

Roman Catholic Diocese of Phoenix – Growth & Development Program Policy

Policy Statement

As it carries out its mission in service of the Body of Christ the Local Church must arrange for the financing of many capital projects and acquisitions throughout the Diocese. The primary vehicle for financing capital projects and purchases in the Diocese of Phoenix is the Growth & Development Program (GDP). The Program fulfills this role as the chief source of financing in three ways: (a) by accepting cash deposits and using these deposits to fund loans to parishes, schools and other Program participants, (b) by using Program cash to fund real estate acquisition and (c) by making grants (as funds are available from excess revenue over expenditures) available to those parishes and schools that cannot afford loans.

Related policy information

1. Deposits

- a. Parish/school excess operating funds are to be placed on deposit with the GDP (a rule of thumb determination of “excess operating funds” would be that cash not needed for the next couple of months’ operations).
- b. All proceeds of capital campaigns are to be placed on deposit with the GDP in an appropriately named account until such time as they are used for the project for which they were collected.
- c. Interest earned on savings deposit accounts is credited to the accounts monthly.

2. Loans

- a. Projects to be financed by the GDP will be prioritized by the diocesan Planning & Budget Committee. This prioritization will determine the maximum percentage (of the project budget) that the GDP will finance. A supplemental document (“GDP Loan Approval Priorities & Guidelines”) details the four priority levels of projects and the associated loan requirements and terms.
- b. For each new loan, the terms (maturity, principal amortization and any exceptional items) must be negotiated, documented and signed (by representatives of the GDP and the borrower) before the GDP advances any cash.
- c. The following factors will be used in the analysis of all loan requests:
 - i. Does the GDP have funds available?
 - ii. Existing debt of the borrowing institution – Are required principal and interest payments being made on time? Are there past due accounts payable (Insurance, Bishop’s Assessment, etc.)?
 - iii. Ability of the borrowing institution to service the new debt that would result from the loan being requested – A business plan and cash flow analysis should be provided.
 - iv. Participation in the Growth & Development Program (see § 1.a and § 1.b).
- d. Interest on loans is charged and billed monthly.

3. Interest Rates

- a. Interest rates for both deposits and loans will be adjusted annually (effective July 1) based on market conditions. The rates will be communicated to GDP participants in April of each year.
- b. Any exceptions to standard deposit or loan rates must be documented and agreed-upon by the diocesan CFO and appropriate representatives of the participating institution.

4. Capital Project Financing

- a. Capital projects/acquisitions financed by the GDP (either via a loan or via a savings withdrawal) must be approved by the bishop or his authorized representative after the appropriate level of consultation:
 - i. Projects over \$100,000 the Planning & Budget Committee must be consulted.
 - ii. Projects over \$1,000,000 the Diocesan Finance Council must be consulted.
- b. All financial approval for capital projects and acquisitions is contingent upon the availability of funds within the Growth & Development Program.
- c. For further information regarding the role of the bishop and/or his representatives in approving capital projects and acquisitions please see the Diocese of Phoenix Finance Council Norms (and the Diocesan School Finance Committee Norms).

5. Other Sources of Financing

- a. While the first option for financing is the GDP, the diocesan CFO in consultation with the Planning & Budget Committee and/or the Diocesan Finance Council may coordinate project financing from external sources. Parishes and other diocesan institutions are not to seek external financing on their own.