

Loans and Grants Committee

of Diocesan Council

Policies, Procedures and Application



Episcopal Diocese of Michigan
4800 Woodward Avenue
Detroit, Michigan 48201

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Policies

The purpose of the Loans and Grants Committee of the Episcopal Diocese of Michigan is to review requests for financial assistance from missions, parishes, and agencies of the Diocese, and to make recommendations or referrals to the appropriate Diocesan entity concerning the relevant fund source(s) and the disposition of the request.

Loans and grants administered under this program are intended for the construction, renovation, or capital maintenance of buildings and other permanently affixed furnishings and fixtures. Vehicles and removable equipment are specifically excluded.

All approved Loans and Grants will be reserved for a period of up to one year from time of approval by the appropriate Diocesan entity, with up to two six month extensions. After that time, the committed funds will revert to “available” status, and a new application must be made. Exceptions to this may be made for good cause, by favorable action of the appropriate Diocesan entity, on the recommendation of the Loans & Grants Committee.

A Loan or Grant request shall be considered on an emergency basis only in those cases in which normal processing would lead to significant and avoidable harm to persons or property.

Grants

The Council has established the following revised guidelines for grant requests:

1. Grants to missions, parishes, or diocesan agencies will be limited to \$10,000 or the designated maximum for each fund, annually.
2. Grants are reserved for the purpose of financing building additions, structural repairs, capital improvements, or professional/mechanical/architectural studies.

Loans

The Council has established the following revised guidelines for loan requests:

1. Loan repayment will be according to a monthly amortization schedule, which will be provided at the loan closing.
2. Loans will have a maximum term of ten (10) years.
3. Interest Rates will be fixed for the term of the loan.
4. Offering rates of each loan will be established by Diocesan Council, in consultation with the Treasurer of the Diocese, and the staff liaison to the Loans and Grants Committee, and may be changed as often as deemed appropriate.
5. Refinances will be considered on the same basis as new loans.
6. Loans may be refinanced without penalty, *no more than annually*.
7. The disbursement of a loan will be considered an encumbrance according to Canon (I, 25), and will, therefore, require the appropriate approvals. (See Appendix)

8. The outstanding principal sum of all Diocesan loans to any entity will not exceed their annual operating budget at the time of the application.
9. A minimum of thirty three percent (33%) of the total project cost should be raised by the loan applicant in cash, pledges, or other income PRIOR TO loan approval.
10. Loans for the purpose of financing building additions, structural repairs, and improvements in excess of fifty thousand dollars (\$50,000) will only be made with the following stipulations:
 - a. Preliminary architectural drawings submitted with the loan application. Final decision regarding the loan is subject to approval by committee. This approval is in regard to engineering and architectural systems adequacy, and is not meant to assess matters of aesthetics or style.
 - b. Loans & Grants Committee review of all contracts for construction and architectural services, and, if deemed necessary, the Chancellor or other legal advisor.
 - c. Evidence that lead contractors/suppliers are in compliance with Equal Employment Opportunity guidelines as required by Federal statutes.
 - d. Committee may require performance bond.

Funds and Uses

Centennial Fund

Raised through an extensive campaign during 1928 – 1930. The goal was \$1 million dollars. - \$300K from Parish Canvasses and \$700K from large donations. The actual amount raised at that time was not known.

Only the income may be used for the following purposes:

- ◇ 65% to Executive Council for capital expenditures such as land, building, & equipment
- ◇ 10% to the Bishop of the Diocese of Michigan for his Discretionary Fund (for Diocesan needs)
- ◇ 10% to the Episcopal Student Foundation for work among students of the University of Michigan
- ◇ 10% to the Episcopal Fund
- ◇ 5% to the Bishop of the Diocese of Michigan (general fund) for those sick or impoverished in need of assistance.

Grants may be made to parishes or missions for the acquisition or enlargement of church buildings (including land, residences, parish houses, etc.) and for major replacements.

Reinforcement Fund

Established 1916; A project of the Diocesan Church Club. The principal is to be loaned and never given away.

