

## Issues identified by the Property Task Group

The Property Task Group was formed by the New York Quarterly Meeting in January 2010 “to develop a proposal for the resolution of all property and related issues in connection with the proposed incorporation of Friends Seminary.” The Property Task Group was charged by the Quarter to “seek a resolution that is fair and will allow the Quarter, the Fifteenth Street Monthly Meeting and Friends Seminary to flourish in the present and into the future.”

The Task Group consists of 6 members (4 Quaker members and 2 members appointed by Friends Seminary), who were often joined by a member of NYQM Ministry and Counsel. This document sets forth certain issues identified by the Property Task Group that need to be resolved and that the members of the Task Group have had the opportunity to discuss sufficiently to indicate discrete positions where representatives of the Quarter and Friends Seminary have reached unity, where unity has yet to be reached or for some issues where the Task Group is still considering issues. Individual members may present other issues and additional documents for consideration. We note that this document is a general overview representing work to date; as more work is done, with discernment and input from members of the Quarter, we expect the document will be further refined.

We also attach two appendices: Appendix A is a proposal for resolution of certain of these issues presented by the Friends Seminary members in May 2010; Appendix B is a proposal for resolution of certain of these issues presented by the Quaker members in June 2011.

Issue	Friends Seminary Members	Quaker Members
1. Ownership of buildings		
A. Meetinghouse 221 E 15 <sup>th</sup> Street	Ownership retained by Quarter	
B. Central Building 15 Rutherford Place	Ownership retained by Quarter	

Issue	Friends Seminary Members	Quaker Members
C. Old School Building 226 E 16 <sup>th</sup> Street	Ownership retained by Quarter	
D. 1964 Building 222 E 16 <sup>th</sup> Street	Ownership transferred to Friends Seminary for nominal consideration	Ownership transferred to Friends Seminary for consideration based on amounts paid by Quarter to build 1964 Building and to acquire the land on which the 1964 Building sits and is associated with it or transfer both building and land for nominal or other consideration depending on discussion within the Quarter and further seasoning.
E. Kelley House 216 E 16 <sup>th</sup> Street	Ownership transferred to Friends Seminary for nominal consideration <sup>1</sup>	
F. Townhouse 214 E 16 <sup>th</sup> Street	Ownership transferred to Friends Seminary for nominal consideration <sup>1</sup>	
G. Townhouse 212 E 16 <sup>th</sup> Street	Ownership transferred to Friends Seminary for nominal consideration <sup>1</sup>	
H. Annex 220 E 15 <sup>th</sup> Street	Ownership transferred to Friends Seminary for nominal consideration <sup>1</sup>	

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<sup>1</sup> Agreement predicated upon demonstration, by reference to the best documentary evidence available, or lacking documentary evidence, to the best evidence available, that the source of funds to purchase this property was Friends Seminary, parents of students, alumni, teachers and other persons relating primarily to Friends Seminary (rather than the Meeting and persons relating primarily to the Meeting).

Issue	Friends Seminary Members	Quaker Members
2. Ownership of Land and Underground Facilities	PTG considering issues.	
3. Development rights		
A. Air rights	Air rights remain with Quarter except with respect to Properties E – H which will be transferred to Friends Seminary	Air rights remain with Quarter with respect to all Properties (pursuant to Trustee’s Minute 06.03.08, 3/9/06)
B. Underground	Underground rights remain with Quarter, except with respect to Properties E- H and Inner Courtyard, which will be transferred to Friends Seminary	Underground rights remain with Quarter with respect to all Properties (pursuant to Trustee’s minute 06.03.08, 3/9/06)
4. Reversion	PTG considering issues	
5. Use of Quarter-owned buildings (Meetinghouse, Central Building, Old School Building)		
A. Form of Agreement	Use Agreement	Lease Agreement
B. Term	30 years	5 years
C. Compensation	Proportionate share of costs and expenses (including capital expenditures) associated with space	Space used exclusively by Friends Seminary leased at market rate (initially \$35-40/foot); Shared space charged for proportionate use at market rate or charged on hourly basis, phased in over the first five years <sup>2</sup>

<sup>2</sup> This restates the position of the June 2011 Proposal of the Quakers. Since that time, one Quaker member has expressed different views.

