

PROPERTY DIVESTMENT STRATEGY

Introduction

In 1999, MCEC reviewed its policy on property ownership and made the decision to divest itself of properties not directly used by MCEC. The process of divesting property was more complicated than anticipated and to date, the only transfer has been the Rockway Mennonite Collegiate property, which was completed in 2005. MCEC is continuing to work on the transfer and divestment of other properties.

Currently, three properties are under review:

- **MCEC Offices**

The Executive Council is currently exploring the feasibility of locating the MCEC offices in an Anabaptist office campus in Kitchener that is being proposed for construction in the next few years by Mennonite Central Committee Ontario.

- **Welcome Inn Community Centre Facility**

At the Annual Church Gathering in April 2009, delegates affirmed the transfer of the Welcome Inn property to the Welcome Inn Church. This transfer did not proceed due to the subsequent closure of this congregation. The next step would be to consult with a local congregation on the possibility of acquiring ownership of this property.

- **Warden Woods Community Centre**

With the closure of the Warden Woods Mennonite Church, there is no local congregational connection to this facility. Discussion has occurred with Toronto congregations about this property but no direction has emerged. Executive Council will continue to review ownership of this property.

- **46 Scotia Avenue Toronto**

This duplex in Toronto is not being used for MCEC programming and steps are being taken toward divesting this property.

In order to expedite and guide its decision making, the Executive Council, on the advice of the Administrative and Financial Council, has adopted a strategy for property transfer and divestment. This strategy outlines the principles which would guide the decision making of Executive Council in the divestment process of MCEC owned properties. The following divestment strategy is being shared for information and feedback.

MCEC Property Divestment Strategy

1.1 Purpose of this Document

Over the past several years, there has been significant time and energy spent on the question of how to divest of some properties that MCEC owns.

This document is intended to provide a policy framework which will allow MCEC staff to operate within approved guidelines and Executive Council to make decisions related to the divestment of MCEC properties.

1.2 Mission of MCEC

Extending the Peace of Jesus Christ

- making disciples
- growing congregations
- forming leaders

1.3 Why Divest Properties?

The conference owns properties that have been acquired over time from various sources. They include church properties, community centers and cemeteries. While many of them are complementary to MCEC's mission, they are not part of its core purpose.

It is the goal of MCEC to divest of these properties for the following reasons:

- Being a landlord consumes administrative energy that detracts from the core purposes of administering a denominational body.
- There are financial responsibilities that are inherent with property ownership.
- There are liability risks inherent in absentee property ownership.
- The assets may be put to a use that more fully meets the mission of MCEC.
- In order to be in compliance with Canada Revenue Agency expectations with respect to properties and the disbursement quota for charities.

1.4 Legal Constraints

MCEC operates as a registered Canadian Charity. In order to be charitable (legal definition), the entities activities must fall under one of four categories:

1. Relief of poverty
2. Advancement of education
3. Advancement of religion
4. Other benefits beneficial to the community.

The Objects (purpose) of MCEC fall into the category item 3 above - Advancement of religion (see Appendix A). In general, in order to be in compliance with Canadian law, MCEC's activities and use of its assets must support this purpose of advancement of religion.

The following chart summarizes some of the federal and provincial regulations and constraints and the impacts applicable to MCEC.

Area of Regulation	Constraint	Impacts
Canada Revenue Agency (Federal) - Income Tax Laws for Charitable Institutions	Transfer of property (gift) must be to another registered Charity.	<ul style="list-style-type: none"> ■ Not a problem. All contemplated donee's are Charitable corporations.
General Trust Laws (Provincial) for Charities - Directors' fiduciary responsibilities	Donations to MCEC must be used to support its Objects	<ul style="list-style-type: none"> ■ Donors to MCEC have a right to ensure that assets are used for its stated Objects.
	Divestment of properties: Directors must sell at market value or transfer to a charity with similar Objects.	<ul style="list-style-type: none"> ■ Donating property to an MCEC congregation is acceptable if the Objects are similar. ■ Donations to a "Community Centre" could be a "breach of trust."

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1.5 Current Properties Owned by MCEC

1. MCEC Offices, Kitchener
2. Maison de l'Amitié (House of Friendship), Montreal
3. Warden Woods Community Centre (Toronto)
4. 46 Scotia Avenue – (Warden Park Duplex) (Toronto)
5. Welcome Inn Community Centre and Church (Hamilton)
6. Church properties
 - a. Rawdon Church
 - b. Joliette Church
7. Cemeteries ¹
 - a. Blenheim Mennonite Cemetery & Blenheim Retreat Centre (New Dundee)
 - b. Reesor Cemetery and Memorial Gardens (Eilber Devitt Township)
8. Bicentennial Memorial (Vineland)

¹ Any divestment of cemeteries is restricted by the regulations of the Ontario Cemeteries Act.

2 Guiding Principles

The following principles will guide the decision making process:

- The property is not essential to achieve the Objects of MCEC.
- The property does not align with the Objects of MCEC and does not support the ministry of one of its congregations.
- If the property is no longer part of the core mission of MCEC, its use should be reviewed to determine if/ how it might be aligned with the current purpose and mission of MCEC. This review should not be limited by historical uses of the property.
- Determine whether an MCEC congregation is willing and has the capacity to continue the mission. If so, explore the possibility of transferring ownership to this congregation.
- If there is no viable option to transfer ownership to a congregation, negotiate transition and sell the asset at market value.
- Decisions around the divestment of property and subsequent alternative uses of the asset/capital should be driven by what is best for the 'whole body'.
- While we need to respect the legal constraints (section 1.4), we should not be afraid to work in the 'grey zones' if beneficial to MCEC purposes.

We recognize that some decisions may be perceived as not be in the best interest of some individuals or groups within the church. To this end:

- Adequate time will be provided for any required transition steps for affected parties.
- 'Listening Sessions' or other methods for feedback will be used before decisions are made.

3 Proceeds from Sale of Properties

Consistent with the Guiding Principles to do what is best for the 'whole body', proceeds received from a sale would be allocated to existing MCEC Funds based on the current needs of the MCEC mission as directed by the Executive Council.

4 Appendix A – General Operating By-Law (Legal Objects)

Mennonite Church Eastern Canada/Église Mennonite de l'est du Canada
Bylaw No. 3

3. Purpose and Governing Principles

- 3.1 To assist its affiliated congregations in fulfilling their responsibilities of worship, nurture, outreach, and mutual assistance.
- 3.2 To give a visible expression of our unity in Christ and to provide a Mennonite/Anabaptist witness that reflects oneness.
- 3.3 To gather in assembly to discern the will of God so that our community of faith might be strengthened.
- 3.4 To empower our mission outreach to persons in need of salvation that can be found in Christ.
- 3.5 To provide leadership in relating to the broader church and community.
- 3.6 To encourage and strengthen the nurture, outreach, service, and mission of the congregations who are affiliated with MCEC.
- 3.7 To offer assistance and counsel where problems arise with, in, or among congregations affiliated with MCEC.
- 3.8 To support and work with Mennonite Church Canada, or their successors