

ITEM C.102
FOR ACTION

FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR'S OFFICE USE ONLY					
	A. Resource Allocation & Stewardship		D. Coordinating Committee		G. Outreach to the World
	B. Personnel & Nominating		E. Mid-Councils		H. Ministerial Teams
X	C. Property/Legal		F. Nurture the Body	X	P. Plenary

Subject: Revision of Presbyterian Church (U.S.A.), A Corporation Real Estate Policy

Recommendation:

That the Presbyterian Mission Agency Board recommend for approval by the Presbyterian Church (U.S.A.), A Corporation Board the attached revisions to the Real Estate Policy.

Presbyterian Church (U.S.A.), A Corporation

Real Estate Policy



~~March 2007~~ September 2018

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PRESBYTERIAN CHURCH (U.S.A.), A CORPORATION REAL ESTATE POLICY

Introduction

The Presbyterian Church (U.S.A.) is one ecclesiastical body, with the General Assembly, synods, presbyteries, and sessions as governing bodies thereof. The General Assembly formed the Presbyterian Church (U.S.A.), A Corporation [hereinafter “PC(USA)”] as the principal church corporation. PC(USA) and its constituent corporations fulfill various civil law functions on behalf of the General Assembly, the ~~General Assembly Mission Council~~Presbyterian Mission Agency [hereinafter “PMA”], and the Office of the General Assembly.

The General Assembly, the ~~General Assembly Mission Council~~PMA, the synods, the presbyteries, and the sessions work together in partnership on behalf of the mission of the church. The “Organization for Mission” places emphasis on the governing bodies working together to provide resources and services to the congregations.

This Real Estate Policy (hereinafter the “Policy”) affirms that, with regard to real property, the basic responsibility is one of stewardship. An attitude of stewardship is prompted by thankfulness to God for physical resources that help to make mission possible and yield a commitment to manage these resources in ways that permit their most effective, appropriate use for mission in keeping with our discernment of God’s will, our theology, approved mission strategies, and the expressed intent of the donor.

With regard to international property, PC(USA) has consistently applied the accounting principle of treating all mission funds expended overseas as “expenses” whether the funds have been used for operating expenses or to acquire long term assets, such as equipment, vehicles, and real properties. The rationale for this policy is that the expenditures are to support mission work for the benefit of the partners with explicit intention to transfer the assets to the partners. During this transition period, these properties are not listed on the books of PC(USA) and, therefore, are not subject to internal control and other financial control systems such as the annual independent audit.

Until real property is legally transferred to the partners (i.e., Partner National Church or relevant Institution), the World Mission staff, in consultation with the ~~Office of Legal Services~~PMA Board, must develop and implement a sound management system to fulfill the stewardship responsibilities. The stewardship responsibilities include supporting effective use of the assets for mission in partnership with Partner National Churches and Institutions while physically and legally safeguarding the assets. Design and implementation of specific systems must reflect the socioeconomic and political environment of the local communities, as well as the mission objectives and managerial capacities of the partners. ~~International property matters requiring approval by the PCUSA board of directors are referred to the board via action of the Evangelism Committee.~~

With regard to domestic property, the Shared Services staff, in consultation with the ~~Office of Legal Services~~appropriate mission staff, must develop and implement a sound management system to fulfill the stewardship responsibilities. ~~Domestic property matters requiring approval by the PCUSA board of directors are referred to the board via action of the Shared Support Committee.~~

Article I. Real Estate Held in Trust

All real estate held by PC(USA), however titled, is a resource of the one church and is to be used to facilitate and enhance the church's mission.

Article II. Purposes and Exclusions

The purpose of this Policy is to provide for the most effective use of property to support the active mission programs of the church worldwide, in compliance with the policies of the General Assembly ~~Mission Council~~ [hereinafter the "GAMC"], the PMA and its Board and PC(USA).

This Policy applies only to property held by PC(USA) or one of its constituent corporations and acquired, held, and disposed of in accordance with the Constitution of the church and the mission policy in place at the time of transaction. Requirements governing real property held by particular churches, synods, or presbyteries are stated in ~~Chapter VIII of~~ the Book of Order. This Policy does not apply to investment property held at the General Assembly [hereinafter the "GA"] level by corporate entities other than PC(USA) and its constituent corporations.

Article III. Holding Title

PC(USA) is a corporate entity of the GA and, as the principal church corporation, will hold title to real property in a manner consistent with mission policy. In countries where PC(USA) or a constituent corporation cannot legally hold title to real property, title will be vested in a nonprofit legal holding body or juridical person.

