

THE DIOCESE OF NEWARK  
OUR DIOCESAN COUNCIL  
Wednesday, November 9, 2011  
St. Gabriel's Church, Milton/Oak Ridge  
Draft Minutes of Meeting

**The next meeting will be on Wednesday, December 14 at St. Agnes', Little Falls**

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Officers Present: Mr. Paul Shackford, Treasurer; Mr. Michael Francaviglia, Secretary

Elected by Districts: The Rev. Barrie Bates, Mr. Thomas Bisdale, The Rev. Timothy Burger, Mr. T. Donald Cairns, Ms. Naomi Horsky, Ms. Lorraine Jones, The Rev. Thomas Mathews, Jr., Ms. Barbara Piccirillo, Ms. Martha Reiner, The Rev. Jon Richardson, The Rev. William Thiele, The Rev. Canon Dr. Sandye Wilson

Bishop's Appointments: The Rev. Michael Allen, Ms. Gail Barkley, The Rev. Ginny Dinsmore, The Rev. Joseph Harmon

Absent: The Rt. Rev. Mark Beckwith, The Rev. Deborah Drake, Ms. Edith Gallimore, Ms. Terrie McColl, The Rev. Victoria Geer (Vicki) McGrath, The Rev. Dean Weber, The Rev. Laurie Wurm

Staff: Ms. Kai Alston, Ms. Kitty Kawecki, Ms. Nina Nicholson, Mr. Noel Garcia

Others: The Rev. John Mennell, chair of the Budget and Finance Committee; The Rev. Ronnie Stout-Kopp, extended supply for St. Gabriel's; The Rev. Stephanie Wethered; The Rev. Cathy Deats; The Rev. Kathryn King; The Rev. Cooper Conway; The Rev. Janet Kraft; Ms. Sharon Sheridan

In the absence of Bishop Beckwith, Mr. Thomas Bisdale presided at the meeting.

The Rev. Ronnie Stout-Kopp welcomed the Council and introduced the members of the church responsible for the meal.

#### AGENDA

The agenda was adopted with the addition at the request of The Rev. William Thiele for time by the Newark Episcopal Clergy Association for a presentation on A177.

#### MINUTES

**Motion:** It was moved and seconded to accept the minutes for the meeting of October 12, 2011. The motion was adopted.

#### NECA PRESENTATION

The Rev. Janet Kraft addressed the Council members on behalf of Newark Episcopal Clergy Association. The clergy were concerned with making ends meet if the recommendation presented in September to Council regarding the implementation of the DHP was adopted; this would have been especially difficult for clergy with children. A177 calls for parity in health care benefits for clergy and laity at churches; it doesn't call for cost sharing. Under the proposed recommendation a clergy person would need to contribute \$18,000 to have family coverage. The issue hadn't been examined thoroughly enough and the implications were extensive. Dioceses all over the country were having the same difficulties with the implementation. The bishop of Connecticut's viewed A177 as impractical; wouldn't take steps to implement it by 2013; and would take the matter back to the General Convention in 2012. There were some on the national level that want further discussion. NECA wanted to educate the Council and the

diocese which was the intent of tonight's presentation. It also wanted to encourage the adoption of a resolution for open discussion and a process of education, discernment and decision-making. NECA was grateful to the bishop who wants more discussion but the discussion needed to be beyond just the HR committee that was advisory and with Council which was the decision-making body.

**Motion:** The Rev. Michael Allen moved the following resolution to affirm the process of discussion and discernment on the implementation of A177 and the well-being of clergy. The resolution was titled Diocesan Council/Convention Resolutions That Directly Affect the Well-Being and Health of Diocesan Clergy. The motion was seconded by the Rev. Tom Mathews.

**Whereas** the Episcopal Diocese of Newark has a long-standing tradition of transparency and open dialogue throughout the diocese regarding important decisions that will affect our life and mission together; and

**Whereas** the Clergy of the Episcopal Diocese of Newark have been an integral part of this process throughout our history; and

**Whereas** it is understood and deeply appreciated by all members of the Episcopal Diocese of Newark the committed work accomplished by our gifted and various committees, councils and boards; and

**Whereas** it is further believed that in matters and decisions that will directly affect the wellness and health of the clergy of the Diocese of Newark there should be an intentional process of discernment and obtaining feedback with diocesan clergy BEFORE being passed by the appropriate governing bodies of the diocese;

Therefore, be it

**Resolved**, that it is mutually understood that we want to live deeper in the Spirit- filled tradition of collegial prayer, dialogue and discernment processes of decision-making and visioning in the Episcopal Diocese of Newark; and be it further

**Resolved**, that in matters of clergy wellness and health decisions that a process be implemented in which the clergy of the Episcopal Diocese of Newark are involved in a collaborative discernment of prayer, discussion, and dialog with the appropriate committees, boards and councils of the diocese BEFORE a binding resolution is passed by these a governing bodies as mandated by diocesan and national church constitutions, canons and by-laws; and be it further

**Resolved**, that this process be lifted up for the continued growth and development of collaborative and collegial ministry throughout the Episcopal Diocese of Newark.

