Building discussion

Sunday, February 16, 2020

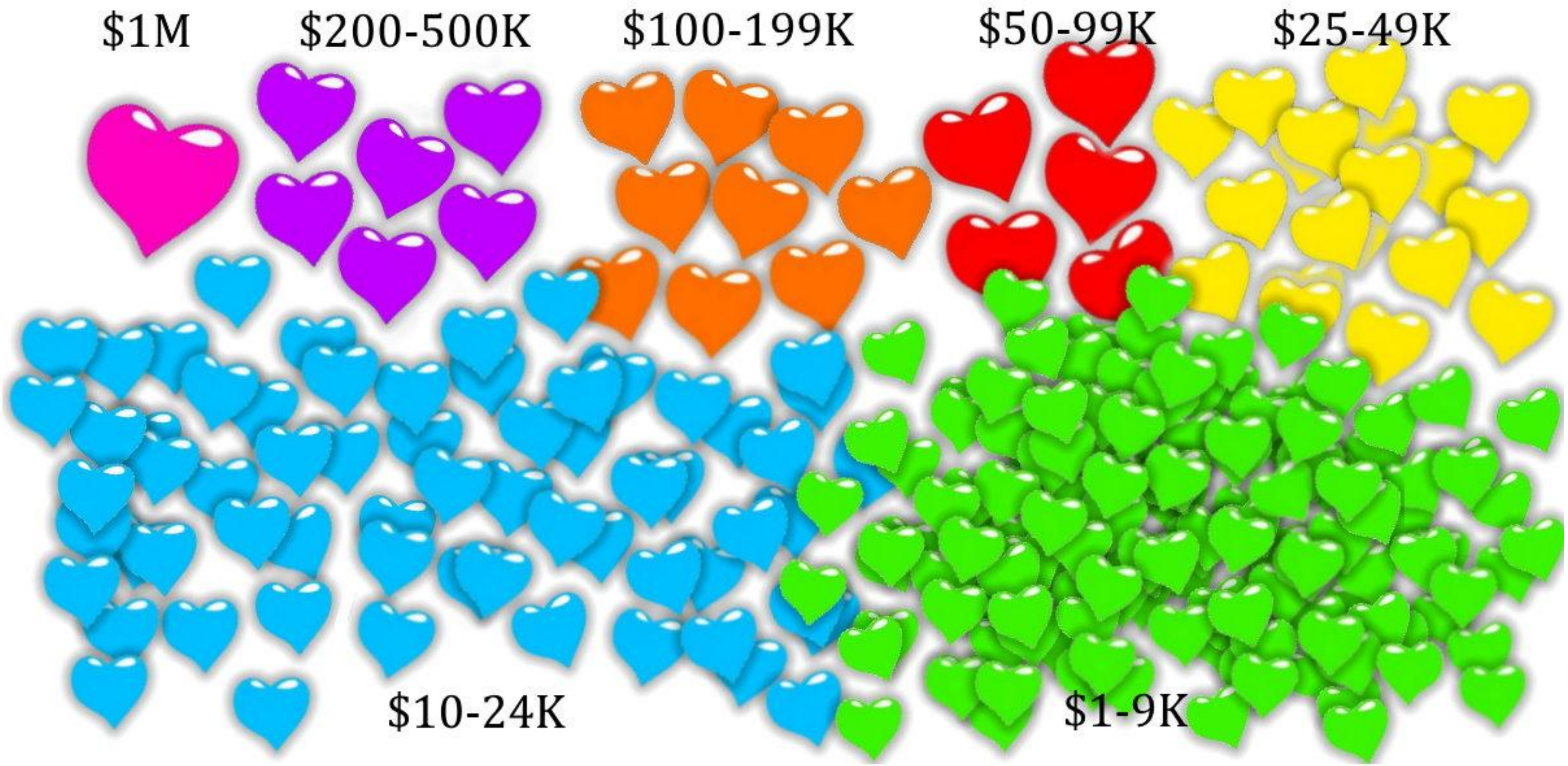
What we’re up to today

- Capital campaign update
- Building phase one: proposal and estimated costs
- Current questions about phase one
- Your questions and comments

