

Motion 2109IC01: Pay \$25K per quarter towards principal loan amount, plus monthly interest payments. The first payment shall be \$50K in Q2 2022 (PacSwim fiscal calendar – January/February), with additional payments to be made each May, Aug, Nov, Feb. Loan shall be paid off no later than August 2025. The Investment Committee shall hold scheduled evaluations each quarter to review market conditions and current interest rate and recommend payment modifications, via motion to the BOD, if deemed necessary.

Motion proposed by Leo Lin in committee 8/19/2021, seconded by Debbi Tucker, and approved by the Investment Committee.

Discussion: Six scenarios were developed by Don Heidary and Mary Ruddell for presentation to the Investment Committee:

1. Monthly minimum (interest-only) payments with payoff no later than August 2025
2. Monthly minimum with set principal addition (for example, interest + \$3,000/month)
3. Quarterly payments (for example, \$25,000 each quarter)
4. Pay 50% of the balance and a set monthly payment (for example, interest + \$5,000/month and \$240K on Jan 2022)
5. Pay off entire balance on a specific date and reduce investment fund growth base by \$475,000
6. Make minimum payment as rates remain low, but increase amount paid per month at trigger points set by the Investment Committee (for example, double our payments when interest rate hits 4%).

Given the current bull market and low interest rate environment (with Fed support) it was decided to target an August 2025 payoff date in order to leverage our loan for asset appreciation by not withdrawing funds too quickly and thereby reducing the size of our overall investment portfolio.

After much discussion the committee decided to recommend scenario three (3) to the board with the modification to hold the first quarter 2021/22 swim year payment until the second quarter and pay a double amount for the second quarter (that is, first quarter amount + second quarter amount in one payment). The reason for this modification is that the Employer Retention Credit (ERC) program Pacific is applying for has a revenue component to qualify. Capital gains from the sale of stocks are considered revenue, which we want to minimize to qualify for the credit.

Current balances

Loan Amount:	~\$475,000
Terms/Rate:	3.25%
Monthly min.:	~\$1,300 (interest only)
Inv. Fund Balance:	~\$3.6M (with \$242K Board Designated Fund and \$126K Zone Investments)