

To: The Members of Temple Sinai

From: Deborah Lewis, President

Date: January 13, 2020

Subject: Attached Loan Resolution

Temple Sinai committee members, board members, clergy and staff have been hard at work in planning the renovation and expansion component of our Honor our Heritage Build our Future campaign. We are pleased to report that we have received pledges for approximately 80% of the currently projected development and construction costs of approximately \$8 million. These pledges are to be paid over a five-year period. A mismatch in the timing of collections and the approximately two-year construction period will necessitate bridge financing. Furthermore, we anticipate that 10% to 15% total development and construction costs will be financed over a ten-year period, commencing at the conclusion of the bridge financing.

While the scope of the project and associated costs are being refined, we want to make sure that we have the necessary financing for the project. Accordingly, we asked several longtime Temple Sinai members who are subject matter experts to assist in obtaining the financing and, through their work, we have obtained a commitment from Eagle Bank to provide a line-of-credit of up to \$4.5 million and a term-loan to follow the bridge financing (i.e., line of credit) in an amount up to \$1.5 million.

At our Special Congregational meeting on January 29, 2020, we will seek member approval to enter into a loan agreement with Eagle Bank. The loan amounts exceed the projected financing requirement. As a prudent and fiscally conservative Board, we wanted to make sure there is a cushion for “unknowns.” There is no cost to Temple Sinai for any funds that are not drawn.

With the exception of refinancing the Temple’s current heating and air-conditioning (HVAC) loan,* we do not plan to tap the proposed new line-of-credit until late fall, 2020. We will use cash received to date from campaign pledges before tapping the bridge financing. We anticipate that the Congregation will be asked to approve the construction contract later this Spring at the Annual Meeting. The amount of the construction contract that the Congregation will be asked to approve will be the result of balancing the amount we can afford with the renovation/expansion that we want and need.

We look forward to discussing the attached resolution at the January 29th member meeting.

*Temple Sinai currently has approximately \$.5 million outstanding on the loan obtained to finance the HVAC project about a decade ago. We must pay off the old loan at the time the proposed borrowing is closed. This is actually very good for the Temple as the current interest rate is lower and banking services are significantly better. The closing on the new financing is anticipated to occur in early February, assuming member approval for the “up to” amounts are approved in January.