Discussion comments:

- There was agreement with the sentiments expressed in the resolution.
- There was concern if the resolution usurped the bishop's planning process for discussion on the matter; (response-that wasn't the intent of the resolution.)
- There was a level of frustration that there hadn't been discussion.
- Churches were into budget preparation and the effects for the implementation weren't known.
- There was a growing sentiment among clergy that the decisions of Council have implications that weren't always fully understood. The resolution raises the issue of confidence in Council and it isn't helpful for furthering discussion.
- The bishop's plan was to engender a higher degree of transparency, including the move from having the discussion at the January convention to a special convention in June.
- It was suggested to table the resolution in the absence of the bishop and the chancellor and since there was the intent for discussions over the next several months.
- There were no secrets being kept; a process was being planned.

**Motion:** It was moved by Mr. Don Cairns and seconded to table the resolution. The motion passed to table the resolution.

## DISTRICT RE-VISIONING

The Rev. Joseph Harmon presented draft amendments to the Diocesan Constitution and Canons that relate to the district structure and representation from districts to Diocesan Council. The major change was that district members of Diocesan Council would be elected by the Diocesan Convention as part of the regular diocesan election process. The candidates would be designated by where they were congregants. The by-laws could be revised or repealed by the Diocesan Council since they were set up for the convocations. The goal was to change as little as possible where districts were working well and allow those districts that don't function as well or as intended to be flexible.

For some time Diocesan leadership has recognized that, for the most part, our District structure is not serving us well either for the promotion and support of ministry and mission or for the other functions for which Districts were created (see existing Canon 8, Section 4). Some Districts, however, do function and function rather well for their congregations and clergy. Other Districts hardly ever meet and seem to have no desire or intention to do so. And there are Districts that lie somewhere between these two extremes. The canonical and constitutional change proposed revisions Districts.

The effect of the proposed change is to retain Districts as geographical entities while at the same time liberating Districts from the specific requirements, identified in Canon 8. Those Districts that presently function well will be able to continue to so function; those Districts that do not function as envisioned under the present Canons would not be made to feel guilty or required to live into expectations that seem unworkable for them. At the same time, all Districts will be free to re-imagine how they wish to organize and function for mission and ministry. This may allow new mission and ministry to emerge.

Re-visioning Districts requires canonical amendment of four Diocesan Canons and one Constitutional provision: **Canons 2, 5, 8 and 9 and Article IX, section iv** of the Diocesan Constitution. Each proposed amendment is presented below followed by a discussion of the amendment. Because constitutional amendments require adoption without modification at two successive Conventions, these proposed changes would not take effect until 2013.

The proposed canonical and article changes were outlined.

**Canon 8** provides the basic structure for Districts. The amendments eliminate the requirement of Convocation as a District governing body (it may be retained if a District so chooses), and provides a more inclusive membership in Districts for lay persons (participation is no longer restricted to three (3) lay persons from each parish).

**Canon 2** is a simple structural amendment to conform this Canon on voting and elections to the overall revision of Districts.

**Canon 5** provides a significant change in how Diocesan Council members are elected. Instead of being elected "by" the District Convocation, Council members will be elected "from" each District by Diocesan Convention through the same nomination process presently in place for all other offices elected by Convention. This change permits anyone who is a member of a congregation within a District to place his or her name in nomination. Some have expressed the reasonable concern that such nominees may not be well known to the electing Convention, and that is true. Yet the same can be said about many other candidates for Diocesan elective office. Given the difficulty we have had in filling Council seats under the present District system it is not anticipated that there will be a spate of candidates running for Council. Where a functioning District has a preferred candidate it would be envisioned that they could champion that candidate's election.

**Canon 9** addresses the qualifications of officers in parishes and missions. The proposed amendment simply conforms this Canon to the re-visioning schema by eliminating reference to "convocation."

**Article IX section iv of the Constitution** presently provides for the election of youth deputies and alternates to Diocesan Convention by Districts. The proposed amendment simply changes their election “by” Districts to election or appointment “from” Districts. This change conforms this constitutional provision to the overall District re-visioning schema and provides a degree of flexibility that already exists in how youth deputies and alternates are found. Presently those Districts that function take seriously their role to “elect” youth deputies and alternates, and they would continue to be able to do so under the revision. A number of Districts, however, fail to elect youth deputies and alternates. In such cases the Director of Youth and Young Adult Ministries, in consultation with the clergy and other identified leaders in such a District, identifies qualified young persons that are appointed to be the District’s youth deputy and alternate deputy to Convention.