Purpose: “To maintain a revolving fund for the purchase and improvement of property, buildings and equipment for the use of parishes and missions, established or prospective.”

Disbursed by: The Executive Council shall have power to expend all or part of such fund, or loan the same to parishes and missions to be used for such purposes. The Executive Council shall provide for the repayment of such expenditures and loans, and shall take security for such repayment in its discretions.”

Land Purchase / Property Sold Fund

A source of loans or grants to parishes or missions to enable the acquisition of land for church or church related buildings.

The Executive Council is directed to deposit in to the Land Purchase/Property Sold fund all proceeds from the sale of property of discontinued parishes, without delay, and without diversion

to any other purpose or account; to disburse loans and grants from that fund solely for the purchase of land for church or church-related buildings; and not to deviate from the historic and clearly stated guidelines for that fund without specific authorization from the Diocesan Convention.

C. S. Mott Fund

Established in 1954 with a \$100,000 grant from Charles F. Barth as a revolving fund for loans for church buildings. No other restrictions.

Bishop's Building Fund

Established in 1955 with a grant from Charles F. Barth, Jr. \$100,000 to provide rotating loans to missions. In 1981 a \$25,000 gift from the Caroline R. Goadby Memorial Trust was added - no restrictions.

Tretheway - Downs General Fund

[Please note: The Tretheway-Downs General Fund application is a separate document-please call the Loans and Grants staff liaison for assistance]

Comerica Bank administers the fund in perpetuity, with income to the beneficiaries, administered by the Trustees.

To qualify for a grant from the Tretheway-Downs Fund, the applicant must show:

- 1) A documented and clear need for the grant.
- 2) That none of the monies granted will or might be used for ordinary or continuing budgetary expenses of any kind.
- 3) That, except for this grant, all other monetary needs to provide reasonable assurance of the success of the endeavor are in hand or will be available as needed.
- 4) Funds are not readily available from any other source.

Grant applications are required for each request, and all applications are reviewed by the Loans and Grants committee of the Diocesan Council. Recommendations by the committee are made to the Trustees of the Diocese for requests from the Tretheway Downs Fund. Emergency applications may be considered at other times on the discretion of the chair. The overriding consideration in fund disbursement must be growth of the total diocesan mission effort.

Grants should be made in general for:

- 1) Acquisition of land and other tangible assets - i.e., "bricks and mortar" projects.
- 2) Diocesan projects of an intangible nature can be approved for funding so long as the specific amount needed for the project was determined in advance and a final cut-off date for the project is established, not to exceed 25% of the available funds annually.

Processes and Procedures

Determining Capital Needs

Before applying for either a grant or a loan, it is essential to determine the full scope of your congregation's facility needs. Your planning process should include a Building & Grounds assessment to review the condition and estimated life cycle of all of the items listed below, and to develop plans for the ongoing maintenance and future repairs and/or replacement of these items.

1. Roofing and Drains/Gutters - average warranty, depending on material used and roof configuration, is between 15 and 20 years.
2. Plumbing - piping for water distribution, waste systems (sewerage and storm water)
3. Heating and Air Conditioning
4. Electrical Systems
5. Handicap Accessibility - are the building & site barrier free?
6. Parking Lot
7. Masonry - tuck-pointing, waterproofing, sealing
8. Fenestration (Windows and Doors) - Composition and condition of frames, sills, sashes, glass, including necessary restoration
9. Floors and Floor Coverings - Condition of carpeting, tiles, wooded floors
10. Other costs you may incur such as regulatory requirements of local codes, inspections, food preparation areas, building energy-efficiency issues

Your assessment should also:

Determine the age of the relevant structure(s) and component(s)

Identify and rank the identified needs according to priority

Obtain the necessary cost estimates for each project

Code compliance

Routine Maintenance (*not capital*)- landscaping, snow removal, trash removal

(Routine maintenance does NOT qualify for loans or grants)

Guidelines to Prepare Application

The Loans & Grants Application and Committee will ask these and other questions. Please be prepared to provide brief and appropriate responses.

