

Finance Committee's Considerations for a Line of Credit for the Expansion.

Based on the recommendation of the Building Committee to undertake the entire building enlargement as one process, rather than separating into two phases, Finance Committee wishes to inform the congregation of the following:

- Our current building was completed in October 2005, paid for by a capital campaign plus a construction loan. In May 2007, the construction loan was converted to a variable rate mortgage for approximately \$350,000, at initial interest rate 6.75%, resulting in monthly payments of \$1662 . (At that time, our number of pledge units—members and friends—was 72.)
- For the upcoming expansion of our building, if we complete the entire project (Phase 1 RE and Phase 2 sanctuary expansion), the expected debt, once capital campaign pledges are received, is expected to be at or less than \$330,000, depending on contingencies in the construction process and potential for additional capital campaign pledges to be made prior to completion of the project.
- For technical reasons, specifically including that building costs will accrue earlier than receipt of some of capital campaign pledges, the need is for a “line of credit” for up to \$400,000. Interest for this loan does not accrue until and unless monies are spent beyond the actual “cash on hand” that has been committed to this construction. Once any line of credit has been used, newly received capital campaign pledge monies will be applied directly to this debt, to reduce interest on an ongoing basis.
- UUFWC has a bank commitment to provide this line of credit with the first 3 years at 3.25% interest only, followed 7 years based on 30 yr amortization at 3.25% fixed for 5 years OR 3.625% for a 10 year period. If we choose 3.25%, the monthly interest payment on \$400,000 debt would be approximately \$1023. We are more likely to be paying on \$350,000 debt. [\$947/month].
- In a "worst case scenario" in which no principal would have been repaid in the initial 3 years, the monthly payment would go up to \$1745. [assuming 3.25% for 5 years] At the end of 7 years, the balance of \$338,077.00 would need to be refinanced.
- Of note:
 - our **current** number of pledge units is 125, in comparison to 2006 which was 72.
 - The Expansion Committee is still working with the architect and builder to reduce the expenses.
- If the Congregation rejects the proposed simultaneous construction of Phase 1 and Phase 2 and the line of credit:
 - We will have enough money to cover Phase 1 without a bank loan
 - We will incur additional costs, at a minimum of \$38,000, if/when we decide to proceed with Phase 2 to expand the sanctuary. We will also have to start over again with permits and the Wooster Planning and Zoning Board.
- **The Finance Committee recommends taking out a \$400,000 line of credit/loan, with 3.25% interest only for the first three years, which then converts to a mortgage, in order to complete Phase 1 and Phase 2 simultaneously.**

