B. CORPORATE SESSION REPORTS

Board of Trustees (Diane S. Hornaday, President)

101. The Board of Trustees represents the New York Conference in property, insurance, investment and legal matters under the authority of the Annual Conference. The members of the Board of Trustees are Diane S. Hornaday, President, Rev. Adrienne Brewington, Vice President, Joyce Palevitz, Secretary, Michael Denny, Treasurer, Nona Greene Grady, Arnold Jones, Rev. Kenneth Kieffer, Rev. David Johnson, Jorge Lockward, Edmund Ruppmann, and Chris Wilson. Providing information and counsel have included Bishop Jeremiah Park, Ernest Swiggett, Conference Treasurer/Director of Administrative Services, Ann Pearson, Council Director for Connectional Ministries and Noel Chin, cabinet liaison to the Trustees.

Mr. Lawrence McGaughey, Esquire is our Conference Chancellor. He provides legal advice to the Trustees and the Cabinet on pending and threatened litigation, real estate transactions, and other corporate matters that affect the Conference.

102. Investments. The Trustees hold funds on deposit with the United Methodist Frontier Foundation of the United Methodist Church. The funds on deposit are held and managed for accounts of the New York Annual Conference as well as trust accounts for local churches and other organizations within the Conference. We work with and receive reports from the United Methodist Frontier Foundation to ensure that the fund portfolios are carefully and prudently managed for both long-term growth and fixed-income objectives. Major activity and performance for the year 2006 included:

103. Trust Funds. These are funds held in trust for churches and other United Methodist organizations. Local churches can now work with the Trustees and the Frontier Foundation (within the constraints of the original bequest) to specify an investment mix that best suits their needs. Opening balance for the trust portfolio was $1,739,082.66 and after distributions, $1,762,560.64 at the close of 2006.

104. Trustees Conference Center Fund. This fund contains money received from the sale of the former center at Rye, New York, as well as additional money from the Conference Center fund-raising program. This fund began the year with a balance of $347,595 and an ending balance of $374,700. The overall performance of this fund is 7.80%.

105. New Church Growth and Development Fund. Funds are received from the sale of abandoned churches in the Conference, and are used for funding for the development of new churches. The beginning balance was $360,610; the year-end balance is $392,021. This reflects an 8.71% growth.
106. **Conference Permanent Endowment Fund.** At the 2002 Annual Conference this fund was established for gifts and bequests to the Conference. The balance of this fund at year-end 2006 was $13,041, up from $12,000 in 2005, representing an increase of 8.67%.

107. **Sessions Woods and Darling Funds.** Income from this fund provides support for Outdoor Ministries Programs. The balance year-end 2005 was $621,548.96. In accordance with Conference action, the Trustees made distributions at the request of the Camps Governing Board of $137,683.59. At year-end 2006, $483,865.37 remained available in this fund.

108. **Conference Center.** A Prayer Room was furnished by Rev. Adrienne and Frederick Brewington and members of the Westbury United Methodist Church. This quiet space offers a place for meditation, prayer, rest and refreshment for our staff and visitors.

There continue to be drainage problems around the foundation that are being addressed. Work to be completed is the kitchen, which needs upgrades to meet New York State and City of White Plains codes for facilities for use by the number of people we have. We need work on the roof, which has many leaks.

Our efforts at remediation of the ongoing problems in providing proper climate control for the storage of the Archives and History Commission’s documents and artifacts have not been effective. We support the Commission in its efforts to locate appropriate facilities for their work. The roofing and kitchen work will begin as soon as possible if the recommendations re the funds from the sale of the Newburgh District Parsonage elsewhere in this report are approved.

