

EPISCOPAL DIOCESE OF PENNSYLVANIA
FINANCE COMMITTEE
MINUTES
CHURCH OF THE REDEEMER, BRYN MAWR, PA
FEBRUARY 8, 2016

Present: Eric Rabe, The Rev. Charles Flood, The Rev. George Master, Dana Hall, The Rev. Greg Wilson, Peter Datos, John Loftus, Pat Smith, The Rev. Adam Kradel

Committee Members Not Present: The Rev. Deidre Whitfield, Ann Booth Barbarin

Ex-Officio Present: James Pope, Treasurer; Norman McClave, TCF; Rob Rogers, Staff

Ex-Officio Not Present: The Rt. Rev. Clifton Daniel, CCCEB Representative

The meeting opened with prayer at 6:30.

The consent agenda was considered and the minutes of the meeting of January 11, 2016 were amended to include comments from Mr. McClave that Diocesan Council follow up on pledges in addition to administering the grant program for the Unified Budget. DC seemed amenable to that proposal.

The Property Committee then introduced a resolution regarding proceeds of the sale of closed church properties. There followed an amendment to remove the "only" from the sixth paragraph so that the resolution would read: "may be used for capital expenses". The amendment failed in a 5 to 4 vote. The original resolution then passed unanimously.

The Resolution reads:

RESOLVED: The Finance Committee recommends that the Diocese of Pennsylvania adopt the following procedure for the disposition of funds generated by the sale of real property including churches and associated real estate.

There are two possibilities for proceeds of the sale of a closed facility that are present:

1. The parish closes, i.e. it ceases worship and other activities, and the members disband.
2. The congregation ceases worship and other activities in the existing facilities and combines with another parish and uses those facilities.

In the first case the proceeds from the sale of the facilities should: Primarily be used to pay all legitimate liabilities (such as: past unpaid bills, mortgages and loans, deferred maintenance/capital improvements necessary to enable the property to be sold, and all current expenses - electric, fuel, security, listing fees/sales commissions from the moment that the property is put in the care of the diocese until the sale has been consummated). This could include reimbursing the Diocese for funds previously expended to care for the property. Additionally, a portion of the Diocesan Property Manager's compensation commensurate with the time he/she puts in dealing with the property, should be paid to the diocese.¹

All money from the proceeds of the sale remaining after satisfying the legitimate expenses (described above) would be placed in the Diocesan Property Fund account with The Church Foundation; a fund used to pay for the maintenance of other closed church properties while awaiting sale.

In the second situation, where a congregation ceases to use the existing facilities and chooses to combine with another parish, the proceeds from the sale should:

Primarily be used to pay all legitimate liabilities (such as: past unpaid bills, mortgages and loans, deferred maintenance/capital improvements necessary to enable the property to be sold, and all current expenses - electric, fuel, security, listing fees/sales commissions from the moment that the property is put in the care of the diocese until the sale has been consummated). This could include reimbursing the Diocese for funds previously expended to care for the property. Additionally, a portion of the Diocesan Property Manager's compensation commensurate with the time he/she puts in dealing with the property, should be paid to the diocese.¹

Then, all money from the sale remaining after satisfying the above, would be placed in a Revocable Trust Fund with The Church Foundation in the name of the newly combined parish. Income from such trust will be distributed to the combined parish quarterly to be used for the parish operations expense. The principal is to remain invested but may be used

only for capital expenses, and only upon permission given by the Standing Committee and the Bishop.²

Notes:

1. For the fiscal year 2016 a portion of the Diocesan Property Manager's compensation is taken from the Property Fund, in 2017 his compensation is to be entirely budgeted in the diocesan combined budget. The issue that arises is where is the money coming from to pay his entire compensation? It seemed fairer to recoup some of his compensation from the work that he is doing, i.e., the recovery, preparation and sale of abandoned church property. How this recouping should be determined (i.e. actual time spent or flat rate/percentage) and how much should be recouped is a matter of another discussion.

3. Since the majority (if not entirety) of church mergers is with "fragile" churches who don't have a lot of resources and since the purpose of said mergers is to give the combined congregation a chance to stabilize and grow, it seemed unconscionable to not give the newly formed church resources to accomplish that end. After all, the forebears of the property that eventually gets sold gave their money for their congregation to have a place of worship and that place now exists in the combined parish.

There followed consideration of three requests for Finance Committee approval:

1. A request from Joan Menocal and The Rev. Judith Beck to solicit funds for an upcoming event by the American Friends of the Episcopal Diocese of Jerusalem. This request passed.
2. A request by the Jazz Sanctuary for a \$10,000 grant was referred to Diocesan Council for consideration in the 2017 budget
3. St. Paul's Elkins Park asked for approval to continue negotiations with the Old Catholics group regarding a four year rental and equity investment. The committee appreciated the need for the lease income but was not in favor of any partial property sale arrangement. The matter was referred to the Chancellor on a host of issues to include: canonical issues, lease proposal, property investment proposals.

There followed Discussion of Reports:

1. Financial statement from 12-31-15: year end results were reviewed and pledge and assessment income results were discussed. A short discussion followed on Youth income and expense variations, Church House operations overage and the accounting for the bishop search process.
2. Standing Committee: Pat Smith reported on the January SC meeting handoff from the Bishop Search to the Bishop Transition

- Committees. The five finalists are coming to Philadelphia the week of February 15th, 2016.
3. The Budget Committee reported that the first meeting will be February 25th, 2016 and the committee membership was announced: Kradel (chair), Datos (vice-chair), Booth-Barbarin, Smith, McClave, Pope, Mueller, Hedgis, Rabe, Rogers. The Bishop is a member as well. Adam Kradel noted that there are uncertainties in staffing and other issues related to the election and installation of a new Bishop later this year after the budget process closes.
 4. There followed a report regarding The Church Foundation's visit to T. Rowe Price. This was a productive meeting, and some comments were made about both parties' sensitivity to expenses. Returns for 2015 were not formally given, but informally the return for last year was around zero. The payout for 2016 beginning in April, 2016 was discussed, and there is a proposal that the rate continue at 4.345%. The actual rate will be affirmed at the next TCF board meeting.

There being no further business, the meeting was adjourned with prayer a little after 8PM. The next meeting is scheduled for March 21st, Monday night at Church of the Redeemer in Bryn Mawr.