

**Meeting Minutes of  
Meeting of In Kind Offers  
November 8, 2009  
for  
St. Michael's Church/School Building Project**

*On November 8, 2009 Father Borowiak, pastor of Saint Michael parish met with parishioners and other interested parties who had made offers of in-kind donations to the Saint Michael Building Project. In kind offers have been made in the construction trades and building materials and supplies areas. Joining Father Borowiak at this meeting were: Kevin Clark, lead architect; Nick Cusick, chair of the parish's capital campaign and John Klimpel, a parishioner who will act as construction manager for the project. The minutes of that meeting follow.*

Father Borowiak:

If you'd be willing to join me, I put out those yellow prayer cards that we pray at the end of each Mass. We have done this now for a number of months after Mass. We as the Lord to be the starting point for us and a guiding, driving force behind our building project. So if you'd be willing to join me.....

[Group is saying a prayer]

Father: First of all, thank you very, very much for being here tonight. I know you probably have a lot of other things that you'd rather be doing. I would just like to say that this meeting is for us to try to identify on some of the different offers that have been made to our building project by many parishioners. One of the things that we are incredibly grateful for, and I am personally, is the many generous offers made by those who are expert in the building trades or those who deal in building materials.

And one more thing, does anyone mind if I record this meeting? The reason being I want to have a record of what we are going to discuss and I know that there are a couple of individuals who cannot be here tonight, and I would like to post the minutes of this meeting on the parish website so everybody can see and read what we discussed tonight. So, the meeting will be recorded. Again, I am very grateful for your many offers. We have a number of people who have made offers to us in different in the building trades, also, in the material and building supplies area. Tonight we are not

going to make any decisions. But most of this meeting is going to be about information. How have we outlined the project, what we have in mind concerning your offers and how can we consider the offers that you have made in the building of the church and school. There are several people that I would like to introduce. They are going to be speakers tonight, and also they are going to be major players in our construction project.

Nick Cusick, who is the chair of our capital campaign. He is a Lincoln business owner and has helped us in many ways. He has been the chair of our parish stewardship committee for a couple of years and is heading up our parish capital campaign.

He has chaired a number of capital campaigns in both the private and the public sector.

Kevin Clark, one of the principals of Sinclair Hille Architects. He's the lead architect on our project.

John Klimpel is a parishioner – he just came in this evening from Washington D.C., and he has agreed to act as construction manager for this project.

One of his superintendents, Denny Russell, is going to oversee the day-to-day operations of the construction project, and these four are here tonight to give some information on the nature of the project, on the process by which we can consider in-kind offers, how we can fit them in to the overall project and how we can, hopefully, make all of this work.

Very briefly, I want to explain the project. I think most of you are familiar with the nature of the project. The parish is going to relocate on just short of 13 1/2 acres in the middle of Rick Krueger's Woodlands Development, approximately a mile to the south and to the west of this location. The large, rural water tower on the corner of 84th and Yankee Hill as a landmark - that water tower is in the northeast corner of that section. Krueger is developing that north half section and that 13 1/2 acres is right in the middle of the development. The development has 700 individual homes, light retail and professional, kind of as bookends on the development. We are going to be right in the middle of that high density residential neighborhood.

This has been on the Website. I have had it in the bulletin. I have mailed it to every parish family. We've had it illustrated on these boards. We're looking at a phased approach, and our first phase, originally encompassed 52,000 square feet. It includes the entire

infrastructure - the entire parish plant, everything that we need to support all three phases. The dirt work has been completed. It has been rough graded to specs. You can access the site off of 70th Street. If you can down 84th you see a couple mounds of dirt, actually a surcharge. Phase one includes infrastructure, utilities, sewer water, all the civil engineering, streets and the first phase of a school, which will would include a commons area that will double as our temporary church for the duration. The 52,000 square feet outlined in this floor plan includes one section of every grade K through 8th, a gym, an administrative area, a commons area, which is right here, that will double as a temporary church, and other adjoining administrative areas. We are looking at a two-story stacked approach for the building. At this point, we just signed the architectural contracts for the remaining services of the project and we have decided on the construction and the delivery method. Now we are considering the in-kind donations.

Nick, at this point would you be willing to discuss some of the things that we have talked about regarding the consideration of these in-kind donations?

Nick: Sure, I would be happy to. In addition to what Father said, having the pleasure of heading up the capital campaign, my wife and I, also have gotten deeply involved, probably deeper than I maybe thought I was going to be involved, in a variety of issues relative to the financing, not just the capital campaign, but the financing in general, some of the construction pro forma was relative to how much we cannot spend. I have worked with Father and John and Kevin in putting together contracts and working on a whole variety of issues. It was really exciting going back as much as a year and a half or two years when Father first, we first, started rolling this out. When he started getting people like yourselves saying “when it comes time I would like to be involved and I would be willing to consider doing this or that.” He has done a great job of keeping that ongoing list and recording that. As we have gotten far enough into the process, as it got closer to where we are at now, because I have been on both the donor side and the receiving side of in-kind donations, I have some perspective on what works and what does not work.

