

A HISTORY OF THE NESS FUND AND KEREN NESS

The origin of the Ness Fund and Keren Ness and the improbable story of its benefactor began on a late spring morning in 2002 when a rough shaven man in overalls, a worn gray shirt and scuffed work boots appeared in the offices of the Jewish Federation of Central New Jersey. The receptionist, Toby Kovia, believing him to be a homeless man, called her boss, Stanley Stone, Executive Vice President of the Federation, to ask if she should call the police to have him removed.

In what was probably the smartest decision of his career, Stone said no and came out to meet the man instead.

The man introduced himself as Mack Ness, a resident of Watchung. The name meant nothing to Stone at the time, but he introduced himself and asked if there was anything he could do for him and Ness said there was. Still wary, Stone invited him into his office and asked the Federation Director of Development, Amy Cooper, to join him.

Ness explained that he had sought to establish a donor advised fund with Fidelity Investments where he had an account but that their annual fee was higher than he was ready to pay. He had learned that the Federation's Endowment Fund managed such funds for only 1% and if he could be assured that his money would be directed to Israel, he was prepared to write a check to them for \$75,000.

In the half hour conversation that ensued, Ness revealed that he was 93 years old and wanted to leave his entire estate to the State of Israel. He told them he had not yet made a Will but that his attorney was Victor Rizzolo whose office was in Somerville. When asked if he had an accountant, Ness said no and Cooper suggested that the Federation might have someone willing to help him on a pro bono basis as a new donor. In return, he promised Stone and Cooper that if they "did a good job" there might be "a little more after this."

Cooper wrote out the name and telephone number of Robert Kuchner, the then current Campaign Chairman and a partner in a New York accounting firm. She handed the note to Ness who looked at the 212 area code and ripped up the paper, declaring, "That's New York City. I don't make toll calls."

When Ness had left, Stone directed Cooper to contact Gerald Flanzbaum, the Federation General Counsel, to find out what he knew of their visitor and his attorney Victor Rizzolo.

Flanzbaum was a real estate attorney who lived and practiced in nearby Warren Township, and although he had never met Mack Ness face to face, he was more than familiar with him and his reputation. Ness was a recluse vegetable farmer who owned

various parcels of inherited and acquired real estate in the area and was a difficult man to deal with. Over the years, many of Flanzbaum's clients had attempted to buy land from Ness but could never come to terms with him. Moreover, although Ness was known to be Jewish, he belonged to no synagogue and had never been a donor to the Federation or any other Jewish cause. In fact, no one had ever known him to have made a charitable contribution *anywhere*.

Victor Rizzolo, by contrast, was a well liked and respected attorney and former County Court judge who Flanzbaum knew well. Then age 79, his relationship to his client Ness went back for more than half a century.

In 1946, a year after World War II ended, Rizzolo, a disabled veteran at the age of 23, entered Rutgers Law School. Needing a cheap place to live, he rented a converted chicken coop from Ness who was then 35 years old and already operating his farm. Rizzolo shared the rent with a fellow law student. A year later, however, his friend married and unable to afford the rent alone, Rizzolo informed Ness that he would be leaving. Ness, however, had another idea and made him a proposition:

"I'll let you stay for free until you get your law degree if you'll represent me for free after that."

They struck a deal and that, Rizzolo later told Flanzbaum, "was the beginning of my love affair with the Jewish people."

The attorney confirmed that his client did indeed intend to leave his entire estate to the State of Israel, stating that "it has always been Mack's desire to give his money to Israel. Whenever he talks about Israel he has a smile on his face." Flanzbaum explained why this was not a good idea and suggested instead that Ness name the Federation's endowment fund as his beneficiary. He gave Rizzolo the correct designation for the Will, including the desired language limiting the bequest to programs and projects in Israel. Rizzolo indicated that his client, never married, also wanted a memorial in Israel for himself, his mother Anna and his brother Sanford and that a provision to that effect would be included in the Will, but without further instructions. He concluded their conversation by saying to Flanzbaum, "when Mack passes, I think you are going to be surprised."

