

Charis House Debt Retirement Plan
11/20/14

The Board approved on 11/6/14 a plan for retirement of the \$1,965,000 debt related to Charis House construction and secured by Foundation assets.

This plan relates only to Foundation assets held by PNC Bank, not those at the Community Foundation.

The plan was described to the Board as follows:

Set a "floor" value for Foundation assets of \$4.5 million. If market fluctuations and payments reduce Foundation assets to this level, temporarily suspend payments of debt principal.

Make semi-annual payments of debt principal December 1 and June 1 of each fiscal year, using market appreciation and any new money raised in the Foundation.

To allow some initial cushion against negative market fluctuation, the base point for the initial payment in FY14 would be \$5.4 million, with market appreciation measured from that point.

Subsequent to Board approval, we have determined that the "floor" should be \$5.2 million, since the Foundation is committed in the FY15 budget to paying \$200,000 to the Mission in FY15 for year two development team support and for Charis House day care center (\$5.4 million above minus \$0.2 million committed).

Following are "action steps" to implement this policy:

- Determine Foundation asset value on-line at PNC as of November 30 and May 31 each year.
- Make payment on principal amount of debt as of December 1 and June 1 each year.
- The working goal is to never let Foundation assets at PNC drop below \$4.5 million value. If market conditions and other use of Foundation assets cause this to happen, payments would be suspended.
- At each measurement date (5/31 and 11/30), if new contributions and market value changes have increased the value of the PNC assets above \$5.2 million, that excess over \$5.2 million will be paid out for principal reduction.