

**ITEM A.208
FOR INFORMATION**

RESTORING CREATION LOAN UPDATE

Presbyterian Church (U.S.A.) Investment & Loan Program, Inc.

Margaret Jorgensen, Chair of the Board

James G. Rissler, President

BACKGROUND: The 221st General Assembly (2014) referred consideration of divestment from fossil fuel entities to Mission Responsibility Through Investment. As a positive step in responding to the General Assembly's fossil fuel concerns, congregations and mid-councils can implement capital improvements focused on reducing energy use through energy efficient upgrades to congregational facilities, such as renewable energy sources and other green initiatives.

The Presbyterian Church (U.S.A.) Foundation and the Presbyterian Church (U.S.A.) Investment & Loan Program met in 2014 to explore the possibility of encouraging proactive steps within congregations to advance green initiatives. A new loan product was developed named the "Restoring Creation Loan" that would be available to churches and other PCUSA organizations for the funding of sustainable energy systems, highly efficient heating/cooling systems, or other improvements aimed at reducing their carbon footprint. The necessary changes to the Policies and Guidelines of the General Assembly Church Loan Program Endowment Funds to include the offering of this new loan were presented to and approved by the Mission Development Resources Committee ("MDRC") and the Presbyterian Mission Agency Board ("PMAB") Executive Committee in May/June 2015.

Product Highlights:

The Restoring Creation Loan as approved by the MDRC and PMAB Executive Committee has the following terms and conditions:

- Maximum loan amount of \$300,000.
- Loans up to \$50,000 - term not to exceed 10 years.
Loans \$50,001 to \$100,000 - term not to exceed 15 years.
Loans over \$100,000 - term not to exceed 20 years.
- Interest rate to be set at 1% below the Church Loan Program base rate with no floor rate policy imposed.
- Five-year adjustable rate. Three-year adjustable rate for loans funded jointly with investor funds.
- Cash injection by borrower of 10% of total project amount.
- Collateral: Up to \$100,000 to be unsecured unless required due to credit risk; \$100,001 and above, mortgage on subject property.

In order that the Investment and Loan Program is fully engaged in the initiative, and in order to offer full financing for the majority of projects of this nature, similar type of funding is available within the Investment and Loan Program's Loan Policies and Guidelines.

The following are the terms and conditions for use of investor funds regarding the Restoring Creation Loan product:

- Loan requests that exceed the \$300,000 maximum from endowment funds will be funded by investor funds in an amount not to exceed an additional \$300,000 or a total loan between both funding sources of \$600,000.
- Loans over \$100,000 - term not to exceed 20 years.
- Interest rate to be set 1% below the investor fund base rate. Loans funded jointly with endowment funds will have a blended rate.
- Three-year adjustable rate for investor-funded loans or loans funded jointly with endowment funds.
- Cash injection by borrower of 10% of total project amount.
- Collateral: Up to \$100,000 to be unsecured unless required due to credit risk. Loans of \$100,001 and above, mortgage on subject property.

UPDATE: Between the two sources of funds - the endowment funds and the investor funds, a church or other qualifying PCUSA organization could borrow up to \$600,000 depending on the details of the project. This would cover in full all the energy related loans we issued in the past several years except one – a geothermal heating and cooling system that cost \$650,000.

The product was introduced at the Big Tent event in Knoxville at the end of last July. We have had many conversations with churches regarding the product as well as presenting it at the Evangelism Conference, the Fall Polity Conference, the Presbyterians for Earth Care Conference, the Fellowship Conference, the Mid Council Financial Network Annual Meeting, the One Church, One Field, One Staff event, and several presbytery meetings. We have already closed three loans, have several applications in process, and are in conversations with many more churches. We are also working on partnering with the Long Island Progressive Coalition's energy program for churches in the Presbytery of Long Island.

Rather than just responding to borrowing needs from churches and other PCUSA organizations, our goal is to proactively initiate renovation/construction projects that intentionally reduce our denomination's carbon footprint while moving energy savings into mission opportunities.