1. Does this parish have the necessary organizational readiness – including active Building & Grounds Committee and Long Range Planning Committee (or processes)?
2. Does this parish have a line item in the annual budget that provides for adequate ongoing maintenance?
3. What are the levels and patterns of membership participation? (Average Sunday Attendance from last 5 years' Parochial Reports)
4. Provide evidence (A copy of the Vestry, Bishop's Committee, or Agency Board Minutes indicating acceptance of the annual audit for each year being submitted.) of the last three (3) Annual Financial Audits as required by (I, 7 5) of the Canons of the General Convention.
5. Full payment of Diocesan apportionment.
6. Complete financial data that indicates the ability to make timely payments on the amount of the loan requested. *This provision is not relevant for grant requests.*
7. Where appropriate, architectural sketches or drawings (Total costs > \$50,000)

Application Procedure

All loan/grant requests must be made on the Loan & Grant application form which may be obtained from the local Diocesan Dean, or the Staff liaison for Loans & Grants.

A completed grant or loan application will include the signatures of the local Diocesan Dean, the Canon to the Ordinary, and the Director of Finance Ministry.

Applications for a loan or grant are available at any time during the year. Applications will be considered by the Loans and Grants committee and when appropriate forward its recommendation to the full body of diocesan council. The staff liaison for Loans and Grants will communicate the timeline when a completed application is received.

The designated congregational or agency representative is welcome to attend the Loans & Grants meeting pertinent to their individual case. Specific information as to date, time, and location will be available through the Staff liaison for Loans & Grants.

Emergency applications may be expedited by a Diocesan Dean who will call the Loans & Grants committee liaison at the Diocesan offices.

The Chair of the Loans & Grants Committee or the Staff Liaison will advise the applicant of final action taken within seven (7) days of the Loans & Grants meeting at which the application was considered.

Requirements for the granting of a loan or grant

1. Completed application form.
2. Where appropriate, architectural sketches or drawings (Total costs > \$50,000).
3. A copy of the parish annual audit report for each of the last three years.
4. A copy of the vestry, Bishop's committee, or agency minutes indicating acceptance of the annual audit for each year being submitted.
5. Payment of the annual Diocesan apportionment, or a Diocesan accepted five-year plan on file at the Diocesan offices.
6. A copy of the vestry, Bishop's committee, or agency minutes indicating approval to proceed with obtaining a loan.
7. A copy of a certificate of adequate property insurance.
8. A report from the Loans & Grants committee representative who assisted with the process. The report will be prepared by appropriate member of the Architecture and Facilities Committee. Building inspections may be part of this item.
9. Oral presentation by the requestor if desired.

PROCESSING OF APPROVED LOAN/GRANT APPLICATIONS

1. Loan applications recommended for approval will be presented to the Diocesan Council for final action at the next regularly scheduled meeting after the Loans and Grants Committee meets. The Chair of the Loans & Grants Committee or the Staff Liaison will make this presentation.
2. Emergency applications should be submitted to the Staff Liaison for the Loans and Grants Committee. Action will be taken by all of the following, meeting as a Committee to authorize emergency repairs and to finance it from resources available to the Loans and Grants Committee.
 - a. The Bishop of the Diocese or his/her representative.
 - b. The Executive Committee of the Diocesan Council
 - c. The Chair of the Loans and Grants Committee
 - d. The Staff Liaison to the Loans & Grants Committee
 - e. In the case of Diocesan owned property, the Diocesan Administrator
3. The Staff Liaison for Loans and Grants will advise the applicant of the final action taken on the applications.

DISBURSEMENT PROCEDURES

In order to prudently control the monies committed by action of the Loans and Grants committee, the following requirements will apply:

1. Prior to the commencement of the project, applicable building permits will be obtained from the appropriate government agency. Each contractor will submit certificates of insurance which confirm that all persons employed on the project have fidelity bonding and worker's compensation coverage and that the contractor has general liability insurance with dollar limits appropriate to the size and complexity of the building project. Said certificates will name the entity executing the contract on behalf of the Diocese as an insured party.
2. Requests for disbursements will be sent to the Staff Liaison for Loans and Grants at the Diocesan Office. Each request will contain documentation describing the work performed and/or materials delivered. When an architect has been retained to plan and control a project, the architect and local building committee will be recognized as the approval authority for all work performed by the general contractor. All appropriate documentation incident to the "Architect's Certificate for Payment", i.e., Sworn Statement of Contractor, Unconditional Waiver of Construction Lien, et al, shall be included with each request for disbursement.
3. Following review by the Staff Liaison for Loans and Grants, disbursement of the requested amount will be made.

