

TORONTO SOUTHEAST PRESBYTERY POLICY	Policy Number/Designation: 2017 - 001
Policy Name: Major Capital Fund - Loans or Grants to Communities of Faith and Presbytery where there are no other funding sources.	Date Approved: September 19, 2017 Date Amended
To be Reviewed: 2 years after approval and every 5 years thereafter	Date Last Reviewed:
Purpose of this Policy: This policy establishes a Toronto Southeast Presbytery restricted capital fund to be held and administered by Toronto United Church Council (TUCC) and the fund's purposes and procedures for Communities of Faith and Presbytery to access the restricted Major Capital Fund.	

Background and Context:

Communities of Faith within Toronto Southeast Presbytery are experiencing financial needs that are unprecedented in recent history with financial help, loans or grants, being required for capital projects and long term funding for operations that cannot be funded from other sources such as The Presbyteries of Toronto Conference Corporation (PTCC) or TUCC. As well, the Presbytery is entering into a discernment period to review whether it would be beneficial to the United Church to hold vacant church properties for future use by other Communities of Faith that may wish to relocate from their current community of faith location. Funding for costs to hold properties for future use would come from this restricted fund.

Communities of Faith needing financial support for eligible capital projects or long term operational funding, who qualify for funding, and whose mission priorities are consistent with the Presbytery mission strategy priorities should consider applying for funding through loans or grants under this policy.

Policy:

1. Toronto Southeast Presbytery will establish a **Major Capital Fund for Loans or Grants to Communities of Faith and Presbytery (THE FUND)** with an initial anticipated value of \$2,000,000, or more as required, to be held and administered by TUCC.
2. **Source of Funds:** The source of funds to be deposited into THE FUND will be through a Presbytery direction to Communities of Faith at the time the preliminary plan of disposition of assets from a sale of a property is presented to the Presbytery for approval, as follows:
“That in Community of Faith plans of disposition of assets, 20% of the net proceeds of the sales of Communities of faith properties in the Presbytery be deposited into THE FUND, as a first call on the net proceeds from sales of property”.
3. **Purpose and Use of THE FUND:**
THE FUND will be initially divided into three separate funds and used as follows:
 - a. **Capital Loans or Grants:** For capital loans (mortgages or non-performing loans) or grants for capital projects that are necessary to sustain a Community of Faith in need that has financial constraints or in situations where other loans or grants are not available from TUCC or PTCC. Details of the guidelines for projects and programs eligible for loans and grants and other eligibility criteria for Communities of Faith are to be developed by the Presbytery.
 - b. **Property Holding Costs:** To offset costs associated when Presbytery requests Toronto Conference to hold a property (scheduled to be closed), for up to two years, while the future use of the property is discerned; or, where a property is held indefinitely for a future use, and there are costs associated with this request.

- c. **Grants for “New Ministries”:** For grants to eligible Communities of Faith or to Presbytery approved projects or programs to fund operating costs to sustain “new ministries” in the Presbytery for a set period of time, with a grant funding model to be developed in the future by the Presbytery, including maximum timelines and grant amounts per year.

The “purpose and use” of THE FUND may be modified in the future by mutual agreement between the Presbytery and TUCC.

4. Management of THE FUND:

The Finance & Property Team will have oversight and management of THE FUND and application process including but not limited to:

- a. Establishing submission processes and managing the applications process for loans or grants from THE FUND,
- b. Submitting loan and grant applications from eligible Communities of Faith or Presbytery to TUCC with requests to set up loans or make grant payments that have prior approval by the Executive of Presbytery and the Presbytery Plenary,
- c. Receiving financial reports from TUCC on fund balances on a regular basis, or as required,
- d. Receiving financial reports from TUCC on loans outstanding on a regular basis, or as required.

5. Application and Approval Process:

- a. Loans and grant applications from eligible Communities of Faith will be made by the Governing Body of the Community of Faith. In the case of loans, an application will include a commitment for repayment and that any outstanding amount will be included in any plan of disposition of assets, should the property be sold.
- b. Applications for loans will be accompanied by a resolution of the Board of Trustees requesting Presbytery consent for the loan.
- c. Loans and grants require the approval of the Executive of Presbytery and the Presbytery Plenary, based on the recommendation of the Finance and Property Team.
- d. Loans will be subject to a Loan Agreement/ Mortgage between TUCC and the eligible Community of Faith, with an imputed interest rate to be established between TUCC and the Presbytery from time to time (with the exception being that non-performing loans will not have an imputed interest rate). Costs to set up a Loan Agreement/Mortgage will be deducted from THE FUND.

6. Eligibility of Communities of Faith, Projects, and Programs:

Community of Faith eligibility for loan and grant funding will be established by the Presbytery, with emphasis on financial need (e.g. such as a critical lack of ability to pay for a mortgage) and the criticality of the capital project and its effect on the ability of the Community of Faith to continue to function as a community of faith, and meet the mission strategy priorities of the Presbytery. Also, the Presbytery will establish criteria and guidelines to establish eligibility for the projects and programs to be funded by THE FUND.

7. Role of TUCC:

TUCC will hold and administer THE FUND. Toronto Southeast Presbytery and TUCC will enter into a Memorandum of Understanding (MOU) outlining the operating principles of how loans and grants will be made to Communities of Faith or Missions from THE FUND and the management fees and other costs that will be deducted from THE FUND from time to time.

8. Successors to Toronto Southeast Presbytery:

Should GC 43 in 2018 approve the new organizational structure of the United Church of Canada with three courts rather than four courts, TUCC will consult with the Regional Council or other successors of Toronto Southeast Presbytery to discern the roles and responsibilities that the successors may assume under the MOU, if any.