Article IV. Property Acquisition/Disposition

To support the church's mission program through the use of property, PC(USA), in consultation with other governing bodies or Partner National Churches and relevant Institutions, when appropriate, may take the following actions:

- A. Acquire, lease, or otherwise secure the use of real property for the mission program;
- B. Accept the return of property previously transferred to another entity with a reversionary clause [See Appendix A];
- C. Exchange property
 1. For property of at least equal current market value (see Appendix A) or

2. For property of less than equal current market value when the exchange serves the mission program of the church and is approved by PC(USA) on the basis of established priorities;
- D. Sell a missionary residence overseas and repurchase one of comparable market value within the same country when recommended by World Mission staff;
- E. Sell or lease property not needed for mission program use and for which exchange or transfer is neither required nor feasible, upon recommendation from the appropriate staff unit and approval by the PMA Board and the PC(USA) Board.
1. at no less than current market value or
 2. at less than current market value when such sale or lease enhances the mission of the church and is approved by the PMA Board and PC(USA) Board on the basis of established priorities;
- F. Hold property not in active mission use, pending appropriate disposition.

Article V. Transfer Conditions

Transfer of PC(USA) properties will be carried out in conformance with the conditions outlined below:

- A. Domestic Property
1. Upon receipt of a request from the appropriate governing body and with the concurrence of the receiving entity, property currently in active mission program use and intended for continued use immediately directed by a session, presbytery, or synod, may be transferred by a PC(USA) officer to a governing body corporate entity without monetary consideration.
 2. Unless otherwise determined by PC(USA) domestic, noninstitutional properties will be transferred to synods, presbyteries, and sessions without lien.
 3. When approved by the PMA Board and the PC(USA) Board in consultation with other governing bodies when appropriate, institutional property titled in the name of PC(USA) and currently in mission program use may be transferred to a corporate entity of the institution using the property.
- B. International Property

When consistent with GAMC-PMA mission policy, World Mission staff may initiate consultations with Partner National Churches and other international mission Institutions and make recommendations for approval by the PMA Board and the PC(USA) Board and implementation by World Mission staff, ~~in consultation with the Office of Legal Services,~~ of transfer of title to specific property. Reports from the consultations with Partner National Churches and relevant Institutions will be included with World Mission staff's recommendations. When approved by the PMA Board and the PC(USA) Board, the partner or other receiving entity will receive title and assume responsibility for its continued use for a mission program under the following conditions.

1. Ecclesiastical properties in current mission program use may be transferred, normally to the nonprofit legal holding body of the highest governing body of the Partner National Church of the country where the property is located, when consistent with mission policy and following consultation with the appropriate Partner National Church or entity and approval by the PMA Board and the PC(USA) Board.
2. Institutional properties currently in mission program use
 - a. Small hospitals and clinics may be transferred, normally to the nonprofit legal holding body of the highest governing body of the Partner National Church or to a nonprofit legal holding body created for educational or medical work. The receiving body must have a definite ongoing relationship with the Partner National Church.
 - b. Schools, colleges, universities, or medical institutions run by boards of directors may be transferred to a nonprofit, legal holding body created by their board(s) when World Mission staff, after consultation with the Partner National Church and with the board of the Institution concerned, recommend(s) the transfer for approval by the PMA Board and the PC(USA) Board. The receiving body must have a definite ongoing relationship with the Partner National Church. World Mission staff, ~~in consultation with the Office of Legal Services,~~ will be responsible for determining that the proposed holding bodies are legal and otherwise sufficient to receive, use, and manage the property being transferred.
3. Residential

Unless originally intended for the use of an existing or developing church, as a pastoral residence or for emerging church activities, residential property in active mission use may remain vested in PC(USA) for the conduct of the mission program.

4. Other

Properties other than those listed above may be sold or transferred on the recommendation of World Mission staff in consultation with the ~~Office of Legal Services and the~~ Partner National Church, when appropriate, and when approved by the PMA Board and the PC(USA) Board.

C. Receiving Bodies

The following conditions will apply to the receiving body unless otherwise agreed to:

1. The receiving body will agree to accept the property in "as is" condition;
2. The receiving body will be responsible for transfer taxes, legal fees, and all other costs of the transfer; and
3. The receiving body will be responsible for ongoing insurance coverage, taxes, maintenance costs, and other expenses.

D. PC(USA) Obligation

Unless otherwise agreed, all obligations of PC(USA) or its predecessors which presently exist are terminated and shall be transferred with the title as appropriate.

