

September 21, 2020

Dear Members and Associates,

I want to pass along to you some significant items from the Board's meeting on September 8.

First, we unanimously passed the final operating budget for FY 2021 (July 1, 2020 to June 30, 2021). We are happy to announce that the budget is balanced. The annual pledges for the operating budget were in line with the preliminary budget projected in June. And, we were able to qualify for employee salary support under the CARES Act. Our operating and maintenance reserves exceed the Board Policy requirement. We should be able to absorb a good bit of continuing economic stress as we look ahead to the FY 2022 budget year.

The news from the Building Project is excellent. Ground was broken in late June and the foundation of the new building is underway with the roof expected to be on by the end of October. The current estimate for completion is March 2021. Weekly pictorial status of the project can be found on the church's website at: <https://www.c3hhuu.org/osof-1.html>

As I said in my April 15th letter to you, when construction is completed there will be a Gap between the money we have from pledges, both received and outstanding, and the final cost of the new building. The Board recognizes that the pandemic and political uncertainty have affected all of us, each in a variety of ways, both financially and emotionally. Looking to find a way to move forward with an appeal for additional funding that will leave the church debt-free but ensure individual flexibility to respond, we have endorsed a plan put forward by the Gap Strategy Task Force. We have extended our target payoff period through June 2022 to allow the flexibility of an additional year for raising funds to pay off the loan. The key elements of that plan are summarized on the following page.

The ultimate Gap, now including an extra year's worth of interest cost (nearly \$20,000), is projected to be \$326,000. It would have been a lot more had it not been for so many who have contributed by participating in the Phase I fix-ups and Gap fund-raising initiatives ranging from event proceed-sharing to egg and craft sales, and those who have already added to their initial pledges.

So many in the church are contributing their time and energy to see our ministries and programs through this national crisis. We are carrying on the mission of the church and holding on to each other, albeit with air-hugs. We on the Board are one with you, cherishing our beloved community,

Bianca Rodríguez
President, Board of Trustees

ELEMENTS OF PLAN B for CLOSING THE GAP



During construction, we will continue paying invoices using the cash in the Capital Fund – until we are down to a prudent reserve. At that point, we will begin drawing from our interest-only construction loan to pay each month's subsequent invoices.

After the final construction invoice is paid (spring 2021), we will convert to a standard fixed-interest-rate loan and begin making regular monthly payments (principal + interest). We intend to make these monthly loan payments from the Capital Fund reserve augmented with subsequent pledge fulfillments and other funds, until the *earliest possible time at which we can fully pay off the loan, hopefully before June 2022.*



We understand that pledging is an individual decision and depends on the uncertainties of each household's circumstances. Knowing that each household will generously respond to the extent they are able, we understand that flexibility regarding timing is essential. So, the plan is an open-ended invitation, with a target date to inspire us, but with no firm deadline.

- Households whose existing pledge period ends in 2021 and who *could*, by June 30, 2022, donate an additional amount, are asked to make a "Fourth Year" pledge of up to one-third of their original three-year pledge or more if they are able.
- Households whose pledge is already extended to 2022 are asked to consider whether they could increase the amount of their pledge for 2022.
- Households which have not pledged at all are asked to consider participating in this exciting final push to close the Gap and leave the church operating budget debt-free.

Reassuringly, we have a fallback plan for extending the loan payments from the capital fund up to two more years (to June 2024) if necessary - though of course we hope not to have to incur those extra interest costs.