Discussion comments:

- The proposal doesn’t replace the current structure; it’s a net loss.
- What will districts be replaced by?
- Districts weren’t being dissolved; the geographic designations remain; this could allow districts to freely operate as best for them.
- People would be elected from a district based on where they go to church.
- What is the purpose of districts?
- Why do some work and some don’t?

**Motion:** The Rev. Joseph Harmon moved that Council support and endorse the proposed revisions to districts and the proposed canons for consideration by the Committee on Constitution and Canons. The Rev. Ginny Dinsmore seconded the motion.

**Motion:** The Rev. Tom Mathews moved and Ms. Naomi Horsky seconded to table the motion. The motion was adopted.

## FINANCE REPORT

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

1. Key revenue items are behind budget:

a. Pledge revenue (line 1) for this year-to-date period is \$10,528 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 October 2010. However, since the full year 2011 budget anticipates receiving \$43,000 more receipts than we did in 2010, there is the potential that actual 2011 pledge receipts will be below the full year budget. We are in the process of contacting congregations that are behind in payments this year, and we will continue to monitor collections.

b. Alleluia Fund (line 10) - Through October, we have received contributions of \$71,633, which is \$38,367 behind the \$110,000 budgeted for the year. The intention is to promote the Alleluia Fund in the month of December so as not to conflict with annual congregational stewardship programs, and 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. Due to the amount of time it takes to find tenants and for them to move in, however, we expect that 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 \$5,104, 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. Christian Formation (line 23) routinely receives deposits/payments early in the year for events that occur later in the year. Income received early this year has exceeded expenses through October, and the budget for the full year appears to be on target.

e. The 2008 TEC pledge payment of \$10,000 (line 35) is being paid in four quarterly installments, and three payments have been made through October 30.

f. 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. Alleluia Fund grants of \$100,000 were approved by Council, and payments of those grants will be made in November. No decision regarding the payment of amounts in excess of these grants has been made, pending a review of projected full year results.

g. Communications: the Voice (line 40) shows a favorable variance through the October YTD 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.

h. Insurance for Retired Clergy and Lay Employees (line 52) is slightly over budget. It was discovered in early 2011 that one aspect of the 2009 change to post-retirement insurance benefits was never implemented - benefits for under-65 spouses of retired clergy and for surviving spouses (widows) of retired clergy have remained at the generous pre-2009 levels. We have notified the affected people that this change will be made beginning in 2012. However, available funding will cover the expected additional expense this year. Additionally, in June Council approved a change to alter benefits to retired lay employees of the Diocese so that they are in line with the change in benefits to retired clergy.

i. Administration & Finance expenses (line 53) reflect a favorable variance through October due to the timing of the payment of annual audit expenses. It is expected that expenses for this department will be on budget for the full year.

j. Bishop's Expenses (line 56) are over budget through October. 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 approximately \$10,000 over budget for the full year.

k. Building & Grounds expenses (line 57) is over budget by \$11,702. 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 ten months of 2011 anticipated a shortfall of income over expenses of \$227,903, which is principally the result of the timing of pledge receipts in the early months of the year. Through October, expenses are favorable by over \$90,000; however, much of this favorable variance is due to the timing of recording expenses.

b. While the average monthly pledge receipts approximate \$150,000 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, it may be difficult to achieve the goal of having income equal or exceed expenses, as was budgeted, for the full year.

The 2010 Diocesan Council audit was finalized.

Discussion comments: Does Council need to ratify the reduction of the pledge to the Diocesan Council? The income was expected to be lower than anticipated, hence the reduced amount to the national church which was based on the income by percentage. The canon called for a balanced budget proposed to convention; it didn't call for the year to end with a balanced budget or end with no deficit. How is Council

responding to decreased revenue in 2011? The amount budgeted for outreach was \$163,000 based on 25%; the forecast has \$150,000; the committed amount was \$105,000. The consensus was to reach a balanced budget for 2011. Currently to do so, decreases would need to come from outreach and the national church pledge. Council could propose motion to peg the TEC pledge to the income this year – and continue with the percentage amount.

**Motion:** The Rev. Barrie Bates moved that Council empower the CFO and the Budget and Finance Committee in consultation with the bishop to bring the 2011 budget into order (that is, expenses don't exceed the income). The motion was seconded by Ms. Martha Reiner. The motion was adopted.

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

### 2012 PRELIMINARY BUDGET

The preliminary 2012 budget was presented by The Rev. John Mennell, Budget and Finance Committee chair, and Mr. Paul Shackford. The council will vote to adopt a budget for recommendation to the convention at the December 14<sup>th</sup> meeting.