109. **Insurance.** The Insurance Committee developed Minimum Insurance Coverages for local churches, which was presented to and adopted by Conference 2006. These coverages are:

<table>
<thead>
<tr>
<th>Property</th>
<th>Buildings</th>
<th>Replacement Cost 100%</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Contents</td>
<td>Replacement Cost 100%</td>
</tr>
<tr>
<td>Liability</td>
<td>Per Occurrence</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>General Aggregate</td>
<td>$2,000,000</td>
</tr>
<tr>
<td></td>
<td>Directors &amp; Officers</td>
<td>$1,000,000 per occurrence</td>
</tr>
<tr>
<td></td>
<td>Pastoral Liability</td>
<td>$1,000,000 per occurrence</td>
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<tr>
<td></td>
<td>Sexual Abuse &amp; Molestation</td>
<td>$1,000,000 per occurrence</td>
</tr>
<tr>
<td>Automobile</td>
<td>Liability</td>
<td>$1,000,000</td>
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<tr>
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<td>Uninsured Motorist Cov.</td>
<td>$1,000,000</td>
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<td>Non Owned &amp; Hired Auto</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>
Workers Comp.* Employers Liability $ 500,000 each occurrence
    Each Accident $ 500,000
    Each Employee $ 500,000

*All churches are covered under NYAC Insurance Program for workers compensation. Local churches do not need to secure their own workers compensation coverage.

All local churches that secure their property and casualty separately from the NYAC must add The New York Annual Conference as an additional insured. Limits and coverages in excess of those recommended above are encouraged; these are the minimum requirements. Local churches that do not utilize the conference insurance program shall provide a certificate of liability insurance (Accord 25) and an evidence of property coverage (Accord 28) to the conference office to the attention of Insurance Committee.

The Trustees encourage our local churches to participate in the Property and Casualty Trust (PACT), a United Methodist sponsored insurance program.

110. United Methodist Church of the Village. The Trustees have had meetings and discussions with the pastors and members of the United Methodist Church of the Village as they develop their plans to grow a strong, vital and dynamic ministry in the Village sections of Manhattan, New York City. The Trustees have accepted their request that no decision be made regarding the disposition of the St. Mark’s Place property until the 2008 Annual Conference. This deferment is conditioned on the following: (1) that the Church of the Village shall have until February 1, 2008 to make a proposal to the Trustees for the disposition of the property, (2) that by August 1, 2007, the church shall submit to the Trustees a plan with milestones in their decisions-making progress and regular reports to the Trustees, and (3) that the Churches of the Village confirm in writing their offer to maintain the property in a safe and “as is” condition with adequate insurance coverage naming the Annual Conference as an additional party insured.

111. Legal matters. Litigation has again become active for the Annual Conference.

1. Hankins v. Lyght — At last year’s Annual Conference it was reported that in February, 2006, the 2nd Circuit Court of Appeals issued its decision, which directed that the District Court must have further proceedings to determine the impact of the Federal Religious Freedom Restoration Act (“RFRA”) on the case. RFRA establishes the procedural standards for analyzing whether Federal laws create a "substantial burden" on a person's exercise of religion. Both parties have submitted briefs to the District Court regarding RFRA, and the Court's decision is eagerly awaited.
2. **Morgan v. NYAC** — This case involves a camper who fell off a swing in the summer of 2001 at Camp Quinipet and fractured her wrist. The Conference's liability insurer, Guide One at that time, responded by letter denying coverage on the grounds that no prior notice of the claim was given and required. Subsequently, the insurer commenced a "coverage" lawsuit against the Conference asserting that they had no responsibility to defend or cover liability. Soon thereafter, with the substantial assistance of Chris Wilson, chair of the Trustees' Insurance Committee, the plaintiff settled the case for $13,000 – probably well below the amount of legal fess paid by Guide One in the case.

3. **Doe v. Fairbanks** — A Connecticut federal district court complaint was filed in 2005 alleging that the plaintiff was a youth delegate to the 1973 Annual Conference in Bridgeport at which certain conduct by a probationary elder occurred. The alleged perpetrator was discontinued several years later. The gist of the plaintiff's claim against the Conference is negligent supervision. The Trustees have retained the law firm of Halloran and Sage to represent the Conference in this litigation. Just as discovery was getting under way, in January, 2007, the plaintiff unexpectedly agreed to a voluntarily dismissal of the case. The case is now closed, and the plaintiff will be barred from refilling in Connecticut or anywhere else.