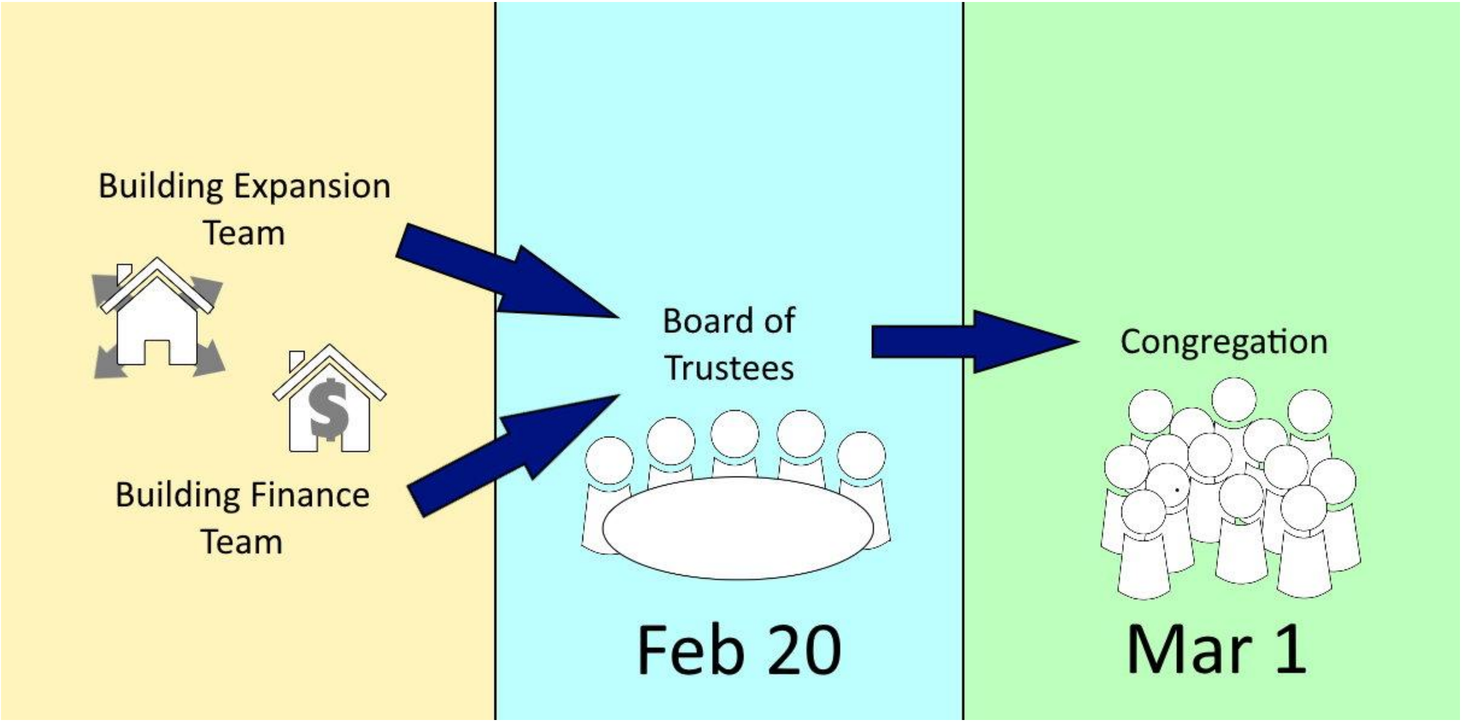
Status of Capital Campaign

- Completed 363 visits
  - Received 290 pledges
  - 25 pending pledges
  - 26 visits scheduled
  - 40 households called, trying to schedule
- Total raised: **$5.96 Million**
- Current Projection: **$6.1 Million**

Building for Courageous Love



Decision-making process



Current thinking on phase one

Focus on new sanctuary construction

Break Ground: November 2020   Occupy: December 2021

- Will allow us to return to two services in 2022
- Will provide room to grow our membership while we seek additional money to complete the remaining work
  - Administrative wing expansion
  - RE building renovation
  - Social hall/current sanctuary renovation and kitchen

