Long Term Debt Summary

- Our church currently has assets valued between 12M – 15M
- We still owe (Our Long-Term Debt) a little less than 8M
- Our Asset to Debt Ratio is between 0.67 and 0.53 (0.4 is considered excellent)
- We have elected to split our debt between a 30-year mortgage to be paid for out of our operating budget and a short term three-year loan to be paid for out of our capital contributions from our new three-year campaign (20 Next)
- We will be using Texas Methodist Foundation to provide both notes due to a low fixed rate of 4.7% for the next three years and no money upfront (they waived the up-front fees such as loan origination, etc.)

- Based on the split, we will be left with the following structure:
  - Thirty-year mortgage (4.7% Interest for first three years)
    - The note will be for 2.7M to 2.8M
    - The monthly payment will be $15,000
    - The payment is budgeted as part of our operating budget

  - The Remaining Long-Term Debt
    - Three Year note at 4.7% Interest
    - The Remaining Debt will be between 5.2M and 5.3M
    - The payment will be paid out of our capital contributions from 20 Next
    - First 1M of Next 20 will be used to service the interest portion of the debt and to cover capital improvements over the three years
    - Remaining 20 Next capital contributions will be split with 50%-60% going toward capital improvements and 50%-40% toward principal debt reduction

- Benefits of the new structure include:
  - Ability to hedge against raising interest rates
  - The Interest Rate of 4.7% Interest is lower than our current payments
  - Allows clear separation of our Operating and Capital Accounts
  - Places our church on a long-term plan to pay off our debt based on a regular monthly payment
  - Creates a structure that allows us to move more of our long-term debt to the mortgage payment as our operating budget grows