

Proposal to the Congregation to establish a Line of Credit funded by the First Parish Endowment, for use in capital improvement projects.

The Standing Committee would like to recommend to the Congregation that a Line of Credit be established which can be drawn upon to fund capital improvement projects when necessary. This will allow flexibility in the pace and timing of improvements and repairs which is not possible under our current funding paradigm. Over the long term, this would decrease our overall maintenance costs, and improve the usefulness of our facilities. This line of credit would be a loan funded by the endowment, and therefore the by-laws require that the following issues be addressed:

1. Purpose of the loan:
 - To allow capital improvement and repair projects to be undertaken when needed, even if sufficient funds are not available in the current building fund(s).
2. Amount of loan:
 - The line of credit would be for \$500,000, though the exact amount on loan at any given time would be variable.
3. Interest rate:
 - The LoC would have an interest rate equivalent to the percentage payout from the endowment in any given year. This is typically 4.5%, but can change at the discretion of the Investment Committee. If changed, the new rate would apply to the entire outstanding balance of the LoC.
4. Payment schedule:
 - There is no specific repayment schedule, as it is intended to be a revolving line of credit. However, the LoC itself will expire 10 years from the date of enactment, and would need to be re-authorized at that time. If not re-authorized, then any outstanding balance must be repaid to the endowment within that fiscal year, or converted into a conventional loan using the procedure outlined in the by-laws.
5. Source of revenue for repayment:
 - Any time there is a balance outstanding on the LoC, then all funds normally budgeted to go into building reserves will be used towards repayment instead.
6. Other conditions:
 - The Standing Committee, Buildings and Grounds Committee, and the Finance Committee will jointly maintain a Capital Improvement Plan. Only projects officially placed on this plan may be funded by the LoC.
 - Disbursements from and payments to the LoC will be authorized by the Finance Committee, and coordinated between the Treasurer and Walden Asset Management.
 - All withdraws and repayments on the LoC must occur in conjunction with the regular quarterly disbursements from the endowment, with sufficient notice beforehand as determined by W.A.M. Walden Asset Management will be responsible for calculating interest due and deducting it automatically from the quarterly payments to First Parish. Any untapped credit will remain in the endowment, and be used for investment as any other endowment funds. Alterations to this clause may be made at the combined discretion of Walden Asset Management and First Parish.

Though the by-laws do not require any specific input by the Investment Committee regarding loans from the endowment, the full support of the Investment Committee is critical for this to be a successful endeavor. This proposal has been created with the input and approval of the Investment Committee, the Finance Committee, the Buildings and Grounds Committee, the Standing Committee, and in consultation with Walden Asset Management, our financial management firm.

First Parish in Cambridge

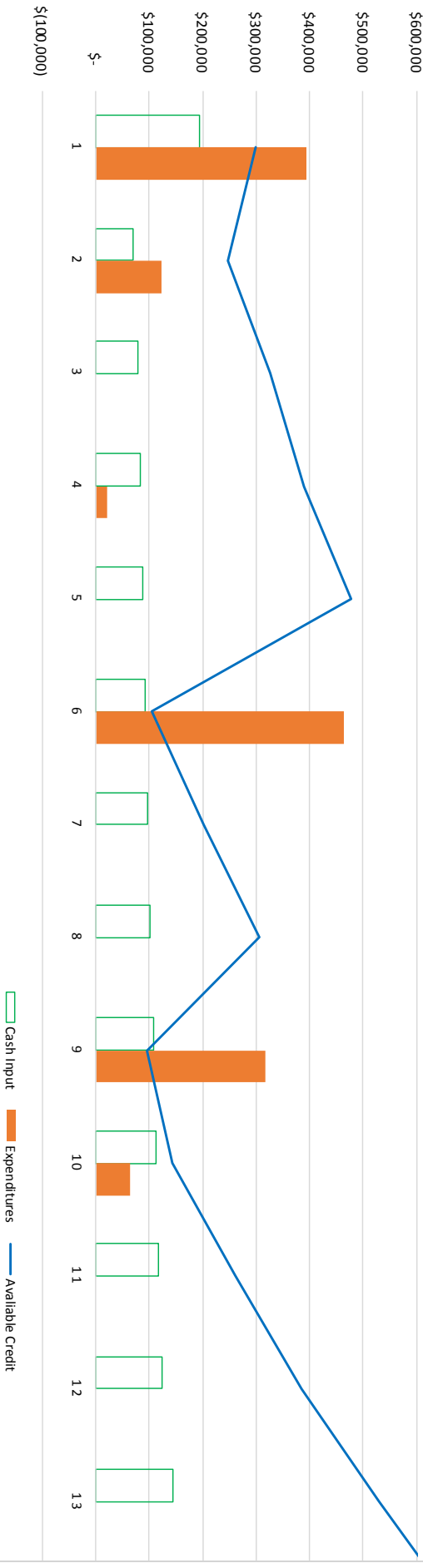
Capital Plan Expense Forecast		
Current Year	2016	
Capital Inflation Rate	3.0%	
Component	Start Year Planned	Cost in current \$
Capital Plan Project:		
Replace Boiler	2016	\$280,000
Full Roof Repair	2016	\$100,000
Kitchen Floor	2016	\$15,000
Repoint West Wall	2017	\$50,000
A/C	2017	\$70,000
Access Ramp	2019	\$20,000
East Wall	2021	\$400,000
South Wall	2024	\$250,000
Repoint Foundation	2025	\$30,000
Front Brickwork	2025	\$20,000

Key Benefits

- Certainty in planning
- Cost-effective scheduling of priorities
- Projects not delayed while waiting for funding
- Emergencies can be addressed immediately
- Projects not tied to fiscal years or budget cycles

Year	1	2	3	4	5	6	7	8	9	10	11	12	13
Cash Changes	\$ 195,000	\$ 70,000	\$ 80,000										\$ 145,106
Cash Input	\$ 195,000	\$ 70,000	\$ 80,000	\$ 84,000	\$ 88,200	\$ 92,610	\$ 97,241	\$ 102,103	\$ 107,208	\$ 112,568	\$ 118,196	\$ 124,106	\$ 145,106
Expenditures	\$ 395,000	\$ 123,600	\$ -	\$ 21,855	\$ -	\$ 463,710	\$ -	\$ -	\$ 316,693	\$ 65,239	\$ -	\$ -	\$ -
Available Credit	\$ 300,000	\$ 246,400	\$ 326,400	\$ 388,545	\$ 476,745	\$ 105,646	\$ 202,886	\$ 304,989	\$ 95,504	\$ 142,833	\$ 261,030	\$ 385,136	\$ 530,242
Calendar Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028

INFRASTRUCTURE FUNDING OVER 20 YRS



█ Cash Input
 █ Expenditures
 — Available Credit