Article VI. Environmental Stewardship

PC(USA), as titleholder, will maintain an institutional integrity consistent with the social goals of good stewardship of the environment in the care, use, and sale of land. All property actions will be completed in a manner consistent with good stewardship of the environment. Shared Support staff and World Mission staff, as appropriate, will ensure that:

1. Property acquired by any method will be accepted only when all appropriate inspections, reports, disclosures, and any required cleanup, or other actions deemed necessary by PC(USA) or its assignee(s) are completed;
2. Properties held by PC(USA) will be used in ways which conform with good environmental stewardship; and
3. Sale, transfer, or other disposition of property will be completed with due consideration of the impact on the environment.

Article VII. Use, Classification and Value

The use, classification, and value of property will be established according to the following provisions:

A. Use

The mission program use will be recommended by the appropriate mission staff or entity using the property, in consultation with other governing bodies when appropriate, and approved by the GAMCPMA Board. At least every five years, PC(USA), through staff responsible for property matters and in consultation with the appropriate entity(ies), will review the use of each property. Findings from this review will be reported to PCUSAthe PMA Board.

B. Classification

Properties will be assigned to the classifications described below, as determined by PC(USA)the PMA Board upon the recommendation of staff responsible for property matters and in consultation with other entities as appropriate:

1. Property in active mission program use;
2. Property not required for mission program use;
3. Property for which the use is under determination; or
4. Property not needed for mission program use and subject to disposal.

C. Value

Shared Services staff and World Mission staff, when appropriate, will determine the appropriate value of properties, as necessary, for insurance, sale, or other purposes, including the assessed value, replacement value, and/or market value.

Article VIII. Day-to-day Management

World Mission and Shared Services staff, in consultation with the Office of Legal Services, is responsible for entering into appropriate agreements and taking reasonable and necessary steps regarding day-to-day management of PC(USA) properties. The day-to-day management of properties held by PC(USA) will be conducted as follows:

A. Domestic Property

1. As title holder, PC(USA) has corporate responsibility to ensure that all matters pertaining to property, including taxes, insurance, maintenance, and improvements, are administered according to this Policy and guided by the mission of the church.

2. An entity using PC(USA)-owned property is responsible for day-to-day management in a manner consistent with good stewardship and for operating expenses, maintenance, and repairs, unless otherwise agreed to in writing by PC(USA). The Shared Support Committee, through staff responsible for property matters, will periodically monitor these activities, in consultation with the responsible mission staff.

B. International Property

1. As title holder, PC(USA) has responsibility to ensure that international property is managed pursuant to good stewardship; guided by the mission of the GAMCPMA; and reflects the socioeconomic and political environment of the local communities.
2. When a property is not used directly by PC(USA), as title holder (either in its own name or through a juridical person or nonprofit legal holding body), PC(USA) normally requires that the responsible administrative body, national church, or institutional user of international property be responsible for all expenses, including property taxes, insurance, maintenance, repair, and improvement, unless otherwise agreed to in writing by PC(USA).
3. The administrative body, national church, or Institution receiving a property upon its transfer from PC(USA) shall assume all responsibility for taxes, insurance, maintenance, repair, and improvement unless otherwise agreed to in writing by PC(USA).

Article IX. Disposition of Proceeds

Proceeds from property sales will be administered according to the following:

A. Unrestricted Funds

1. Domestic

Sale proceeds will, unless otherwise approved, be considered unrestricted, expendable resources of the Presbyterian Mission Program Fund and reserved for use as approved by PC(USA)the PMA Board.

2. International

Sale proceeds will, unless otherwise approved, be used in the country in which the property was held, either in consultation with the Partner National Church or shall be transferred to such Partner National Church or relevant institutional partner in ministry. Consideration will be given, in consultation with the Partner National Church and its related ministries

(i.e., Institutions) to keeping the disposition of proceeds from sales in proportion with the programmatic use for which the property was purchased and used. Final approval will be recommended by World Mission staff to the Evangelism Committee-PMA Board and the PC(USA) Board.

B. Restricted Funds

All residual limitations, including donor restrictions, legal requirements, or traditional understandings attached to a property or the use of sales proceeds will be honored by all parties involved in the distribution of sales proceeds.

C. Other Provisions

In those instances where domestic property historically has been dedicated to schools and colleges equipping communities of color, social justice or women's issues~~racial-ethnic schools, colleges, and universities, social justice, or women's issues~~, the disposition of proceeds from sales of such property will be carried out subject to consultation with the appropriate bodies and approval by PC(USA).