Mack Ness died in Muhlenberg Hospital less than two years later, on Saturday, January 17, 2004 at the age of 94. His short obituary read in part:

"He was an avid reader and enjoyed fixing things, but remained a very private person."

Both the obituary and his Will were silent as to a sister, Cecile, who survived him as his only next of kin. In addition to Rizzolo, two other men were named as executors of the Will, Joseph _____ and _____. Mark Stanton, an attorney who was born and raised in Plainfield as Mark Sokolinsky, was chosen by the Rizzolo to represent the estate.

The surprises were fast in coming.

When admitted to probate, the size of Mack Ness's estate became apparent for the first time. It was estimated to be in excess of 18 million dollars, of which 6.5 million was in stocks and bonds with Fidelity Investments and the remainder in land which had yet to be appraised. A strong box was found in his home which was thought to have contained some \$65,000 in cash but the bills were so old and brittle that most turned to dust when first touched. Taken to the bank for expert handling, a little more than half was recovered.

The greater surprise came with a first visit to his 58 acre farm. Mack Ness had lived the life of a pauper. The single bedroom of his ramshackle cottage held a bare mattress and a sloping mountain of old clothes piled literally from floor to ceiling. Old newspapers were piled everywhere. In his kitchen a hotplate appeared to be the only thing on which he cooked and the half sized refrigerator was empty. A few cans of soup stood on a wooden shelf above the sink; otherwise there was no food in sight. The rooms were dimly lit by bare bulbs hanging on wires from the ceiling. The windows were uncovered, the walls crumbling with peeling paint. There were no pictures or photographs to be found except for a calendar from a local plumbing concern tacked near the door.

Outside, an old barn leaned precariously away from its foundation and had already been condemned by the municipality with entry taped off for reason of safety. Whatever its contents, they were lost when the structure was razed by the fire department. Not far from the cottage, an old Reo truck lay buried halfway to its roof and the remains of other vehicles, decades old and rusted away, dotted the property in half a dozen places. The chicken coops which once held tenants such as Rizzolo were so overgrown both inside and out that any thought of inspecting them was out of the question.

After the liquid assets of the estate were marshaled, deeds to various houses and lots in the surrounding area were transferred to the Federation and put under contract. Most of the houses were old and in need of repair and netted little when sold. The small lots were substandard and of value only to adjacent landowners who, for the price, relieved the Federation of their burden.

It was not long before another surprise arose which in retrospect was no surprise at all.

Cecile Ness challenged the will.

For reasons that remain obscure, Mack's relation with his sister was poisonous. One of the executors recalled being present on a day when Cecile appeared at the farm unannounced. "Mack asked her how she got in and she told him. He said to her 'there's a shorter way out. Take it.'"

Cecile was represented in the lawsuit by Fred Dubowsky, a close friend of Stanton's. While there was little merit to her claims that her brother had acted under undue influence or without sufficient mental capacity when he omitted her from his Will, the

executors and the Federation knew that adjudication of the challenge would delay distribution of the estate for a year or more. As a result, a settlement was quickly reached and Cecile, with her attorney, walked off with \$500,000 and were not heard from again.

From the estate's initial distribution to the Endowment Fund in 2005, one million dollars was immediately set aside. With Stanley Stone as the moving force, the Ness Business Loan Fund for the Negev was created as the memorial Mack had wanted.

In Israel today it is known as Keren Ness and the name is alive with meaning.

"Keren" in Hebrew can mean "fund" or a "horn of plenty", a cornucopia. "Ness" is the Hebrew word for "miracle." While Keren Ness is publicized in Israel as a memorial to a Jewish man named Mack Ness, most know it simply as the "Miracle Fund", a cornucopia miracle representing Maimonides' highest level of charitable giving: providing an individual with the ability to earn his or her own living.

On May 10, 2005, Keren Ness was officially launched at a ceremony at the Arad Science Center, in the Negev town partnered with the Federation under the Jewish Agency's Partnership 2000 program. The guest of honor was Victor Rizzolo who traveled to Israel as a guest of the Federation. Within a year, the Jewish Federation of Greater Miami, intrigued with the concept, also invested a million dollars and became a full partner in the endeavor.