I will give you an couple of examples from my own business. One of my businesses is a company called Bison that makes basketball, volleyball and soccer-type equipment. As a donor I was the Board Chairman at the Lincoln YMCA when they built the Cooper Y. I

was also still on the Board when they started the conversation about the Fallbrook YMCA. So I am certainly dedicated to the YMCA cause. We make ceiling mounted structures. As a donor, I knew that I had to stay on the contract for construction, on the contractor's schedule. I needed to meet all the specs and stay on the schedule, because obviously, they need to open the school when they open the school. Recently, we did the Fallbrook project on a purely in-kind - purely donated basis. It wasn't discounted, it wasn't, "here's what we got with leftovers in the back room." We did it up front, total basis and with a pure donation, meeting all of the specs. We were able certainly to make those work.

On the other side of the coin, I have been involved in other projects, for example we donated some equipment to the Lighthouse - maybe some of you folks worked on the Lighthouse. It is a facility for kids, an after school-type of facility plus some other things up on 27th and N. One of Kevin's former partners, Jim Hille, on an in-kind basis was the architect. A high percentage of that project or a reasonably high percentage was donated services and I know because we donated the basketball stuff. The project ran at least six months or more late and it just did not go smooth. There were a lot of people who said they would do something and ultimately did not or could not perform or got caught up in other issues. So because of that, I advised Father that as we got closer to the project being real, we needed to really kind of ferret out or have a meeting like this where we could kind of say "here is how we are going to work this."

Ultimately Father's goal - obviously Father has a fiduciary responsibility to all of the parishioners, including those of you in here who are parishioners - is to have the project run smoothly, be good quality at the best possible price. So certainly the reason we are here is to just kind of talk about what does that mean. When we get a little bit further on, we can have kind of an accrued in-kind donation offer form. So as we go through this process we want to capture in some systematic fashion some basic information about what you are willing to bring to the table. The hope is that all of the things that you can bring to the table from an in-kind basis that will benefit the finances the project are usable and will fit the project and fit our timeline and fit the quality of the project we need. I think that is the kind of why I suggested to Father that we needed to have, and to John and certainly to Kevin, that we needed to have this type of a meeting.

Father: Maybe that is a good transition. If you would go around the table and introduce yourselves and what trade you are in. I know some of your faces but not nearly all of them. If you wouldn't mind....Gabe.

Gabe: Gabe Kidwell. I am a parishioner here. I am with Kidwell here in Lincoln. We are looking at electrical, sound, intercom, and cable.

Andrew: I am Andrew Davenport. I am also with Kidwell. I am a parishioner here. I typically do not work on the project end of things with Kidwell, but since I'm a parishioner and also his brother-in-law, I (laughing) I thought I would attend.

Voice: There is no pressure, right?

Jill: I am Jill Jensen. I'm a parishioner here and I am an attorney. I am here mainly to record the meeting.

Father: She has got one of her stenographers on staff who is going to transcribe (laughing) these documents.

Roy: Roy Wilson. I am with Landscapes Unlimited. We are primarily a golf course development company but we have a division that does sports fields and we would be interested in the sports fields and the landscaping as well.

John: John Klimpel, and I will be the general contractor here, the construction manager.

Dave: Dave Staemper, owner of Glass Edge. I think we are technically parishioners here, although we go to St. Joe's because that's where we went before this place was around, so...

Father: So he will see the light eventually.

Dave: Well, we were supposed to be here, when you draw the line and you tell people that if you are there, you get here with a .....

[LAUGHING]

Doug: I'm Doug (inaudible). I'm a parishioner here. I'm with \_\_\_\_\_ . I work for a manufacturer of \_\_\_\_\_ corporation. Global inside, the company is willing to donate, probably about \$25,000 worth of material to the church and possibly more. So, I'm here to try help and figure that out.

Denny: I am Denny Russell and I work with John and am planning on being the onsite superintendent for this project and I am a parishioner here since we have moved.

Kevin: Kevin Clark, and we will get back to you.

Fr. Bernardo:

I am Fr. Bernardo and maybe one day I might be doing something like this. I just wanted something to listen to the discussions.

John: John Brummer. I am a parishioner and also a general contractor.

Dick: Dick Selig, Midwest Store and Hardware. We deal with architectural steel, wood doors, etc.

Roy: I am Roy Hochstein. I'm a parishioner, and I would like to work with the landscaping over there.

Roger: I am Roger Kaputska. I am also a parishioner. I am with Bison Electric.

Joe: Joe Beaderman. I am a parishioner here and I work for Capitol Heating & Air. I know our company would like to look over the blueprints and give you a bid on HVAC. Personally, I would donate labor to help this project, as much as possible. My expertise is 35 years in HVAC trade. I do have some comments for the architects and engineers when they design the duct work.