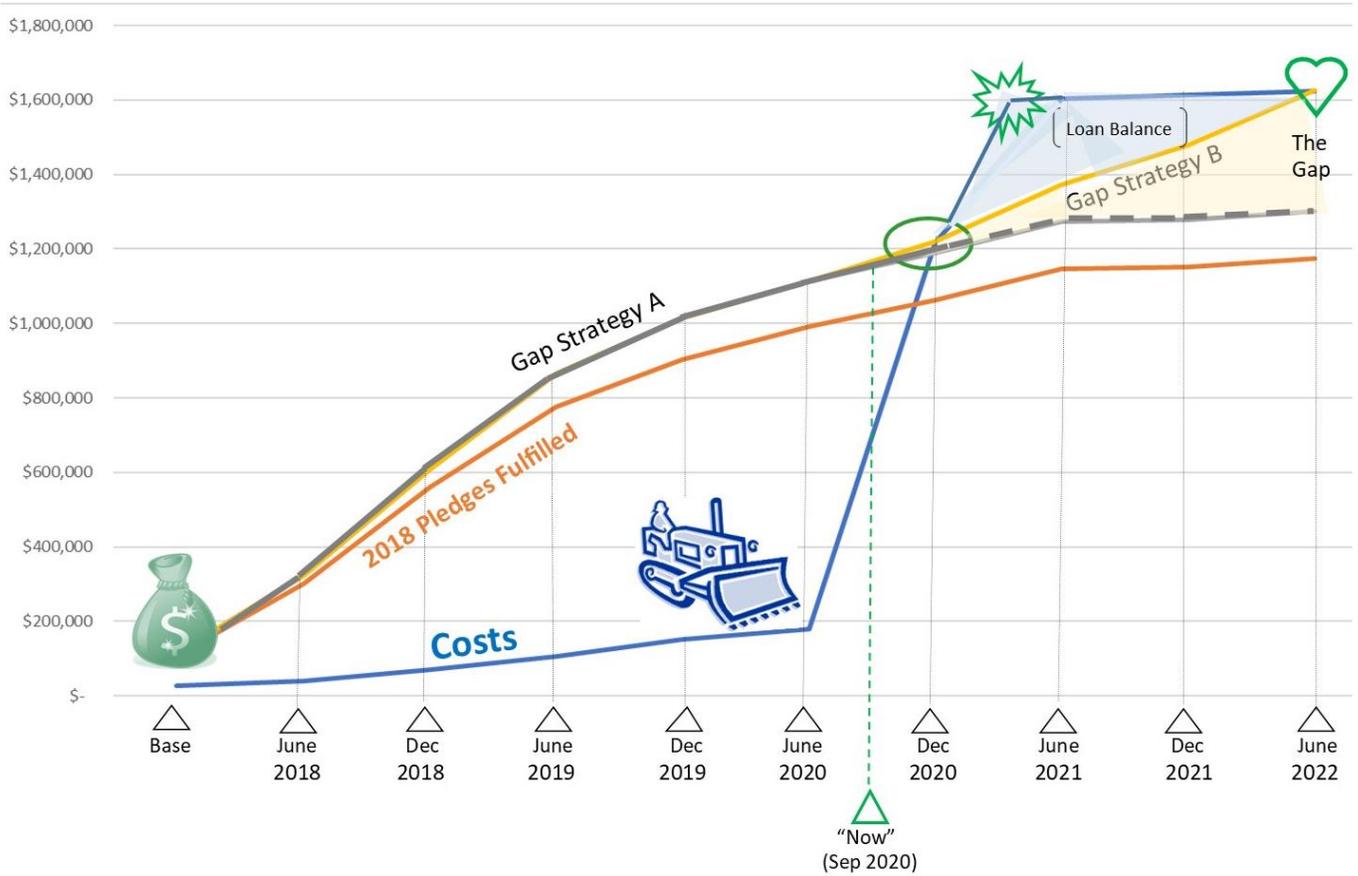
Please note: if we add earlier cash to our Capital Fund (i.e., by March 2021 when our post-construction loan kicks in), it will affect the amount of the new loan, thus lowering our interest costs significantly. So, those with available resources, as they are able, are asked to consider paying some or all of their new pledge amounts in the next 6 months.

The on-line capability to record pledges beyond 2021 is now available on the church website at: <https://www.c3huu.org/building.html>. If that does not work for you, you can download or request a printed copy to complete by hand and mail to the church. We will welcome your pledge on a schedule that suits your personal circumstances.

Don't miss Gap Graph
Update on next page!



Gap Timeline Update – Based on actual data and projections as of July 31, 2020



LEGEND

Costs for this building project, after pay-off of old loan balance

2018 Pledges Fulfilled (most due by June 30, 2021) available after old-loan pay-off

Gap Strategy A (e.g. event proceeds, eggs, etc., to slim the Gap by June 30, 2021)

Gap Strategy B (2020 Pledges to Close the Remaining Debt after June 30, 2021)

Notable Points in Time:



Construction invoices outstrip capital funds available: Time to start using loan money to help pay invoices!



All construction invoices paid; this is when loan amount is greatest!



Construction loan paid off by June 30, 2022, to avoid burdening church's operating budget with debt service!