom line:

- a. The budget for the first eleven months of 2011 anticipated a shortfall of income over expenses of \$244,913, which is principally the result of the timing of pledge receipts in the early months of the year and the significant portion of annual pledges to be received in December. Through November, actual expenses are favorable by over \$68,000; however, much of this favorable variance is due to the timing of recording expenses.
- b. While the average monthly pledge receipts approximate \$155,000 for each of the first eleven months of the year, the budget anticipates pledge income of approximately \$450,000 in December. We are, therefore, heavily dependent on pledge receipts in the month of December.
- c. Overall, for the full year 2011, (a) we anticipate lower than budgeted Alleluia Fund and Rental income, (b) we are very dependent on December pledge receipts, and there could be a shortfall in Pledge Revenue, and (c) most of the expense variances are favorable due to timing. As a result, and based on decisions by Council as outlined above, steps are being taken to reach break-even results by the end of the year.

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

INTERNATIONAL OUTREACH FUNDS

Mr. Paul Shackford, Treasurer and CFO, reported the budget for 2011 includes an amount of approximately \$17,000 to be paid to support international outreach ministries. The Diocesan Council had

previously determined that \$5,000 of the amount available was to be paid to Nets for Life. There was an anticipated remaining balance of approximately \$12,000 ("Estimated Available Balance") that will be available for further international outreach grants, and the Steering Committee recommended that the Estimated Available Balance be distributed such that Nets for Life and Hogar de Niñas (a girl's home), a ministry in Panama each receive half of those eligible funds.

The following resolution was moved and seconded:

Motion: Resolved, That the Chief Financial Officer is authorized to distribute any funds available for 2011 international outreach grants that have not previously been designated for distribution, such that one-half of such available funds is to be paid to Nets for Life and one-half of such available funds is to be paid to Hogar de Niñas (a girl's home), a ministry in Panama.

The motion was adopted.

BUDGET COMMITTEE REPORT COMMITTEE REPORT

The draft 2012 budget was presented by Mr. Paul Shackford, CFO, and The Rev. John Mennell, Budget and Finance Committee chair, for adoption as the recommendation to the convention.

Highlights with the current situation – anticipated pledge income was expected to be lower than last year. The amount paid to TEC and outreach had to be lowered. Issues of the Voice were reduced and assistance with congregational websites would be undertaken. A communications consulting firm will assist congregations in 2012. Through the budget and funding sources nearly a million dollars a year were distributed. Trustees provided \$22,000 of their interest income to help balance the 2012 diocesan budget and will subsidize the diocesan property manager position at 100% up from 50%. The expense for the other half will be realized from the sale of property. Trustees will become responsible for the Ringwood annual expense. A balance budget will be presented to the convention.

The challenge was the declining income and decisions on reducing outreach and other expenses were made. There are a lot of "good things" happening in the diocese and can continue to do so with the \$2.5 million budget.

Motion: It was moved that the proposed budget be adopted and recommended to the Diocesan Convention. The motion was seconded. The exhibits would be included in the pre-convention packets.

The motion to recommend the budget to Convention was seconded and adopted.

BUDGET COMMITTEE AUTHORIZATION RESOLUTION

The following resolution was moved and seconded:

Motion: Resolved, That the Budget and Finance Committee of the Diocesan Council is authorized to make changes in the proposed 2012 Diocesan Budget between the January Council meeting and the Diocesan Convention.

Supporting Information:

The proposed 2012 budget had been prepared so that Convention Deputies might have the budget as early as possible for pre-convention meetings that necessitates using somewhat incomplete data. As a result the budget committee will make a final review of the budget the week before convention when all of the data will be available. Since the Convention approves the budget, this resolution simply gives the committee authorization to modify the proposals made to Convention. There have been years when the January meeting of Council was canceled due to weather.

The motion was adopted.

STEERING COMMITTEE – HOUSING ALLOWANCE RESOLUTIONS

The Rev. Vicki McGrath moved the following resolutions.

