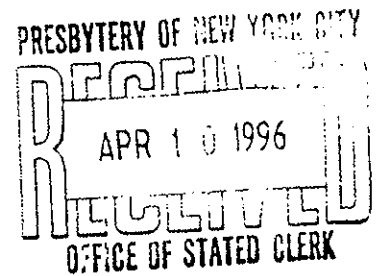


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MEMORANDUM

April 8, 1996

To: Dr. David E. Meerse

Re: Advisory Task Force on Structure and Staffing  
Recommendation to Presbytery General Council dated March 18, 1996

Having reviewed the report of the Advisory Task Force that came in the mail with the "What Happened At Presbytery" and landed on my desk on Monday, April 1, I am writing this memo to direct to your attention the need for the structure of the *ecclesiastical* Presbytery to accommodate the statutory and practical requirements of the *corporate* Presbytery.

From the earliest times that I can remember, dating back to before the time when the Presbytery of New York consolidated with the Presbytery of Brooklyn-Nassau, it was the practice of the New York Presbytery so to structure itself that one of its committees constituted and functioned as the Board of Directors of the corporate Presbytery. When I first started doing work for the Presbytery, in 1958, before I was admitted to the bar, that body was known as "The Church Extension Committee of the Presbytery of New York". However, much of the corporate function was also performed by a smaller group known as "The Trustees of the Presbytery of New York".

It seems to me that, whatever changes may be made in terminology, the function of the Board of Directors of the corporate Presbytery should be, as it has been, kept as a separate identifiable unit within the organization of the Presbytery.

To guide the Advisory Task Force, and for your convenience, I enclose two documents that should help you create a definition of the function of this committee, whatever it is to be called, and for your ready reference and convenience. The first of these documents is a copy of Section 717 of the Not-for-Profit Corporation Law, which gives the corporate directors certain responsibilities and immunities.

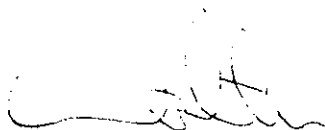
The other document, an important one that should already be in your files, is the current Certificate of Consolidation, which is the Certificate of Incorporation of Presbytery of New York

City that is now in effect. The function of the corporate Presbytery is spelled out in that Certificate.

Before the merger of the New York and Brooklyn-Nassau Presbyteries, The Church Extension Committee carried out the direction of the ecclesiastical Presbytery. Because, in those days, the only corporate forms of non-profit organizations were religious and membership corporations, The Church Extension Committee, now known as Presbytery of New York City, is a membership corporation. That means that the members (the people who, from time to time, constitute the ecclesiastical Presbytery) elect the corporate Board of Directors who, in turn, elect the officers of the corporate Presbytery. When the merger took place, beginning in 1962, it was decided (at my suggestion, as a matter of fact) that the name of the corporation be changed to "Presbytery of New York City" so that there would not be any confusion to the public as to what it was that was acting under that name, while at the same time it could be determined, by ecclesiastical law and civil law, which of the two entities was actually acting. The name of the corporation did not change when the consolidated corporation known as Presbytery of New York City further consolidated with the Trustees of the Presbytery of New York. The Trustees, in turn, had been in existence for at least 70 years, and had carried out much the same function as The Church Extension Committee, although it was more likely that the Trustees held title to real property, and actually exercised oversight of investments. It was realized at that time (1963) that it did not make much sense to have two corporate arms of the Presbytery when one would do quite nicely. That is why the consolidation was completed to give us the corporate structure that we have today.

It is not my place to express an opinion on the proposed reorganization of the Presbytery. However, I cannot refrain from saying that, having dealt with the Presbytery for almost 40 years, I have seen many changes in structure, often without any effect on the handling of the Presbytery's business. Certainly, the changes in terminology over the years can be confounding.

Of course, I stand ready to help out in this project in any way that you think I might be useful.



Walter J. Handelman

WJH:aj  
Encis.

cc: The Rev. Dr. Spencer C. Gibbs

## § 717. Duty of directors and officers

(a) Directors and officers shall discharge the duties of their respective positions in good faith and with that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions. In the administration of the powers to make and retain investments pursuant to section 512 (Investment authority), to appropriate appreciation pursuant to section 513 (Administration of assets received for specific purposes), and to delegate investment management of institutional funds pursuant to section 514 (Delegation of investment management), a governing board shall consider among other relevant considerations the long and short term needs of the corporation in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

(b) In discharging their duties, directors and officers, when acting in good faith, may rely on information, opinions, reports or statements including financial statements and other financial data, in each case prepared or presented by: (1) one or more officers or employees of the corporation, whom the director believes to be reliable and competent in the matters presented; (2) counsel, public accountants or other persons as to matters which the directors or officers believe to be within such person's professional or expert competence or (3) a committee of the board upon which they do not serve, duly designated in accordance with a provision of the certificate of incorporation or the bylaws, as to matters within its designated authority, which committee the directors or officers believe to merit confidence, so long as in so relying they shall be acting in good faith and with that degree of care specified in paragraph (a) of this section. Persons shall not be considered to be acting in good faith if they have knowledge concerning the matter in question that would cause such reliance to be unwarranted. Persons who so perform their duties shall have no liability by reason of being or having been directors or officers of the corporation.

(As amended L.1978, c. 690, § 8; L.1988, c. 734, § 1.)

### Historical and Statutory Notes

1988 Amendment. Par. (b). L.1988, c. 734, § 1, eff. Dec. 16, 1988, added par. (b) and omitted former par. (b) which provided that directors and officers may rely upon financial statements represented to be correct by the president or officer in	charge of books and accounts or by a certified public accountant.
	1978 Amendment. Par. (a). L.1978, c. 690, § 8, eff. July 25, 1978, added sentence beginning "In the administration".

### West's McKinney's Forms

Clause for preamble of board resolution to indicate that directors have relied upon opinion of counsel, see N-PCL § 717, Form 1.