

Loan and Grant Committee
Report to the 233rd Annual Diocesan Convention

In 2016 the Loan and Grant Committee endorsed, and Diocesan Council approved, two loans to churches (St. Luke's, Ewing and Christ Church, Shrewsbury, both Independent Parishes) and five grants, four to Mission Churches (San Jose, Elizabeth, All Saints', Lakewood, St. Alban's, New Brunswick, Holy Spirit, Tuckerton) and one to our Diocese itself, as permitted by the canons. These are all detailed below.

In addition, the Committee, funded full, professional inspections of five properties either owned by the Diocese itself (the two Diocesan House buildings at 808 W. State St., Trenton), Mission Churches (under a Council resolution of September 20, 2005) to which the Trustees of Church hold title: St. James, Long Branch, St. Alban's, New Brunswick Rectory, All Saints', Lakewood's Montgomery House) and two buildings owned by the Procter Foundation (Canterbury House, home of the new Episcopal Chaplain to Rutgers, New Brunswick and Procter House, home of the new Episcopal Chaplain to Princeton University). The first three inspections led to grants, as detailed below, and the last two led to significant work undertaken by the Procter Foundation (the Foundation for College Chaplaincy) in advance of the new chaplains moving in. The inspection of Procter House, for example, found extensive lead paint, a clear health risk, especially to a family with a very young child.

The Committee seeks, as part of our individual baptismal views to "respect the dignity of every human being" and to "strive for justice and peace among all people," in partnership with the local churches or entities, to make church buildings more *safe, sound and sustainable*, and if possible *suitable* (such as the loan and grant which helped St. Peter's Igbo Church move into a larger building complex in 2015). The vast majority of the church-owned buildings in our diocese were not built or bought by the current generation which worships, serves or lives in them, but have been inherited from previous generations of Episcopalians. As a result, there usually has been no systemic professional inspection of church buildings by a disinterested third party (a qualified inspector hired by the Diocese or the parish) over a period of many years unless mandated by the above Council resolution pertaining to Missions or by the Council resolution of December 16, 2003 for churches in transition between regular clergy.

We want to try to prevent calamities like the fire suffered by St. Augustine's Atlantic City which destroyed the parish hall on November 28, 2003, shortly before that Council meeting. In addition, we have found over the years that church-owned *housing* for clergy may have serious problems (even in Princeton, as noted above), and in a home in which one or more people lives due diligence is especially important.

Loan & Grant applications are sent by hard copy to all churches each November, and are also available on the diocesan website or from the Finance Office of our Diocese. The Committee encourages churches to contact me or Canon Phyllis Jones early in your process of discernment of property needs, even before applying for a loan or a grant, as there is substantial useful advice available from Canon Jones, from the Committee and other pertinent diocesan committees (such as Stewardship and Church Architecture) which can help a church which is looking at a project which would need capital funds.

The Loan and Grant Committee is governed by Canons 20 and 21 of the Diocese of New Jersey. We have responsibility under Diocesan Council (which serves as the Board of Trustees of the loan funds) for the Venture in Mission Fund, the R. Bowden Shepherd Fund and the Capital & Revolving Fund, each of which has its own criteria, loan rates and (in the latter two cases) availability for grants for capital projects. Grants from these funds are not available to Independent Parishes. Grants to Mission churches are for approved capital purposes and must also be endorsed by the Board of Missions after it reviews the Mission church's current stewardship and evangelism programs. Grant applications for operating subsidies should be directed to the Board of Missions only. The members of the Committee serve by renewable one year appointments by our bishop.

The Reports of the Loan Funds for 2016 are included in the financial reports to Diocesan Convention.

One new *policy* of the Committee which now applies to any loan or grant applications received on or after January 1, 2017 is that the church's *Clergy Compensation Report*, sent out by the Standing Committee on Clerical Compensation each year and due back to Diocesan House by March 1 of the year following the reporting year (March 1, 2017 for 2016, and so on) is now added to the list of documents the Committee requires to process an application. This document is already a diocesan requirement, but one which is frequently ignored; this policy simply requires applicants to be in accord with existing diocesan policies. The Committee added this requirement after finding, as part of its due diligence with applications in the last couple of years, that two parochial priests of our diocese did not have compensation in accordance with diocesan standards. In the future, we want to examine these reports before meeting with the applicant church to consider the application itself.

The Committee typically visits the applicant church by appointment after an application is complete. These in-person and on-site visits help the Committee to carry out its mission (approved on April 14, 2004), "to provide congregations with financial support through loans and grants to help them carry out their missions as servants of Christ as part of the Diocese of New Jersey."

The Loan & Grant Committee endorsed, and Diocesan Council approved on May 17, a grant of \$25,000 to San Jose, Elizabeth from the Capital & Revolving Fund for new playground equipment in response to the State of New Jersey's notice of deficiency. The playground is a part of the Day Care Center, which is a vital part of the church's mission and ministry in the community, and also a source of revenue. The Committee endorsed, and Diocesan Council approved on June 17, a loan of \$7,000 for five years at 4% interest rate from the Venture in Mission Fund to St. Luke's, Ewing for new siding and windows for the rectory. The church raised significant funds for rectory repairs in addition to this in advance of the move in of the church's new Priest Associate and her husband.

