

Toronto Conference
Assets & Funding Implementation Task Group #3

Report to Toronto Conference Executive

“A Way Forward Towards a New Corporation”

April 14, 2010

1. Background

At the June 10, 2009 meeting of the Executive of Toronto Conference a motion was passed authorizing the establishment of a task group to be named by the Conference President and Executive Secretary. The mandate of the task group is to facilitate the set up of a “new corporation” utilizing the existing corporate structure of Toronto West Presbytery Corporation (TWPC). The new corporation would hold and invest assets for the benefit of the Presbyteries.

The Conference task group was established in late June 2009 and met three times to consider matters related to actions undertaken by the Board of the TWPC over the period October 2009 through March 2010. The actions of the TWPC Board included:

- Modifying the By Laws of TWPC,
- Changing the name of TWPC,
- Making application to the Ontario Government for supplementary letters patent for TWPC, and
- Drafting “guiding principles” for an operating agreement between TWPC and the Presbyteries.

Members of the task group are: David Allen & Allan Parker - Toronto Conference; Mary McKeen & Marg Krauter - Northern Waters Presbytery; Pat Edmonds – Living Waters Presbytery; Don MacInnes & Sue Cowan - South West Presbytery and Penny Keel & Nick Walker (chairperson of the task group) – Toronto Southeast Presbytery. Don MacInnes also represents the TWPC and Nick Walker represents the Toronto Tri-Presbytery Corporation on the task group.

A “sub-group” of the task group – David Allen, Allan Parker, Don MacInnes, and Nick Walker worked closely with representatives of the Board of TWPC and its lawyer, David Macdonald to facilitate the process.

This “process towards a new corporation” is at a point where the Conference Executive and Presbyteries need to be informed by the task group of the actions that have been taken by the TWPC Board to establish the new corporation. This report outlines the steps taken and the documents that have been prepared to satisfy the requirements of the Ontario Government and the Board of TWPC.

The documents are included as Appendices to this report.

2. By Law 1A for the New Corporation

By Law 1A has received administrative approval from legal counsel at the General Council office of the United Church of Canada and approval from legal counsel of Toronto Conference. By Law 1A is included as Appendix A along with a one-page summary document.

By Law 1A is to be presented for approval by the Executive of Toronto Conference on April 14, 2010.

3. Application for the Renaming of TWPC

The name chosen by TWPC Board and the task group is **“The Presbyteries of Toronto Conference Corporation” (PTCC)**. This name has been approved by the TWPC Board, the Task Group, and the legal counsels of Toronto Conference and General Council.

Application was made on March 17, 2010 to the Ontario Government for the name change of TWPC as noted in the application for Supplementary Letters Patent, Appendix B.

4. Application for Supplementary Letters Patent for TWPC

Supplementary Letters Patent have been applied for by TWPC from the Ontario Government as of March 17, 2010, to “amend” the “objects” of TWPC, and to delete the current TWPC special provisions and to add new special provisions. This application for Supplementary Letters Patent is included as Appendix B.

5. Operating Agreement Between TWPC and the Founding Presbyteries

In addition to the items relating to the setup of the new corporation, the TWPC Board has mandated that an “operating agreement” be drafted, to be signed by all Presbyteries and TWPC.

The operating agreement will ensure that the assets in the PTCC account for the South West Community Ministries will be used for this purpose for ten years and it will also provide guidance to the Board of PTCC as to how assets may be accessed by the Presbyteries in the future, and other matters pertaining to the operation of PTCC.

The “principles” to be incorporated into an “Operating Agreement” are contained in the document titled “Proposed Operation of The Presbyteries of Toronto Conference Corporation (PTCC)” that was approved by TWPC Board on March 1, 2010. This document is included as Appendix C.

TWPC's lawyer will draft the operating agreement for distribution to the Board of TWPC for review and approval. Once the Board of TWPC has approved the agreement it will be distributed to the Presbyteries for their review and approval, possibly in May 2010.

6. Actions Required by the Presbyteries before PTCC is Established

There are two (2) immediate actions required by each of the Presbyteries:

- a) Each Presbytery should consider and put forward two (2) candidates for nomination to the Board of Directors of PTCC and three (3) candidates for nomination as Members of PTCC.

Notes:

- i) Candidates for the Board of Directors of PTCC should have some knowledge of financial matters as this is the primary function of the Corporation.*
 - ii) Section 429 of The Manual governs the operations of PTCC, a Category 1 Corporation, and it is a requirement that the majority of the Members of the Corporation must NOT be members on the roll of Toronto Conference. It should be an objective for each of the Nominating Committees that three (3) of the five (5) nominees for Members of PTCC from each Presbytery are NOT on the roll of Toronto Conference. The membership roll of Conference is defined in Section 410 of The Manual.*
- b) Presbyteries should review and consider the document titled "Proposed Operation of The Presbyteries of Toronto Conference Corporation (PTCC)," Appendix C that was approved by TWPC Board on March 1, 2010. A form of agreement will be presented to representatives of each Presbytery by a Board member of TWPC and a member of the task group after approval of the agreement by the TWPC Board. After a reasonable period of time for the Presbyteries consideration of the form and content of the operating agreement, TWPC will request each Presbytery to sign the "Operating Agreement."

TWPC has stated that the Operating agreement must be signed by the Presbyteries before the final steps are taken to establish PTCC.

7. Conclusion to the Process of Setting Up PTCC

With the approval of By Law 1A by the Executive of Toronto Conference and the approval of the request by TWPC to the Ontario Government for supplementary

letters patent including a name change for TWPC, the members of TWPC can consider and pass the necessary corporate resolutions to create PTCC.