4. **Trippel v. Sanford** — The case brought against Rev. Earle Sanford, the Woodbury UMC, as well as the District and Annual Conference has been settled with no liability on the part of the District and Annual Conference.

112. **Conference Properties List:** The following is a list of known properties in which title is in NYAC, or abandoned or discontinued properties in which NYAC may have a real property interest:

**Properties with title in NYAC:**
- Conference Center, 20 Soundview Avenue, White Plains, NY
- Episcopal Residence, New Rochelle, NY
- Epworth Camp, Marbletown & Rochester, NY
- Camp Quinipet, Shelter Island, NY
- Camp Kingswood, Tompkins, NY

**Properties which have been declared abandoned and in which NYAC has a trust interest but not covered by NYAC insurance policy (there are active local churches that carry own insurance):**
- Church Of All Nations, NYC (1/01)
- (Greenpoint) Polish United Methodist Church, Brooklyn, NY (1/01)
Abandoned/Discontinued and vacant Properties with title not in NYAC name in which NYAC may have a real property interest:

- Platte Clove, Elka Hunter, NY
- West Settlement Church & vacant parcel, Windham, NY
- Livingstonville Community Church, Livingstonville, NY
- Smithtown Landing UMC, Smithtown, NY
- King Hill Methodist Church, Town of Greenville, NY

District Properties (Title Held by District Trustees, not necessarily in current District name):

- Connecticut, Hamden, CT
- New York/Connecticut, Stamford, CT
- Catskill Hudson, Woodstock, NY
- Long Island East, Hauppauge, NY
- Long Island West, East Williston, NY
- Metropolitan, Scarsdale, NY

Properties in which NYAC holds a legal reverter (renewal date):

- Cochecton Center, NY (October 28, 2023 -2026)

Property in which NYAC holds mineral rights:

- Morehouse Parish, LA

Properties owned by separate legal entities in which the Conference has a controlling interest:

- Asbury Cemetery, Saugerties, NY; title held by “NYAC Asbury Cemetery, Inc.” (insurance provided by that corporation)

113. Trust Clause Policy. Pursuant to the Book of Discipline, all local church, conference, institution and agency property of the denomination are held in trust for the United Methodist Church. The Annual Conference is the entity of overseeing local church property. The Conference Trustees invite any local church in the conference which does not now have a formal trust clause in their church certificate of incorporation and property deeds to add them. In addition to the general provisions of the DISCIPLINE, the Annual Conference also has a policy of reviewing local church documents to confirm that they have trust clauses as a condition of receiving Conference or related United Methodist Agency or Board monetary support. For local churches that do not presently have trust clauses in the deed(s), trust forms are available from your District Superintendent for both New York and Connecticut.
114. **Safe Sanctuaries Program with Background Checks for Youth Workers.**

The Trustees recommended to the New York Annual Conference 2004 that it embrace the conducting of criminal records checks as a critical component of the Conference safe sanctuaries and risk management guidelines, by resolving to implement criminal records checks in principal. We reaffirm that recommendation.

115. **Camp Properties Review.** We continue to work with the Camps Governing Board and the Directors of our three sites as they work to develop and implement a long-range plan for the development of our camps. Please refer to the report of the Camps Governing Board for details.

From January 1, 2007 to date there have been distributions from the Sessions Darling Fund, some of which are to support the cost of the capital campaign, leaving a balance as of May 31, 2007 of $296,239. At Annual Conference 2005 Petition No. 2005-202, Capital Campaign Resolution, was passed. “Be it resolved that the 2005 session of the New York Annual Conference approve the development and implementation of a ‘Capital Fund Campaign’ with the initial minimum goal of $4 million, provided, however, that no funds from the Annual Conference budget be provided to fund the Capital Fund Campaign.” For purposes of clarity, the Trustees recommend this session of Annual Conference vote that if the Sessions Darling Fund is depleted all additional costs associated with the Capital Campaign will be paid from the funds raised through the campaign.

