

## **BACKGROUND:**

The Sarah Hamilton Trust was established in the early 1980s for the benefit of the Mont Pleasant Reformed Church in Schenectady, New York. The church is a part of the Classis of Schenectady. The trust was established pursuant to the terms of the Last Will and Testament of Sarah Hamilton. The will was dated April 15, 1980. Ms. Hamilton died on March 6, 1983. The will was admitted to probate on May 20, 1983.

The terms of the trust are set forth in the will. The trustee is instructed to “invest and reinvest the [trust assets], to collect the income therefrom and to pay quarterly the entire net income therefore in perpetuity to the [church] or its successor. If the aforesaid church shall at any time cease to exist without a successor church, said income shall be paid to THE REFORMED CHURCH IN AMERICA, 475 Riverside Dr., New York, N.Y.” (emphasis in original)

In 1987 the Surrogate Court of Schenectady County approved a petition by the church to invade the principal of the trust in an amount just less than \$39,000. More recently, in the mid 1990's, a similar petition was approved for the invasion of principal in the amount of \$191,623. It appears that in each instance (or at least the latter of the two) the GSC (or its predecessor) was consulted and gave its consent. As of the end of June, 2007, the current principal amount of the trust is just under \$395,000.

At the time of the second invasion of principal (\$191,623) the classis agreed that if the congregation of Mont Pleasant Reformed Church can no longer function with a viable ministry and the church is disbanded and its property is sold, then proceeds from the sale will be used to replenish the trust by the amount of the invasion.

## **CURRENT SITUATION:**

The Mont Pleasant Reformed Church ceased to exist as of March 1, 2007, and there is no successor church. Since that time earnings have continued to be paid by the trust (now to the classis rather than the church). The classis acknowledges that, as a result of the church no longer existing, income from the trust now should be paid to the GSC. The classis has agreed to remit to the GSC all funds paid to it from the trust since the church ceased to exist.

The classis has also acknowledged that it now must replenish the trust by an amount equal to the invasion in the mid-1990s (approximately \$191,623). In the meantime, however, the classis has noted that Camp Fowler is in the midst of a capital campaign, and the classis has proposed that the funds instead be contributed to the campaign. The net effect of such an action is that the GSC would receive income from the trust, but it would be approximately 2/3 of what it otherwise could be (because the principal amount of the trust would be \$395,000 (+/-) rather than \$590,000 (+/-)).

Sub-paragraph 8 of Executive Limitation No. 6 provides that the “General Secretary will not permit the sale, exchange or other transfer of any asset of the GSC with a value that is less than 1 million dollars, unless the asset sold, exchanged or transferred is of lesser or comparable value to the asset being received for it, or unless GSC gives it prior consent.” Accordingly, the action requested by the Classis of Schenectady appears to require GSC consent. Honoring the Schenectady classis' request seems imprudent for a number of reasons, including the following:

1. Doing so would be inconsistent with the intent of the donor, and this could send a negative signal to prospective donors as well.
2. Doing so would be inconsistent with the past practices of the GSC. For example, a number of years ago the GSC made a loan for the benefit of the Warwick Conference Center, and on several occasions requests were made for the remaining balance to be forgiven. On each occasion the request was denied, and the loan has since been paid in full.
3. Funds are needed as the denomination continues to pursue Our Call, and earnings from the trust will help in that regard.
4. The GSC has not made financial contributions to the fundraising endeavors of other assemblies, institutions or agencies. Doing so now would set a precedent that would make it difficult to deny future requests from other assemblies.