The supplementary letters patent are expected to be received by early June 2010, so PTCC could be set up at some time after the receipt of the letters patent if the conditions precedent, as noted below are met.

Conditions precedent, as stated by the Board of TWPC to the set up of PTCC:

- That the Presbyteries have nominated the eight (8) members of the Board and the twelve (12) Members of the Corporation prior to the organizing meeting of PTCC, and
- That all Presbyteries have signed the Operating Agreement.

8. Possible Asset Flow to PTCC (2010-2014)

With the conditions precedent being met by the Presbyteries and PTCC established, assets from various sources might be available to flow into the accounts of PTCC over the period from 2010 to 2014.

If actions are taken by Toronto Conference to transfer Conference assets and Presbytery assets to PTCC; if TWPC transfers assets to PTCC for the South West Presbytery Community Ministries account and for the four Presbytery accounts, and if the Toronto Tri-Presbytery Corporation transfers assets to PTCC for the four Presbytery accounts, using current asset values in March 2010 held by each entity, the approximate account values in PTCC over the time period noted might be as follows:

• Northern Waters Presbytery Account	\$1,000,000	(by2014)
• Living Waters Presbytery Account	\$1,000,000	(by 2014)
• South West Presbytery Account	\$1,000,000	(by 2014)
• SW Presbytery Comm. Min. Account	\$1,800,000	(in 2010)
• Toronto Southeast Presbytery Account	\$1,000,000	(by 2014)

Notes:

- The Board of the Toronto Tri-Presbytery Corporation will consider its options for the future including the option of a transfer of assets to PTCC, at its next Board meeting in June 2010.
- TWPC is reviewing the provision of \$1.8 million for the South West Presbytery Community Ministries needs and this amount may be adjusted as necessary, prior to setting up the account in PTCC, to ensure funding for ten years.

9. St. Enoch's Fund – an Asset Held by TUCC for the Toronto Southeast Presbytery

The St. Enoch's Fund with an approximate value of \$285,000 is held by the Toronto United Church Council (TUCC) as one of its twenty-eight (28) restricted accounts, with the capital to be preserved in perpetuity. This account cannot be transferred to PTCC; however, it is held by TUCC for the benefit of the Toronto Southeast Presbytery and when income is available it will be transferred to the Presbytery for specific use for "human need in the inner city", in accordance with the restrictions on the account.

10. Future Asset Flow to PTCC

TWPC Board made it known to the task group very early in the process that a condition for it to proceed with the "process towards a new Corporation" is that Toronto Conference must ensure in the future, that the net proceeds (after Conference needs are met) from the sale of surplus property will be **divided equally** among the four (4) Presbyteries.

A motion to this effect is to be presented to the Toronto Conference Executive for their consideration and approval on April 14, 2010.

11. Recommendations on Future Actions by Presbyteries Related to PTCC

- a) That the Executive Secretary of Toronto Conference circulate copies of this report and the appendices to the Presbyteries as soon as possible after April 14, 2010 and that if there are any questions about the report or appendices, they are directed to David Allen, Executive Secretary Toronto Conference, for a reply from either the Board of TWPC or the Conference task group.
- b) That Presbyteries inform their Nominating Committees in April 2010 of the urgency to propose a slate of nominees for PTCC – two (2) directors and three (3) members from each Presbytery.

Notes:

- i) *Candidates for the Board of Directors of PTCC should have some knowledge of financial matters as this is the primary function of the Corporation.*
- ii) *Section 429 of The Manual governs the operations of PTCC, a Category 1 Corporation, and it is a requirement that the majority of the Members of the Corporation must NOT be members on the roll of Toronto Conference. It should be an objective for each of the Nominating Committees that three (3) of the five (5) nominees for*

Members of PTCC from each Presbytery are NOT on the roll of Toronto Conference. The membership roll of Conference is defined in Section 410 of The Manual.

- c) That the draft principles of the “Proposed Operation of The Presbyteries of Toronto Conference Corporation (PTCC)” be reviewed by each Presbytery as soon as possible after April 14, 2010.

Also, that a representative group within each Presbytery should be chosen to be available to meet with representatives of the Board of TWPC and the task group to review a form of the operating agreement between TWPC and the Presbyteries, when it is available in May 2010.

12. Recommendation to Toronto Conference: Future Presbytery Policies on Disposition of Property

The task group considered the future flow of assets to PTCC from the sale of surplus properties that will flow to Toronto Conference, and noted that there are increasing instances where substantial assets are being generated at the congregational level through the sale of properties. There have been situations and examples where these congregational surplus assets are not being shared widely among others, such as Presbyteries. This inequity might be overcome in the future through a process by depositing a portion of the surplus funds in PTCC where they would be divided equally between Presbyteries if this is the direction given by the contributor.

The task group recommends that:

- Toronto Conference requests the Presbyteries to establish policies on the disposition of property in advance of further property sales, encouraging a spirit of generosity and sharing.

Appendix A

BY-LAW NO. 1A - THE PRESBYTERIES OF TORONTO CONFERENCE CORPORATION & Summary of By Law 1A

Appendix B

APPLICATION FOR SUPPLEMENTARY LETTERS PATENT BY THE TORONTO WEST PRESBYTERY CORPORATION

Appendix C

PROPOSED OPERATION OF THE PRESBYTERIES OF TORONTO CONFERENCE CORPORATION