116. **Sale of Delaware Hudson District Parsonage.** The Trustees want to extend our gratitude and thanks to Judy Darrow, Trustee of the Delaware Hudson District, for her faithfulness. She continued to provide oversight of the property and legal documents until the title was transferred. Closing on the sale of this property occurred shortly after Annual Conference, 2006. The net proceeds to the Conference are $321,983.99. Representatives from the Trustees, CF&A and the Cabinet met to develop a recommendation for the use of these funds. Detailed figures are in the “Recommendations” section of this report.

**Recommendations.**

- We enthusiastically recommend, on nomination from the Bishop, the continuation of Mr. Lawrence McGaughey for his tenth year as Conference Chancellor.

- RECOMMENDED USE OF PROCEEDS FROM SALE OF NEWBURGH PARSONAGE
Net Proceeds $321,984

Conference Center – 200,000
A. Complete kitchen to meet White Plains Code
B. Portion of total needed for roof replacement

Archives and History – capital needs associated with move to new facilities, i.e., file cabinets 25,000

New Church Growth Fund 21,984

Emerging Capital Needs 75,000

$321,984

• Regarding the Capital Fund Campaign of the Camps Governing Board, the Trustees recommend a vote clarifying that if the Sessions Darling Fund is depleted all outstanding costs associated with the Capital Campaign will be paid from the funds raised through the campaign.

THE UNITED METHODIST FRONTIER FOUNDATION, INC.
Jeffrey L. Rarich, President and Executive Director

101. The second year of existence for the United Methodist Frontier Foundation has been a busy and satisfying time. We continue to work with churches in five annual conferences and provide financial stewardship services in a number of areas.

102. Our funds management program has proven quite popular. Three annual conferences invest over seven million dollars through the Frontier Foundation, and hundreds of local churches place their confidence and their twenty-some million dollars through us. In 2006, churches placed 25 new accounts totaling $1,208,103 with the Frontier Foundation. We paid out $3,155,363 to churches and conferences for their use in repairing buildings, buying parsonages, installing new heating systems, and funding their ministries. We also manage 95 permanent funds that have been entrusted to the Frontier Foundation. In 2006, we paid out to the income beneficiaries of these funds some $175,990 for their ministries.

103. For our entire funds management ministry, we utilize the professional fund management services of John G. Ullman and Associates in Corning, New York, and U. S. Trust through their office in West Hartford, Connecticut. All our investments are socially screened to comply with the United Methodist Social Principles by following the guidelines of the General Board of Pension and Health Benefits. We support the General Board of Pension and Health Benefits in its advocacy with those corporations involved in the Middle East and encourage the efforts of the General Board in seeking peace and just dealings by all concerned with the peoples of that region.
104. Five dozen annuitants count on the Frontier Foundation for quarterly, semi-annual or annual annuity payments. In many cases we have helped these individuals with their estate planning as part of the process of setting up a gift annuity. Every one of these annuitants has placed her or his trust in us, and we consider this to be a sacred obligation of our ministry. Checks are issued to them at the agreed times, and each annuitant receives an annual tax reporting form 1099R detailing the taxable and non-taxable benefits of their annuity payments. We paid out $95,936 in annuity payments to our annuitants last year. In addition, six of our annuitants finished their course with us in this life, and we paid out $207,086 in residuum benefits to the United Methodist and other charitable causes they had designated.

105. The UM Frontier Foundation works with churches to raise capital funds for needed repairs and expansion of facilities. Last year we helped three churches raise over 1.75 million dollars for their work. We also helped churches lay the groundwork for capital campaigns that are being conducted in 2007.