Working in cooperation with the Jewish Agency and Otzar Hahayal, the Bank of the Army, Keren Ness guarantees small to mid size business loans to Negev farmers and entrepreneurs, loans the bank would otherwise not make. Under the original agreement with the Bank Keren Ness funds were leveraged 4 to 1, meaning that for each loan given only 25% of the loan amount was required to be set aside as security for its guaranty. Thus, a loan pool of 8 million dollars was made available from the original 2 million dollar investment. Loans were limited to 300,000 New Israeli Shekels (NIS) (between \$75-80,000) and given for a period of 6 years including an initial period of grace. The interest rate to the borrower was set at .75% over the bank's prime rate. Depending on risk factors, the Keren Ness guaranty ran from 50% to 90% with 60% as a norm.

A Ness Business Loan Committee was established to review loan applications and set policy guidelines. Consisting of representatives from the Jewish Agency, the bank and the two funding Federations, the committee meets monthly, usually in Beer Sheva, to consider new loan applications and review the status of others. As each application is heard and the risk assessed, the Keren Ness guaranty percentage is established in negotiation with the bank. The Jewish Agency provides professional management and oversees the ongoing activities of the Fund Committee. It's first chairperson was Alan "Hanoch" Barkat, currently CEO of the Social Venture Fund Dualis. Ofer Isseroff was the Jewish Agency professional manager. Barkat was succeeded in 2007 by Michal Lev who remains the current chair. Amir Snajderman now manages the Fund with Tamar Day as the field coordinator.

On January 17, 2008, exactly four years to the day of Mack Ness's death, a Federation delegation met with President Shimon Peres at Beir Hanassi at his invitation. He wanted to learn more about a story he had heard, a remarkable story about a cantankerous old farmer who lived like a poor man and who saved his good deeds, his *masim tovim*, for the time when he was gone.

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After a year of intensive bargaining, including the threat of a taking by eminent domain, on March 7, 2006 the Borough of Watchung purchased the 20 acres of the Ness farm within its boundaries for 8.2 million dollars. With \$400,000 held in escrow for potential environmental issues, the Endowment Fund received 7.8 million and sought a buyer for the contiguous 38 acres remaining in Warren Township. A second Warren property with two income producing residences remained unsold.

With the bulk of the assets now in hand, a Grants Committee was established with Eleanor Rubin, immediate past president of the Federation as chairperson and Norman Weinberg as co-chair. An initial mission statement was prepared which sought to reflect the wishes of the Mack Ness executors and was signed by them but never signed by Federation. A longer and broader version was introduced instead but failed to pass. A subsequent mission statement was eventually adopted and remains in place today.

Tehila Nahalon, a young attorney and one time writer for Natan Sharansky was hired as the Ness representative in Israel. The committee then undertook a process to determine where it should focus its grant making activity. Three program areas were researched and considered as emerging needs in Israel: Jewish identity, the development of a pluralistic population in Jerusalem and the economic and social development of the Negev. With Keren Ness already active in the region from an economic standpoint, the Committee elected to concentrate on programs that would attract young adult newcomers to the Negev and encourage retention of the population already there.

The Ness Fund made its initial grants during the fiscal year 2008-2009. Its first and only grant outside the Negev was made to the Technoda Science and Technology Center in Hadera to establish the Mack Ness Science Library. The \$200,000 grant was made at the request of Gerald Flanzbaum in lieu of legal fees for the handling of the Ness bequest. During this period additional grants were made to the Or Movement (to fund cultural activities in the old city of Beer Sheva); the Arad Economic Development Unit (to establish a Young Adult Center); and to the Israel Venture Network (to provide business and entrepreneurial mentoring.)

At the same time, the Ness Grants Committee began yearly trips to Israel for site visits to existing programs and projects and to consider new applications for funding. It was not unusual for a three day mission to travel hundreds of kilometers throughout the Negev to hear six and seven presentations in a single day and then face the difficult decision as to which would be recommended for approval.

Together with Keren Ness, the Ness Fund soon became a prominent presence in the region. With its grants, Ness partnered with the Jewish Agency, the Joint Distribution Committee and other foundations and held a seat on the Negev Funding Coalition, a group of large Federations supporting projects through JFNA (Jewish Federations of North America.)

