

**Title:**           **The Dow Chemical Centre Loan**  
**Source:**       **Permanent Committee on Finance**

### **Proposal**

That the Sub-Executive approve the extension of a 3 ½ year loan guarantee to a maximum of \$1.1 Million to the DOW CENTRE FOR YOUTH / ST. LUKE'S UNITED CHURCH to allow them to proceed with the construction of the Centre, as recommended by the Permanent Committee on Finance at its meeting on June 4, 2009. If the project extends beyond the 3 ½ year term, there will be a fee of 2% of the then outstanding balance and a further 1% per year standby fee after the first year of extension, to the UNITED CHURCH OF CANADA.

### **Authority and Actions**

### **Background**

The Dow Chemical plant is leaving Sarnia and wished to make a \$1,000,000 donation to a local project by way of leaving a legacy. A joint project submitted by St. Luke's United Church and the local Boys and Girls Club for a Youth Centre won the competition. The budget for the project is \$2.7 Million of which \$1.7 Million has been raised and \$0.6 Million has been given in pledges to December 2012. Fundraising is ongoing, and the project needs bridge financing to cover the period from August, 2009 to December, 2012. Currently the financing required peaks at \$1 Million in November, 2009 and then declines afterwards. That peak assumes that the entire amount of the \$350 Thousand contingency reserve is spent by that date which, at the moment, does not appear likely. This maximum amount could be further reduced as additional fundraising efforts are successful to the extent that funds raised are received in cash.

The project has arranged a loan with the Bank of Nova Scotia, but a guarantee from The United Church of Canada is needed as security.

The Permanent Committee on Finance reviewed the application and is recommending its adoption as an innovative way to utilize the Church's assets without an immediate cash outlay. Finance is also looking to develop institutional experience in the area of loan guarantees in order to develop a policy for future projects.