The following grants and loans were all endorsed by the Committee and approved by Diocesan Council at its meeting of December 13. St. Alban's Church, New Brunswick (which recently called a new Priest-in-Charge) received a grant of \$25,000 from the Capital & Revolving Fund for the repair of the foundation wall of the rectory and re-wiring the house in accordance with current Code and provide 100 amp service to the house. If funds are still available after those items are taken care of, they could be used to repair the soffit and the front sidewalk. The Diocese of New Jersey received a grant of \$25,000 from the Capital & Revolving Fund (offsetting what otherwise would have been an overage in its repair and maintenance budget) to remediate the serious bat infestation in the front building of Diocesan House, to replace the water pump in the back building, to start to replace the antiquated knob and tube wiring at Diocesan House, add smoke detectors, and related work. The inspection revealed what we expected, that we as a diocese have systematically under-budgeted for repairs and upgrades to our "Mission Headquarters" buildings, potentially endangering those who work and visit there.

All Saints' Church, Lakewood received a grant of \$25,000 from the Capital & Revolving Fund to reimburse the church for removing two underground oil tanks (no leaks were found), repairing/rebuilding the roof catch basins on the church's Montgomery House, repair of the flashing around Montgomery House's chimneys and some slates, installation of arc-fault circuit-breakers in Montgomery House to guard against fires from knob and tube wiring and (if funds are still available) to power-wash, paint and stain much of the church/parish hall building. I am pleased to note that the 2015 grant to the church for new, energy efficient heating, combined with its switch from oil to gas heat, resulted in a savings of \$10,000 in its utility costs in 2016. Other churches, please take note. Church of the Holy Spirit, Tuckerton received a grant of \$23,570 from the Capital & Revolving Fund for new fire doors and related expenses as described by the church and recently mandated by the Fire Marshall.

Christ Church, Shrewsbury received a “bridge loan” in 2015 as a 0% Line of Credit from the Capital & Revolving Fund for its major project made possible by federal grants to historic properties, which require that the church pay contractors and wait for reimbursement from the government. This was in response to damage from Superstorm Sandy and to protect the church and rectory better from future storms. The Committee and Council have several times in the past supported “bridge loans” (balloon notes) at 0% for churches based on the federal government (or the State’s) commitment to pay in accordance with the terms of the grant. This “bridge loan” as originally approved would ramp down to \$100,000 as of June 1, 2017 and to zero by June 1, 2018, with any balance at that time automatically turning into a one year note at 4% with monthly payments to the Venture in Mission Fund. Since 2015, the church has received approval for an additional \$84,000 in grants, resulting in a larger and longer project. It applied to have the Line of Credit continue at \$200,000 until June 1, 2018. Given the size and greater length of this commitment and the other potential calls for the Capital & Revolving Fund, the Committee endorsed, the Church accepted and Council approved an additional Line of Credit of \$100,000 from June 1, 2017 to June 1, 2018 from the Venture in Mission Fund at 4% interest. That means that the church will have \$200,000 in its Line of Credit for 2017-2018 which, even if used in full, would result in modest total interest expenses compared to bank loans.

I give thanks for the churches which have paid off their loans: All Saints’, Scotch Plains early in the year and both loans to St. George’s, Rumson, both of which were paid off early, saving the church further interest expenses.

The Committee did receive a request from a church which asked to be able to pay off its loan at 50 cents on the dollar, and not for any stated reasons of dire financial circumstances. The Committee declined to endorse that request. A loan is a loan. Approval of such a request would have opened the floodgates to other requests and imperiled the whole loan program, which has been going well for over 30 years.

The Committee would like to invite any church which has a *bank loan* with a balance of \$250,000 or less to consider re-financing the balance with this Committee at the current 4% rate for the Venture in Mission Fund.

I give thanks for all of the members of the Committee who served with me throughout the year: Mr. Juan Delgado, Mr. Ed Filipski (who retired as Secretary but continued on the Committee), Ms. Carole Forsythe (who graciously agreed to become Secretary), Mr. Jay Ham, Mr. Jack Holt, the Rev. Juan Monge-Santiago, the Rev. Ellen Rutherford and Mr. Paul Wolfgang. I give thanks for the service of the Rev. Bob Critelli, who resigned during the year due to the increase in his work-loads as a bi-vocational priest. I give thanks for the support of Bishop Stokes, for the work of Canon Phyllis Jones, Mr. Emmanuel Strauss of the Finance Office, and the Board of Missions, especially its chair, the Rev. Bruce Montgomery.

Respectfully submitted,
The Rev. Dr. Francis A. Hubbard, D. Min.
Chair