Furthermore, this policy recognizes the General Assembly's mandate that "(w)hatever consideration is given by the judicatory or agency to the disposition of church property that is related to Native American ministry, the appropriate Native American consulting body will be given adequate prior notification requesting its comments or recommendations or both. Such consultation will occur even when the church-owned building or land may not presently be used for Native American work." (Minutes of the 191st General Assembly of the United Presbyterian Church in the United States of America (1979) p. 404)

Article X. Policy Review

- A. The PMA Board and PC(USA) Board, in consultation with other appropriate entities of the church, will periodically review the adequacy of this Real Estate Policy.
- B. Revisions, adjustments, or amendments to this Policy will be proposed, by staff responsible for property matters, to PC(USA).
- C. Events or situations not covered by this Policy will be reviewed by the GAMC or PC(USA) as appropriate, with necessary actions handled accordingly. If required, one-time actions will be taken.

Appendix A: Glossary

For the purpose of this Real Estate Policy and the Procedural Guidelines, the following definitions are used:

Analysis of Mission Impact: A detailed document describing the purposes, goals, objectives, and history of a specific mission program or project, taking into account the interests of all participating PC(USA) entities and partner churches or church-related bodies. Such a statement is required to describe anticipated effects, including financial implications, on all parties involved, if the program or project is continued or discontinued. The document should be produced with the involvement of all parties participating in or expected to be affected by a proposed course of action.

Evangelism Committee: ~~The General Assembly Mission Council Committee most responsible for international mission partnership. In 2007, this is the Evangelism and Witness Committee.~~

Institutions Entities in other countries to which PC(USA) is related through a Partner National Church (see below), traditional historic ties, program grants or involvement, assignment of personnel, or other joint activities. Such entities relate with and PC(USA)'s work with such entities relates with Partner National Church(es) in their particular country. The Partner National Church(es) may have boards engaged in oversight of such entities. Such entities generally perform their work of ministry via public health ministries, hospitals, clinics, development agencies, evangelism ministries, and educational institutions.

Juridical Person: A legal entity created solely for the purpose of holding title to real property and structured according to laws and customs of the country involved. Normally, the juridical person has complete authority under the laws of the land to buy, sell, or transfer real property, subject to conditions under which the entity was established.

Market Value: The most probable price a property will bring under any conditions requisite to a fair sale in an open, competitive market assuming the price is not affected by any undue influence. The following assumptions are implicit in this definition: The sale will be consummated on or before a specified date; title will pass from seller to buyer under conditions where the buyer and seller are motivated, well-informed or well-advised, and acting in his or her own best interest; a reasonable time will be allowed for exposure in the open market; payment will be made in cash in U.S. dollars, the currency of the country in which the property is located, or comparable financial arrangements; and the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Mission Policy: This term is used to refer to the policies and guidelines for the mission programs of the church as spelled out in the most recent version of the “Organization for Mission of the PC(USA)” ~~and provided by the GAMC.~~

Nonprofit Legal Holding Body: A nonprofit organization created solely for the purpose of holding title to property and structured according to laws and customs of the country involved. Normally, the board of the organization has complete authority under the laws of the land to buy, sell, or transfer real property subject to conditions under which the organization was established.

Partner National Church: Church(es) in other countries to which the church is related through traditional historic ties, program grants or involvement, assignment of personnel, or other joint activities. In many cases, formal mutual agreements have been signed between the church and a partner national church. Often a partner national church will have boards engaged in oversight of education, development, evangelism, or health ministries to which ~~PC(USA)~~the PMA, via staff, may relate directly.

Real Property: This term refers to land and buildings, owned or leased, or tracts to which PC(USA) has acquired oil, gas, mineral, or other surface or underground rights.

Reversionary Clause: A clause included in a transfer agreement providing that, if the terms of the agreement are not fulfilled, title to the subject property will be returned to PC(USA). This clause may be for a limited or unlimited period of time.

Shared Services: The ~~General Assembly Mission Council-PC(USA)~~ staff unit most responsible for domestic property matters.

Shared Support Committee: ~~The General Assembly Mission Council and Presbyterian Church (U.S.A.), A-Corporation committee generally responsible as the corporate, legal, and finance committee.~~

Value in Use: The most probable price, estimated in terms of money, that a specific or special purpose property should bring if exposed for sale in the open market, allowing a reasonable time to find a purchaser who buys with a need for the special purpose uses to which it is adapted and for which it is capable of being used.

World Mission: The ~~General Assembly Mission Council-PMA~~ staff unit most responsible for international mission partnership.