LOAN REPAYMENT AGREEMENT

The Loan Repayment Agreement must be executed by all parties prior to disbursement of any part of the loan amount.

Partial disbursements of loans will bear interest from the date of disbursement. The diocesan accounting office will bill interest monthly.

The first payment of principal and interest will begin approximately one month after disbursement of the total or partial loan amount.

Every effort will be made to complete the disbursement of the total loan no later than one year after approval by the Diocesan Council.

Recommended Organization of Parish Building and Grounds Committee

1. Include membership that has professional knowledge of building and grounds or draw on the expertise of someone in the Deanery
2. Build a maintenance line item into the Parish Annual Budget
3. Conduct an annual facility evaluation identifying items requiring repair and/or replacement
4. Prioritize items requiring consideration
5. Provide an annual report of its findings to the Vestry or Bishop's Committee
6. Maintain a log of items requiring annual service and record when that service is performed
7. Keep the vestry/bishop's committee updated on service items and estimated cost for budget development
8. For service and repair work, develop a process of obtaining competitive bids, reviewing bids and award of work

Recommended Processes for Construction:

1. Vestry or Bishop's Committee should form an ad hoc Project Committee. This committee should include representation from the Building and Grounds committee, the specific group(s) the project is intended to serve, and the congregation at large.
2. The Vestry or Bishop's Committee should define the charge to this committee in writing.
3. The Project Committee has the responsibility to develop a detailed operation/use program and a facility requirement statement.
4. The Project Committee should submit the program/statement to the Vestry or Bishop's Committee for review and approval.
5. Retain professional services to implement the construction project. Services to include:
 - a. Develop preliminary design concept sketches and construction cost budget
 - b. Following committee's review, comments and design refinements, concept and budget would be submitted to the Vestry/Bishop's Committee for review and approval, and to Diocesan Council Sub-Committee for review and comments
 - c. With Vestry or Bishop's Committee approval, proceed with Design Development and Documentation - update the project budget
 - d. Submit project to Vestry/Bishop's Committee and congregation for review and approval, and to Diocesan Council sub-committee for review and comments
 - e. With congregation endorsement, issue project for bidding
 - f. Receive bids and professional review; make a recommendation to Vestry/Bishop's Committee for awarding construction contract
 - g. Committee monitors construction work, keeping the Vestry or Bishop's Committee and congregation informed as to progress.
6. Should it be determined that the congregation or agency will require financial assistance, the congregation or agency should contact the Loans and Grants Committee.

Loans and Grants Committee

Membership

1. The Loan & Grants Committee is a committee of Diocesan Council. Its membership will consist of members of diocesan council, as well as members appointed by the bishop with particular expertise of benefit to the committee.
2. The Treasurer of the Diocese, and a staff liaison, to be named by the Bishop, will serve as ex-officio members, with voice but not vote.
3. The Committee shall elect a Chair from among its members at the first meeting following the resignation or retirement of the previous chair.
4. The Committee shall elect a recording secretary.
5. Administrative contact with the Loan & Grants Committee will be through the Staff Liaison or the Chair.

LOAN/GRANT APPLICATION FORM

(Required)

Congregation / Agency (Please type or print clearly)

Deanery

Mailing Address

Telephone #	Fax (if Available)	Email Address
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Person completing this application	Phone #	Email Address
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This request is for:

- Capital Maintenance or Renovation
- New Building Program

Total Project Cost \$ _____

Grant Amount Requested \$ _____

Loan Amount Requested \$ _____

Loan requested for _____ years

Rector, Vicar, or Warden's Signature	Date
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Treasurer of the Congregation	Date
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Local Dean	Date
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Diocesan Administrator	Date
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Director of Finance	Date
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This application must be received at the Episcopal Diocese of Michigan, 4800 Woodward Ave., Detroit, MI 48201-1399. Questions regarding this form or the application process may be directed to the Diocesan Administrator, Canon Jo Ann Hardy, at (313) 833-4422 or jhardy@edomi.org.