Housing Allowance Resolution for The Rt. Rev. Mark M. Beckwith

Motion: Whereas, Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income the rental value of a rectory furnished to him as part of his compensation, and a church-designated housing allowance paid to him as part of his compensation to the extent used for actual expenses incurred in maintaining the rectory; and

Whereas, the Right Reverend Mark Beckwith is compensated by the Episcopal Diocese of Newark exclusively for services as a minister of the gospel; and

Whereas, the Episcopal Diocese of Newark provides Bishop Beckwith with rent free use of a diocesan owned house as compensation for services that he renders to the church in the exercise of his ministry; and

Whereas, as Bishop Beckwith incurs expenses for living in diocesan provided housing; therefore it is hereby

Resolved, That \$30,000 of the total compensation paid to The Right Reverend Mark Beckwith for calendar year 2012 is hereby designated to be housing allowance pursuant to Section 107 of the Internal Revenue Code.

The motion was seconded and adopted.

Housing Allowance Resolution for The Rev. Canon Gregory Jacobs

Motion: Whereas, Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income (in computing federal income taxes) a church-designated allowance paid to him as part of his compensation to the extent used by him for actual expenses in owning or renting a home; and

Whereas, the Rev. Canon Gregory Jacobs is compensated by the Episcopal Diocese of Newark exclusively for the services as a minister of the gospel; and

Whereas, the Episcopal Diocese of Newark does not provide Canon Jacobs with a rectory, therefore, it is hereby

Resolved, That \$30,000 of the total compensation paid to The Rev. Canon Gregory Jacobs for calendar year 2012 is hereby designated to be housing allowance pursuant to Section 107 of the Internal Revenue Code.

The motion was seconded and adopted.

Housing Allowance for The Rev. Erik Soldwedel

Whereas, Section 107 of the Internal Revenue Code permits a minister of the gospel to exclude from gross income (in computing federal income taxes) a church-designated allowance paid to him as part of his compensation to the extent used by him for actual expenses in owning or renting a home; and

Whereas, the Rev. Erik Soldwedel is compensated by the Episcopal Diocese of Newark exclusively for the services as a minister of the gospel; and

Whereas, the Episcopal Diocese of Newark does not provide The Rev. Erik Soldwedel with a rectory, therefore, it is hereby

Resolved, That \$30,000 of the total compensation paid to The Rev. Erik Soldwedel for calendar year 2012 is hereby designated to be housing allowance pursuant to Section 107 of the Internal Revenue Code.

The motion was seconded and adopted.

DIOCESAN CONVENTION OFFERING DESIGNATION

The Rev. Vicki McGrath explained that the electronic vote taken by Council to designate the convention worship offering needed to be memorialized in the minutes. A vote was taken after the November meeting because a decision was needed in time to prepare the convention deputy packages.

The resolution was e-mailed on November 29. Sixteen responses were received by Tuesday, December 6. The resolution was adopted with sixteen votes favorable and none opposed.

Resolved, That the offering from the 138th Annual Convention of the Episcopal Diocese of Newark be divided equally between *Hogar de Niñas* (a girl's home), a ministry of the Diocese of Panama, and The Apostles' House in Newark.

Supporting Information:

The *Hogar de Niñas* is a 92-year year old ministry of the Diocese of Panama and provides residential, educational and social services to girls who are orphaned or have parents unable to care for them. The girls, 6 to 18 years of age, live in a comfortable residence on the outskirts of Panamá City. This past fall, members of the diocesan Companion Diocese Committee traveled to Panama and visited the mission home and witnessed the loving community in which the girls live and thrive.

The Apostles' House – "Where Miracles Happen" – has been providing social services and other assistance in the City of Newark for nearly three decades after being founded by six Episcopal churches in 1984. Through a variety of programs, people are fed (Food Pantry), families are helped through crises (Family Preservation), individuals receive job skills (Workforce Development), the homeless are housed (Emergency Shelter), the displaced are settled (Transitional Housing), and the young and old share their lives and hopes for the future (Multi-Generation Home).