106. Part of our ministry involves stewardship education. We participated in the Stewardship Academies of the New York Annual Conference and offered seminars in district settings and in local churches dealing with annual campaigns, memorial funds, endowment development and the promotion of planned giving. Through our field consultants and the work of our Executive Director, a total of 18 such seminars were conducted in the New York, North Central New York and Troy Annual Conferences in 2006.

107. Many of the services we provide to local churches and individuals are provided at no charge to the individual or the church. These include assistance to individuals with their estate planning homework (we cannot provide legal or accounting services, but we help people get ready to speak with their own advisors and then work with those advisors to put in place the plans the individuals want to set up). For local churches, we provide an initial stewardship consultation where we evaluate what they are doing and make recommendations for changes, including ways to conduct their annual campaign. We offer an initial conversation about getting ready for a capital campaign and provide a proposal for services for the church to consider. We meet with the financial leadership of a church to help them set up an endowment program. We offer seminars on planned giving and preach in local churches in conjunction with the planned giving and stewardship issues.

108. Ministry costs money, and that is true of the work of the United Methodist Frontier Foundation. We receive no apportionment monies from any conference. We charge 1% per year for funds that we manage. We conduct annual and capital campaigns for a negotiated fee (ethical guidelines for professional fund-raising forbid taking a percentage of the monies raised). To assist churches in getting started in a good direction for annual campaigns,
we lead The New Consecration Sunday program in a church for a flat fee of $250 plus travel costs, which helps to offset but does not fully cover our expenses.

109. Much of the work done by your United Methodist Frontier Foundation is carried out by dedicated and knowledgeable consultants. These individuals are the first line of contact with local churches. We are indebted to the ministry they carry out for the Frontier Foundation. Consultants serving include: Rev. Kathleen Barden, Ms. Susan Ezrati, Rev. Fred Kelsey, Rev. Peggy Fabrizio, Mr. Lum Lee, Rev. Vernon Lee, Mr. Tom Nichols, Rev. David Nicholls, Rev. James Pollard and Mr. Ronald Salyer.

110. Our office is staffed by Ms. Sally Evans, who is the first voice you hear when you call us. Sally does the data entry on our Sungard accounting system for funds we manage for three conferences, three districts, and about 400 churches. Mr. Charles Rhuda is our accountant, who usually works in the office on Tuesdays. Charlie balances our books and ensures we operate in compliance with Generally Accepted Accounting Principles.

111. Members of the Board of Directors are the backbone of the United Methodist Frontier Foundation. Their enthusiastic participation guides our ministry and provides the stability required to keep the UM Frontier Foundation steady. Directors elected by the New York Annual Conference include: Fred Brewington, Esq., Ms. Susan Ezrati, Rev. Peggy Fabrizio, Rev. Robert Knebel, Mr. Lum Lee, Mr. Ed Monroe, Mr. Arch Nuttall, and Mr. Daniel Ruback. Those elected by the North Central New York Annual Conference include: Rev. Robyn Hays, Mr. Ronald Salyer, Ms. Shelley Smith and Rev. Robert Stoppert. The board-selected members include: Mr. Charles Beach, Mr. Allen Beavers, Jr., Chereé Buggs, Esq., Rev. Kristina Hansen, Mr. Gary Hartman, Rev. Evelyn McDonald, Rev. Richard Phillips, Mr. Lynn Stearns, Mr. Michael Southcott and Ms. Gloria Webb. Bishop Jeremiah Park also is a full member of the Board. Mr. Ronald Goddard, James Harbison, Jr., Esq., and Rev. Irving Hill are Board Members emeritus. Mr. Lum Lee serves as the Chair of the Board and is unflagging in his dedication to the cause; Mr. Ronald Salyer serves as the Vice Chair and is ever-ready to back up Mr. Lee and support the work of the Foundation.

112. It is my privilege to be the Executive Director and President of the United Methodist Frontier Foundation. While mine may be the face most often connected with the Foundation, it is the hard work of the board and staff that makes my job easy. I am grateful for the opportunity to be involved in this most exciting ministry among you.