Issue	Friends Seminary Members	Quaker Members
D. Decisions regarding operations, maintenance and capital expenditures	Committee consisting of representatives of Friends Seminary and Quarter, with input from facilities professionals	Quarter, as owner, retains control with respect to capital expenditures
6. Disposition of Trusts	PTG considering issues	
7. Use of Friends' Name, Trademark and Service Mark	PTG considering issues	

Proposal from Friends Seminary Members  
May 2010

1. New York Quarterly Meeting (NYQM) transfers to Friends Seminary (FS) all of its right, title and interest in five buildings: 212 E. 16<sup>th</sup> Street, 214 E. 16<sup>th</sup> Street, 216 E. 16<sup>th</sup> Street (Kelley House), 222 E. 16<sup>th</sup> Street (1964 Building) and 221 E. 15<sup>th</sup> Street (Annex), in exchange for nominal consideration.
2. NYQM transfers to FS all of its right, title and interest to the inner-courtyard and the alleyway on the west side of the Meetinghouse (the Inner Courtyard) including the ground and existing facilities under the ground, in exchange for nominal consideration. The transferred deed would give FS the right to further develop the space underneath ground level, but would not permit FS to develop the Inner Courtyard at or above ground level without permission from NYQM and 15<sup>th</sup> Street Meeting (15StM).
3. NYQM retains title to 226 E 16<sup>th</sup> Street, including the adjacent courtyard on the corner of 16<sup>th</sup> Street and Rutherford Place (together, the Old School Building), and enters into a 99-year lease with FS for nominal consideration. Pursuant to the terms of the lease, FS would assume 100% of the maintenance costs and capital expenditures associated with Old School Building, and would sublease the basement floor back to NYQM for nominal consideration. All parties would continue to use the sub-basement for storage purposes.
4. NYQM retains title to the Central Building, the Meetinghouse, and the courtyard in front of the Meetinghouse (together, the Main Buildings).
  - a. FS and NQYM would enter into a long-term usage agreement pursuant to which FS would be granted the right to use certain designated portions of the Main Buildings on an exclusive basis and certain portions of the Main Buildings on a shared basis. In return, FS would pay to NYQM usage fees sufficient to cover FS's share of (i) the actual costs of operating and maintaining the Main Buildings and (ii) expenditures with respect to capital improvements made to the Main Buildings. As part of this process, FS would vacate the Loft Office.
  - b. The usage agreement would include mechanisms developed by the Property Task Group, with input from facilities professionals at NYQM and FS, to determine operating and maintenance costs, capital expenditures and the share of such costs and expenditures to be borne by FS. Spaced used exclusively by FS will be maintained by FS.
  - c. The usage agreement would also provide for continued shared use by NYQM and 15StM of certain portions of FS property at no cost.

5. Going forward, a joint Property Committee comprised of representatives of NYQM, 15StM and FS would be established to coordinate operations, expected capital expenditures and other issues arising with respect to the use of shared space.
6. NYQM transfers to FS any and all development rights associated with the Main Buildings, and the Old School Building for a purchase price to be determined by mutual agreement, with a provision that such development rights could only be used by FS to further develop properties owned by FS.

Proposal from Quaker Members

June 2011

The Property Task Group recommends that the Lawyer of the New York Quarterly Meeting be asked to prepare the formal papers which would implement the following plan to resolve the property issues:

- 1) All buildings constructed or purchased by Friends Seminary after 1964 should be transferred to the School outright;
- 2) The Meetinghouse, the Central Building and the Old School Building will remain with the New York Quarterly Meeting;
- 3) All development rights of the Rutherford Place complex shall remain with the New York Quarterly Meeting, which shall also retain the original land plot;
- 4) Portions of the Central Building and Old School Building to be used exclusively by Friends Seminary will be leased for successive five (5) year periods at market rent, with the rent for the initial period to be phased in over the first five (5) years;
- 5) Any use by Friends Seminary of facilities used by both the School and New York Quarterly Meeting will be charged at an hourly use rate.