Both designees provide substantial assistance and support to children and youth - a focus of the diocese as articulated by the bishop in his blog, the invitation for the shared Advent reading of *Ordinary Resurrections: Children in the Years of Hope*, and the recent guest column in the Star-Ledger (http://blog.nj.com/njv_guest_blog/2011/11/incoming_legislature_must_fig.html).

STEERING COMMITTEE – NAME CHANGE FOR THE MARGE CHRISTIE FUND

The Rev. Vicki McGrath presented and moved the following resolution to change the name of the Marge Christie Fund to the Marge Christie Fund for Congregational Vitality.

Resolved, That the Marge Christie Fund be renamed as the Marge Christie Fund for Congregational Vitality as recommended by the Committee on Congregational Loans and Grants in recognition of its current work and planned expansion to continue support for programs and projects that encourage both congregational development and the continuing formation of the congregation's mission identity.

Supporting Information

It was proposed by the Committee on Congregational Loans and Grants that the Marge Christie Fund be renamed the Marge Christie Fund for Congregational Vitality as part of an overall recommended change

to funding programs, ministries and building issues in the diocese. The committee concluded that to reconfigure and realign congregational loan and grant funds with clearly defined purpose areas would benefit the congregations.

The Marge Christie Fund for Congregational Vitality (MCFCV) would include the Marge Christie Congregational Vitality Funds and the former Congregational Growth and Development Fund.

This fund provides support for programs and projects that encourage both congregational development and the continuing formation of the congregation's mission identity. It honors and recognizes the continuing importance of congregational development through vitality grants formerly administered by the Trustees.

Principal areas would include:

- Congregational revitalization
- Congregation program development (in-reach)
- Volunteer/Lay leadership development
- Capacity building
- New ministry initiatives

Funding sources for the renamed Marge Christie Fund for Congregational Vitality will be:

- The Marge Christie Fund (now renamed)
- Congregation Growth and Development Fund
- New Ministry Initiatives Fund (part of the assets distribution policy)

The motion was seconded and adopted.

STEERING COMMITTEE EPISCOPAL CAPITAL LOAN FUND: ST. JOHN'S, DOVER

The Rev. Vicki McGrath presented and moved for ratification the ECLF minutes that approved a loan of \$12,000 to St. John's Church, Dover for repairs to the church roof that was leaking and causing damage to the interior; installation of subflooring, flooring and waterproofing of the floor in the space previously used as the thrift shop; and the installation of carpeting in the parish hall. It was projected that the loan would be repaid by 2015 (3 year term). The interest rate was 5%.

Motion: It was seconded to ratify the minutes from the Ward J. Herbert Fund Executive Committee which approved a loan of \$12,000 from the Episcopal Capital Loan Fund for St. John's Church, Dover, on December 1, 2011 for repairs to the church roof that was leaking and causing damage to the interior; installation of subflooring, flooring and waterproofing of the floor in the space previously used as the thrift shop; and the installation of carpeting in the parish hall.

The motion was adopted.

STEERING COMMITTEE - ACTS/VIM BOARD RECOMMENDATIONS

Motion: It was moved by The Rev. Vicki McGrath and seconded that the recommendations presented by the ACTS/VIM Board be ratified. The recommendations had been vetted by the Engaging action team. The motion was adopted with one abstention.

- AV-11-21: Newark, Newark School of Theology, \$7,000
- AV-11-22: Hasbrouck Heights, St. John the Divine - Care on the Corner, \$6,000
- AV-11-23: Bayonne, Trinity Parish - Hand in Hand Music School, \$2,500
- AV-11-24: Hoboken, All Saints' - Jubilee Center Children's Program, \$4,000
- AV-11-25: Union City, St. John's - Puerta Abierta-After School, \$7,000
- AV-11-26: Union City, Grace Church - New Beginnings Youth Group, \$1,500
- AV-11-27: Paterson, St. Paul's - After School Program, \$7,500
- AV-11-28: Newark, North Porch - Satellite center – Hackettstown, \$3,000

