

# **Trustees of the Presbytery of Genesee Valley**

## **Guidelines for Congregations Engaging in a Major Project**

### **I Church Property.**

The property of the Presbyterian Church (U.S.A.) and of its congregations is a tool for the accomplishment of the mission of Jesus Christ in the world. (*Book of Order* §G-4.02) All property held by an individual congregation is held in trust for the use and benefit of the Presbyterian Church (U.S.A.) (*Book of Order* §G-4.0203)

1. A congregation **may not sell, mortgage or otherwise encumber** any of its property and it may not acquire property subject to an encumbrance or condition without the consent of the Presbytery. (*Book of Order* §G-4.0206 a.)
2. A congregation **may not lease its worship** space without the consent of the Presbytery. (*Book of Order* §G-4.0206 b.)
3. A congregation **may not lease any of its other real property** for a term of greater than 5-years without the consent of the Presbytery (*Book of Order* §G-4.0206 b.)

### **II Approvals Related to Church Property.**

If a Congregation is considering purchasing, selling, leasing or improving its property, borrowing money or engaging in a capital campaign, it should become familiar with the approvals which must be secured from Presbytery Trustees and Presbytery.

#### **A. Definition of “Major” Project.**

Congregation must present a description of a proposed “Major Project” to the Trustees (for approval of the Presbytery) if it wishes to:

1. Purchase real property with or without encumbrances or conditions. (*see: Section III C1 below*)
2. Sell, mortgage, encumber or convey any interest in real property. (*see: Section III C 1 below*)
3. Lease any worship space. (*see: Section III C 2 below*)
4. Lease any property for a term greater than one year. (*see: Section III C 2 below*)
5. Borrow money in excess of 25% of the previous year operating budget. (*see: Section III C 3 below*)
6. Conduct a capital fund drive extending for more than one year. (*see: Section III C 4 below*)
7. Conduct a capital fund drive in excess of 25% of the previous year operating budget. (*see: Section III C 4 below*)
8. Enlarge, improve, renovate or repair its property for a cost in excess of 25% of the previous year operating budget. (*see: Section III C 5 below*)

## **B. Approval Cycle.**

For Major Projects (as defined above) the Session should complete the following approval cycle in the order outlined:

1. The **Session** approves and recommends the project to the Congregation.
2. The **Congregation** approves and authorizes the session to seek Presbytery approval.
3. The **Presbytery Board of Trustees** verifies: (i) that the project is financially sound, and (ii) that all the necessary legal, financial and contractual steps have/are being taken on the project **and** recommends the project for approval by the Presbytery.
4. The **Presbytery** approves the project. If the Presbytery is not meeting within a time frame to allow the project to successfully move forward, the **Presbytery Council** can approve the project instead of the Presbytery.

These four steps take time to complete and the Session should consider the needed lead time to secure the necessary review and approval at the beginning of project planning. A good rule of thumb is to allow at least **2-3 months** to complete the cycle.

## **III Needed Documentation.**

To ensure a timely review of a Major Project by the Presbytery Trustees, the Session (or Trustees) should appoint one person or a sub-committee (not more than 3 persons) to facilitate the necessary review and recommendation by the Presbytery Trustees. The following documents and information should be given to the Church's Trustee Liaison at least two weeks in advance of the meeting of Presbytery Trustees (A list of Trustee Liaisons can be accessed on the Presbytery Web Site

<http://www.pbygenval.org/committees/trustees/>)

### **A. For all Major Projects:**

1. Description of the proposed Major Project
2. Current year Annual Report
3. If not contained in Annual Report a report on: (i) number of members and number of "giving units" for the current and previous two years; and (ii) dollar amount raised in annual campaign for current and previous two years
4. Current year operating budget (if not contained in the Annual Report)
5. Income statement and balance sheet for the immediately preceding two years
6. Report on progress of Session and Congregation approvals
7. Insurance Coverage

### **B. For access to the Presbytery Revolving Loan Fund (in addition to what is required for all projects):**

1. The documentation described above as is required for a Major Project involving the acquisition of property or the repair or renovation of Church property, as applicable.
2. If a commercial lender (or lenders) has declined to loan the Church money: (i) the contents of the application to such commercial lender(s); and (ii) an explanation why the loan(s) was declined.
3. If a commercial lender (or lenders) made an offer to lend unacceptable to the Church, a copy of the loan commitment letter.
4. If no application was made to a commercial lender, an explanation why such application was not made and the reasons why the Church should be granted access to the Revolving Loan Fund without such application.

**C. Documentation Needed for Specific Major Projects.**

1. Purchase or Sale of Real Property. (Described in Section II .A. 1 and 2 above)
  - a) Documentation requested by section III A above.
    - b) Purpose of the purchase or sale
    - c) Source of the funds to purchase or use of funds received on sale
    - d) Purchase and Sale Contract or other writing containing:
      - (i) description of the property to be purchased or sold
      - (ii) purchase price
      - (iii) terms of purchase or sale
      - (iv) proposed closing date
      - (v) zoning of the parcel to be purchased or sold
    - e) Report on any required Town/City or zoning approvals needed on the transaction
    - f) If the property is not listed on realtors “multiple listing”, an appraisal or valuation report prepared by an outside real estate professional of the property to be purchase or sold
2. Lease of church property (Described in Section II A 3 and 4 above)
  - a) Documentation requested by section III A above.
  - b) Copy of the proposed lease or other writing containing:
    - (i) identity of the person or entity who will lease the premises
    - (ii) purpose to which the premises will be put under the lease
    - (iii) term of the lease (initial term and any renewal term(s))
    - (iv) description of the premises to be leased (include a site plan if available)
    - (v) amount of the annual rental during the initial term and any renewal terms
  - c) Report on any required Town/City or zoning approvals needed for

the use of the leased premises.

3. Loans of money: Either Unsecured or Secured by a Mortgage (Described in Section II A 5 above)

- a) Documentation requested by section III A above.
- b) Purpose and use of the borrowing
- c) Source of the borrowed money
- d) Commitment letter or other writing containing:
  - (i) amount to be borrowed
  - (ii) interest rate and length of time to repay the borrowed money
  - (iv) whether or not the borrowing will be secured by a mortgage of church property
- (v) if secured : (x) description of the property being mortgaged; and (y) existence of other borrowings against the property (including amount and terms)

4. Capital Campaign (Described in Section II A 6 and 7 above)

- a) Documentation requested by section III A above.
- b) Purpose of the capital campaign
- c) Time line for capital campaign
- d) Amount proposed to be raised in the capital campaign
- e) Date(s) of previous capital campaign
- f) Amount already pledged
- g) Name of consultant hired to assist in capital campaign
- h) If a consultant is used, the terms of the retainer of the consultant

5. Major Repairs or Renovations (Described in Section II A 8 above)

- a) Documentation requested by section III A above.
- b) Purpose of the repair or renovation
- c) Source of the funds to conduct repairs or renovations
- d) At least two bids from outside contractors containing:
  - (i) description of the project
  - (ii) cost to complete (including a reserve for contingencies)
  - (iii) terms of payment of the bid price
  - (iv) proposed dates to conduct and complete the project
- e) Report on any required Town/City or zoning approvals needed for the project