With the merger of the Jewish Federation of Central New Jersey into the Jewish Federation of Greater MetroWest on July 1, 2012, the Ness Advisory Council was established “to make recommendations to the Jewish Community Foundation of MetroWest as to the disbursement of funds bequeathed by Mack Ness to the Jewish Federation of Central New Jersey.” Noga Maliniak was named Director of Ness Operations, replacing Tehila Nahalon and Stanley Stone became Executor Director of the Jewish Community Endowment under which the Ness Advisory Council functions. The Ness Fund continues to sit on the Negev Funding Coalition, now representing the Jewish Federation of Greater MetroWest

By 2015 the development of the Negev had taken on a new urgency as the first phase of the government plan to move the IDF from the center of Tel Aviv to the Negev took place with the opening of a massive training base outside of Yerucham,. New rail lines were extended to Sderot and Ofakim and the city of Beer Sheva was fast becoming a world center for the development of cybertechnology. The highway into Arad was widened to four lanes and new towns such as Carmit were rising from the desert. Young adults, eager to leave the high powered environment of Tel Aviv, were once again returning with their families to their childhood homes in the moshavim of the Arava, to take up farming once again and to give their children the quality of life they had experienced.

Recognizing the dynamic changes taking place across the region, the Ness Fund faced a challenge. It had become one of the leading players in the Negev but others were joining the field. It had to decide, in the words of one of its members, whether to “continue to be an engine or to become the caboose.” By limiting its grants to the 5% rule used by foundations generally, its influence would soon be overtaken by others, but to pay out more than 5% of the net value of its assets each year in an uncertain market might shorten the life of the fund.

The decision was not difficult to make. Beginning in 2016, the Ness Fund would authorize grants up to \$750,000 per fiscal year while recognizing that “sunset” for the fund would come sooner in the future. But the Negev was finally realizing Ben Gurion’s dream and that time was the present. A renewed spirit of pioneering Zionism was sweeping the region and there was no way the Ness Fund and Keren Ness would not be a part of it.

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In late 2006, a contract was signed for the remaining 38 acres of the Ness farm for 3.1 million dollars. It was contingent on the buyer's ability to subdivide the tract into at least eight lots and when the property was subsequently rezoned to increase the minimum lot size, the contract was cancelled. Nearly a decade later a new buyer was found and in 2016 the Ness Fund added another \$990,000 to its balance sheet.

In the same year, pepper farmers in the Arava region of the Negev were in crisis. The sanctions imposed on Russia as the result of its invasion of Ukraine had far reaching effects as the Russian economy sank and the pepper farmers' principal market collapsed. With the government slow to react and the farmers facing huge losses, the need to plant other crops was immediate. Made aware of the crisis, Keren Ness set aside NIS 3,000,000 (\$750,000) for emergency relief. Meeting once a week for a month at Moshav Hatseva, deep in the Arava, the Loan Committee heard and granted 78 applications for assistance in replanting alternate crops of tomatoes, melons, and dates. Farmers who were close to despair were given the chance to survive and continue their life's work as true Zionists, working the land and making it bloom.

Under a new agreement with the bank in 2016, Keren Ness now leverages its funds 7-1 with an increased interest rate to the borrower of 1.25% over prime. At the same time, the maximum loan amount was increased to NIS 500,000. It continues to experience a default rate of only 1%.

By 2017, Keren Ness had guaranteed over 17 million dollars in loans to 435 farmers and small businesses in the Negev and has reached out to the Bedouin community whose applications now come to the committee with increasing frequency. Businesses from pharmacies, restaurants and computer services to hot air balloon operators, importers of cattle and exporters of chicken feet now flourish, many of which would not exist but for Keren Ness.

When its Advisory Council meets in April, 2017 to make its final recommendations for 2017-18, the Ness Fund will have already given grants in excess of million dollars to nearly one hundred projects in every corner of the Negev from Eilat to Arad. The impact it has had on the region is beyond anything almost anyone would have imagined less than fifteen years ago..

Except, perhaps, for one lonely man who "always smiled when he talked about Israel" and whose name gave him away.

The "miracle" man.