AV-11-29: Chester, Messiah - Senior Resource Center, \$7,600
AV-11-30: Hackensack, Christ Church CDC - Next Step Expansion, \$4,000
AV-11-31: Hope, St. Luke's - Haven of Hope for Kids, \$6,500
AV-11-32: Ridgewood, Christ Church - Servant Leader's Project, \$5,000
AV-11-33: Oradell, Annunciation - Friends for Life – Therapies, \$4,000

Total recommendation to Diocesan Council:

STEERING COMMITTEE - WARD J. HERBERT FUND BOARD RECOMMENDATIONS

Motion: It was moved by The Rev. Vicki McGrath and seconded that the recommendations presented by the Ward J. Herbert Fund Board be ratified. The recommendations had been vetted by the Equipping action team. The motion was adopted with one abstention.

WJH-11-22: Succasunna, St. Dunstan's - Church septic system, \$7,200
WJH-11-23: Rutherford, Grace Church - Church support system, \$4,600
WJH-11-24: Norwood, Holy Communion - Hall roof/leaks repair; rectory hot water heater, \$1,000
WJH-11-25: Summit, Calvary - Rectory renovations, \$7,000
WJH-11-26: Oakland, St. Alban's - Church office roof, \$600
WJH-11-27: Englewood, St. Paul's - Parish hall boiler replacement, \$10,850
WJH-11-28: West Orange, Holy Trinity - Church roof replacement, \$7,500
WJH-11-29: Ringwood, Good Shepherd - Church sewage pump, \$0 (Trustees will fund)
WJH-11-30: Livingston, St. Peter's - Parish hall chimney repair, \$835
WJH-11-31: Kearny, Trinity - Parish hall roof replacement, \$8,000
WJH-11-32: Boonton, St. John's - Parish hall roof repairs, \$1,200
WJH-11-33: Chester, Messiah - Church furnace replacements, \$1,200

Total amount recommended to Diocesan Council: \$49,985

OASIS STRATEGIC PLAN REQUEST

The Rev. Joseph Harmon reported the the Engaging action team had been working with Oasis on its strategic plan and that the Oasis decided to use the proceeds from its investments to create a grant, scholarship and lecture. The types of grants and scholarships included: congregational grants given to congregations for such purposes as starting an LGBT youth program or designing a more inclusive website; educational grants give to college chaplains to combat homophobia on campuses, to promising "at risk" LGBT students who have been abandoned or abused by their families, or to writers or journalists researching LGBT issues; and ongoing scholarly work which shares the Oasis' mission to make the church safe for ALL people, and to challenge the church when its interest is self-preservation and not prophetic witness. The Engaging action team vetted the proposal and recommended Diocesan Council's approval of the creation of the programs using the income from their investments.

Motion: It was moved and seconded that the Diocesan Council endorses and commends the plan set forth by the Oasis and approves the use of funds for the grants and scholarships as outlined.

The motion was adopted.

ACTION TEAM REPORTS

Equipping: The Rev. Vicki McGrath reported the team looked at their long term projects identified at the retreat for continuing work by the team and what could be given over to the Mission Strategy team.

Empowering: The Rev. Ginny Dinsmore reported the team met with Martha Gardner, Jubilee Officer, to learn about the Jubilee Ministry program of the national church and will continue looking at the other ministries with which the team is aligned over the next six months. A forum on Jubilee Ministry may be offered in 2012.

Engaging: The Rev. Joseph Harmon reported the team reviewed the priorities and goals set at the retreat. In 2012 will begin efforts to contact YCS and listen to them and the Newark ACTS interns, and four other groups – St. Philip’s, The Apostles’ House, North Porch and Grace Union City youth group. Discussed relationship with the Justice Board and the Mission Strategy group.

COMPLINE - A service of Compline was led by the Engaging action team.

The meeting was adjourned at 8:30 p.m.

Respectfully submitted,

Michael Francaviglia, Secretary