

Note to accompany the draft of a new Term Sheet.

JJ 11/25/2018

This is not the final form of the Term Sheet. It is extremely favorable to Covenant, and Leonard is likely to request changes. The building committee will also probably request adjustments and clarifications.

How is the proposed Term Sheet different from the documents presented in August?

- 1) In August, there were two documents, an October one approved by Presbytery and a May one recognized by the Presbytery Finance and Property Oversight Committee. The proposed new Term Sheet is a single document. This eliminates various uncertainties.
- 2) The old documents limited the agreement to three years (with contradictory statements about later). The new one prescribes, after three years, 1-year renewals with changes limited to those required by evolving plans for the buildings or other changes in the situation. This is going back to sense of the April draft of the Term Sheet.
- 3) The old documents required Covenant to perform many repairs (listed in a note by Jeff, costing perhaps \$160K) as part of the agreement, with limited help from Presbytery (\$25K in the October document, \$100K in the May document.) In the new document Covenant will do absolutely necessary repairs up to the moment of transfer, with no obligations after transfer.
- 4) The old documents offered two \$15K subsidies, implicitly dependent on our paying a full-time pastor. The new document requests two \$15k subsidies "if administrative duties related to the new relationship with Presbytery require Covenant to engage a pastor for 30 hr/week or more." We can hope that the \$25K we spent to have a full-time pastor in 2018 will be considered in FPOC decisions about this subsidy.
- 5) In the old documents, transfer of property occurred first, after which the actual contract was to be written. In the new document, the contract will be written immediately after approval of the Term Sheet. After the contract has been approved, transfer and remission will take place.
- 6) The F-1.0301 statement is quoted completely so that the document does not end with a dramatic "losing its life."