FINANCIAL DATA

Please enclose the following with your grant/loan request:

Balance sheet including unrestricted assets, temporarily restricted assets, and permanently restricted assets

Year to date Income and Expense Statement

Most recent Audit Report

Project Information Sheet

Congregation / Agency: _____ City _____

Amount Requested: _____

Project Director _____
Name phone fax email

PROJECT REQUEST: Please provide the following information, using additional pages as necessary.

1. **RATIONALE:** Please describe the need and/or rationale for this project.
What is the reason for the project? What need is the project intended to address?
2. **IMPLEMENTATION:** How will you do it? Please provide as much detail (bids, contractors) as possible
3. **EVALUATION/IMPACT:** What do you expect will change because of the project?
How will you know if the project is a success? How will the project strengthen the congregation/agency and its ministry? Provide an **ESTIMATE** of the Congregation's budget for each of the **NEXT 3** years, including the future impact of the project.
4. **OTHER SUPPORT:** What other resources will be used for the project?
(Volunteer or paid personnel, reserved funds, other contributions, etc.)
5. **PROJECT BUDGET:** What are the costs (both direct and related) involved in this project?
Please provide as much detail as possible, including both income and related expenses.
6. **ADDITIONAL INFORMATION:** Please provide any additional information that you think will provide insight into the scope, impact, or benefit of the project.
7. **ATTACHMENTS:**
Please attach:
 - a) A Brief Description of the Congregation or Agency and its immediate neighborhood and context
 - b) A Copy of the Congregation or Agency's Mission Statement

Completion of this page and your attachments is required for your loan application.

Statement from Our Diocesan Canons
Regarding Construction, Alteration and Improvement of Congregational Facilities

- 3.4.3 Construction, Alteration and Improvement of Congregational Facilities. A congregation shall not begin construction of any new facility or permanent improvements to, or alteration (not including normal maintenance, remodeling and redecorating) or enlargement of any existing facility belonging to the congregation without the prior approval of the Bishop and the Standing Committee. Prior to seeking approval, the Governing Body of shall obtain the approval of the congregation. Plans for construction or alteration shall be submitted to the Standing Committee or a committee designated by it for review and approval. The term “facility” includes churches, parish or other meeting halls, rectories and housing, schools, and buildings used by the congregation.

LOANS AND GRANTS APPLICATION CHECKLIST Episcopal Diocese of Michigan

If your approved Diocesan Tithe and Offering Commitment is current, please proceed with this application

- Read instructions, policy and criteria
- Complete required pages of the application form (Loan/grant application form and project rationale for grants; plus financial data form for loans)
- Please provide current month's balance sheet, year to date financial report and most recent audit report
- Please provide a detailed project budget
- Please provide copies of all (minimum of 3 required) bids received, indicating which was chosen
- Please provide the chosen sub-contractors commitment to provide an insurance certificate; also indicate if they are bonded
- Please provide the name, title and phone number of the contact person on the application page
- Make sure all of the following signatures are on the cover page when the package is submitted:
 - Rector, Vicar, or Warden
 - Treasurer (Congregation or Agency)
 - Area Dean
 - Director of Finance Ministry (Diocesan Office)
 - Canon to the Ordinary (Diocesan Office)
 - Is your parochial report turned in? Is your audit report turned in?
- Prior to submitting application, provide a copy of the package to the Dean for your area [Date mailed or delivered _____]
- Retain a copy of the completed package for your files

NO APPLICATION WILL BE CONSIDERED WITHOUT ALL OF THE ABOVE

If you would like a review of your application *before* the Loans and Grants committee meeting, please call the staff liaison at (313) 833-4422 and schedule an appointment as soon as you have your materials in order.

Name of person completing the checklist: _____

Date Checklist Complete: _____