Phase one estimated costs

Expenses to date	206,000
Fixed costs (non-construction)	709,000
Construction costs	6,335,000
Contingency (10%)	704,000
Total proposed phase one costs	**7,954,000**
Building out lower floor below sanctuary	444,000
Total costs including building out lower floor	**8,438,000**

Current questions about phase one

1. Should we build out the lower level of the new sanctuary as part of phase one?
2. Are there additional sources of funding we can reasonably expect to rely on in time for construction?
3. How much debt can/should we take on, and in what forms?
4. Should we consider using the Endowment as a part of phase one financing?

Question one

Should we build the lower level of the new sanctuary as part of phase one?

- Pros:
    - Would alleviate RE building pressure until renovation is possible
    - Would provide additional potential rental income
    - Would provide useful space for our community partners
    - Would lower costs by doing at same time as sanctuary construction
- Con:
    - Would require $440,000 in additional funding

Question two

Are there additional sources of funding we can reasonably expect to rely on in time for construction?

Possibilities:
- Increased pledges (e.g., 50 pledges increased by $2,000 would add $100,000 to our total)
- Accelerating pledge payments (e.g., shifting from 5-year to 3-year payment schedule)
- Are there people in our congregation we haven’t reached yet?
- Potential outside donors

Question three

How much financing can/should we take on, and in what forms?

Considerations:

- Servicing payments
- Cost of debt itself (interest)
- Cash flow
  - Short term
  - Long term
- Impact on other phases' viability

Summary of Cash Flow

Overview:

- CC pledges paid in 2020-2021 (+$4 million)
- Construction costs 2020-2021 (-$8 million)
- Remaining CC pledges paid 2022-24 (+$2 million)

Needs:

- $2 - 2.5 million in financing (depending on lower level buildout)
- $2 million in bridge financing starting in 2021 to get us to the end of CC pledge fulfillment

Financing currently under consideration

C-PACE loan	$1,200,000
Line of credit (during construction)	$1,300,000
Either UUA loan	$900,000
OR Member notes	$900,000

C-PACE Loan Program

- C-PACE (CO Commercial Property Clean Energy):
  - C-PACE programs facilitate private-sector loans to finance qualifying energy efficiency, renewable energy generation, water conservation, and other improvements to the property to reduce its energy or water use
  - Up to 20% financing for new construction project
  - Assume 25-year term, 5-6% estimated interest rate
  - Annual payments are tied to property assessment; getting a loan in December, 2020 would mean our first payment would not be until April, 2022

UUA Loan Program

- The primary purpose of the program is to facilitate the continued growth of member congregations
- 5 year term, amortized over 20 years, ~4.55% interest rate
- Maximum loan amount $900,000

Member Notes

Possible model:

- Minimum of $25,000 contribution
- 5 year term, amortized over 30 years, 3% interest rate
- We won’t need this until summer 2021

Member Notes

Pros (compared to UUA loan):

- More flexible
- Lower interest
- Lower overall costs

Cons:

- Requires significantly more management (staff time) than an outside loan
- Feeling that we are raising money within the congregation to pay interest to congregants

Current thinking on financing

1. C-PACE Loan in December 2020, pay off in annual payments starting in 2022 (20 year commitment)
2. Line of credit in 2021, paid off by the time all the capital campaign payments are in (2024)
3. **Either** UUA Loan **or** Member Notes in 2021, paid off in 2026
4. Our financial modeling assumes increased rental income and increased giving starting in mid-2022

Question four

Should we consider using the endowment as a part of phase one financing?

- Foothills’ endowment fund currently at $326,000
- Earns roughly $15,000 annually (compare to interest costs on financing during same period)
- Primary purpose of the endowment is to support the long-term mission of the church, including long term capital investment
- Would require a vote of the congregation
- Planning to rebuild it in the long-term

Review: Our Questions

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2. Are there additional sources of funding we can reasonably expect to rely on in time for construction?
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4. Should we consider using the Endowment as a part of phase one financing?

Your Questions and Comments

Please fill out and return the feedback forms before you leave today!