Possible adjustments to the preliminary budget: Preliminary budget assumed the annual convention registration be increased to \$180 but if increased to \$190 that would reduce the net expense by \$4,000. Increase portion paid by postulants as they enter the process toward ordination. Eliminate one of the two print versions of the Voice; provide support and development and improvement of congregational websites. Reduce pledge to Province 2 by half. TEC Ask for 2012 was \$419,875. The convention registration was approved at the \$190 level.

### STEERING COMMITTEE EPISCOPAL CAPITAL LOAN FUND: ST. PETER'S, CLIFTON

Mr. Thomas Bisdale presented and moved for ratification the ECLF minutes that approved a loan of \$10,000 to St. Peter's Church, Clifton for the replacement of two boilers and two water heaters damaged by recent storms when the basement of St. Peter's Haven located at 14 Washington Avenue in Clifton was flooded. The sump pump had been stolen and the storm water flooded the basement. The house is one of the homeless shelters operated by St. Peter's. The damage costs were not reimbursable through the insurance coverage. The church contacted the carrier, Great American Insurance Company, and the company determined that the damage was caused by water and the policy did not cover water damage. FEMA was also contacted and denied to provide assistance. It was projected that the loan would be repaid by 2022 (10 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 \$10,000 from the Episcopal Capital Loan Fund for St. Peter's Church, Clifton, on November 2, 2011 for the replacement of two boilers and two water heaters at St. Peter's Haven damaged by water.

The motion was adopted.

### STEERING COMMITTEE – ALLELUIA FUND GRANTS

Mr. Thomas Bisdale proposed that Council consider authorizing a \$5,000 grant to Nets for Life both to honor the designated gift (\$1,300 for Nets for Life) to the Alleluia Fund and to move towards fulfillment of the Diocese's international outreach commitment. An expected application for support to Nets for Life was not submitted to the committee.

**Motion:** Mr. Thomas Bisdale moved and Ms. Martha Reiner seconded that \$5,000 be designated to Nets for Life from the Alleluia Fund. The motion was adopted.

## STEERING COMMITTEE – CONGREGATIONAL LOANS & GRANTS COMMON APPLICATION

The Rev. Joseph Harmon reported that the Congregational Loans & Grants Committee had been working for the past year and half on a common application for the grants and loans programs in the diocese. The committee membership included representatives from ACTS/VIM, Ward J. Herbert Fund, the Marge Christie Fund, the Alleluia Fund, the Standing Committee and the Bishop's office.

The economic challenges facing the Episcopal Diocese of Newark now and in the coming years prompted the review of the current process of making loans and grants available to our congregations. The committee concluded that the adoption of a new model designed to reconfigure and realign congregational loan and grant funds with clearly defined purpose areas would benefit the congregations and the diocese at a time when careful and responsible allocation of our limited resources is of critical importance.

The proposal was designed to optimize access by congregations, eligible non-profit and church organizations to diocesan financial resources. The intent was to avoid resource duplication and generally make it easier for congregational leaders and clergy to visualize their needs and options for financial assistance in light of available diocesan support.

The overall task was to streamline the existing congregational loan and grant application process for funding Capital Improvement, Congregational Revitalization and Outreach/Social Justice programs into a coordinated effort to provide financial assistance to congregations with a demonstrated need; clarify funding streams available to churches and eligible non-profit organizations; share and coordinate the application process and administrative procedures; and provide resources for mission and ministry.

The committee goals were to propose a common application form, procedures and eligibility requirements; common review, evaluation and accountability protocols; and clarify the mission and purpose of each of the funding organizations within the Diocese.

The Diocese was recasting its seven loans and grants programs into four groups that align with the three goals for growth in its mission statement (Equipping, Empowering and Engaging).

- The Ward J. Herbert Building and Capital Improvement Fund includes the Ward J. Herbert and Episcopal Capital Loan Fund (ECLF) funds. This fund is dedicated to providing and administering grants and loans for church property buildings: repairs, renovations and capital improvements.
- The Outreach and Social Justice Fund Includes ACTS/VIM and Alleluia funds. This fund would be designated for the support of direct mission, outreach and social justice that offers creative vision for the church's witness and presence in the community and the world. It was proposed that this program be administered by the present ACTS/VIM Board that would adopt similar protocols, procedures, and review processes for the oversight and allocation of resources.
- The Marge Christie Congregational Vitality Fund (MCCVF) provides support for programs and projects that encourage both congregational development and the continuing formation of the congregation's mission identity; includes the Marge Christie Congregational Vitality Funds and the Congregational Vitality funds.
- The Bishop's Church Extension Fund (BCEF) has historically addressed critical congregational needs generally falling outside the funding constraints and funding cycles of other diocesan loan and grants programs.

ACTION TEAMS MEETINGS - Because of the late hour that the business session ended, the action teams did not meet.

PROTOCOLS - The secretary was requested to distribute the Protocols to the Council members.

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

The meeting was adjourned at 9p.m.

Respectfully submitted, *Michael Francaviglia*, Secretary