Ray: Ray Werner. Ray's Electric. I am a parishioner here and I am interested in the electrical work.

Mike: Mike Stewart, a lifelong parishioner here. I haul rock, sand and gravel.

Loran: I am Loran Stara and I teach at Southeast Community College in Milford. I am also a longtime parishioner here. We would be interested in all the interior cabinets, cabinetry, laminates, countertops, etc. I have a lot of students at my disposal.

(Laughter)

Roy: My name is Roy Hochstein. I am a parishioner here at St. Michael's. I have experience in the building trades. Mainly tonight I want to get an idea of what you are looking for. If there is anything that I can work on or coordinate volunteers. I have worked on several other capital campaigns before. I've worked with Grady Construction; (Inaudible) Construction, and (inaudible). Anything I can offer, I would be happy to do so.

Gary: I'm Gary Reese. I am a parishioner here. I have Lincoln Electric, which is an electrical supplier, and get in on the bottom... to see what (inaudible).

Bryce: Bryce Nielsen with White Electric Supply. I am a parishioner here, and just interested in what is going on and try to get in on the bid process also.

Mark: I'm Mark Mainelli. Mainelli- Wagner and Associates. We do civil engineering and consulting work. We are working with Kevin on the civil site plans. I am also on the parish building committee.

Matt: Matt Schaefer with (inaudible).

Kevin: I think Nick is going to pass out a sheet that he has developed. There are new faces that will be at the table that are not here tonight from our side. On the engineering side, Rick Onnen from Mark's office has also been helping on the civil design. Dan Thompson will be the mechanical engineer. We'll have Tom Ernest, he is a parishioner, on the electrical engineering side, and then Vance Behrens (inaudible) Design Group, he is at St. Peter's. Some of these names might sound familiar. I have to say we have been blessed to work on many diocesan and Catholic projects. This is the first where about every 2-3 days I get an email from Father saying another person has come up to him and said they want to be involved in the project, not to undermine the rest of you on this side, but when I heard Roy Wilson was on and we were going to have a 9-hole golf course on the side it was pretty exciting.

[laughter and multiple speakers)

Father: Others might have a gym, but we are going to have a golf course.

Kevin: It has actually been pretty humbling because between St. John's, North American Martyrs and even out at the Seminary, and I know part of this, this is a great neighborhood to be in with all the

people that you have down here. We would be hard pressed to get one door hardware person and one glass person on some of these other projects and we have 2 or 3 of each which creates a bit of a problem when you are trying to incorporate everybody into the process. So there is really 2 phases of this process that we hope most, if not all of you, can be involved in - both sides of it.

The first one is a design process. The team that we have gathered at this point for the project is comprised of extremely low egos, very much believers of a collaborative process and John is going to beat me up in the next 6 months on knock down hardware, knock down frames for the doors, and I am going to get Dave in the middle, then others to argue all sides of this. But the beauty of it is, is that we are all coming together and having an ability to influence the project. We are kicking off the design process with all of our consultants. Father has had an extremely dedicated committee that has met on and off for the last two years maybe, at times every week. They will be in the process. We would like to invite as many others that want to be a part of it to join us. So if there is duct work or grading or landscape or whatever it may be that you want to get into the process to discuss, we would be thrilled to have you.

Dick Selig has been involved in countless projects. We love working with him. He develops door hardware, schedules, and specs. But he also develops it so that other people can bid. And I think that goes back to the sheet, where it states, on this process, it is going to be a bid process. All of those bids will be let and received by John and then finally signed by Father as the owner of the project. So if you are interested in donating, we would like to go to the process of a bid, so I put, if we have Pella or Anderson people in the parish or we have a store front system and someone else in the parish that wants to influence the design that is great. We would like to hear, because if it is free windows, I guarantee we are going to design the project around the system.

But now is the time that we need to know these things, instead of us being ready to bid in the Spring and then have somebody come forward with an offer - that sort of circumvents the process. Now, if one wants to be part of the process, using Dick as an example, with door hardware, we would have used him anyway to develop the hardware schedule. But we also have Charlie Hanish (sp?) in town, you know, who can do glass and so that kind of comes in to Dave's area. We have others that do door hardware as well. So we

would like to be able to have a process where everybody can bid. I did not expect Father to actually write this into the agenda, but the electrician would like to be the installer and/or be able to submit a low, or even a very low bid, the key is that John has a contract and a submittal from, whether it be Kidwell or Bison Electric or Ray's Electric or any of the other ones in the group. So that after it is all said and done and the project is completed, Father will know if we did take the lowest bid. Each project, and I have seen it, creates a fair amount of ill-will when certain deals are done outside of the bidding process, somebody gets selected and somebody's feelings are hurt. It can get ugly out there. So, Father's approach and John's opinion and with Nick's guidance, that a bid process is really important so that we have done due diligence in the process and really kept to the fiduciary responsibility providing the low bid.

Thus, we plan to bid in the Spring with the current schedule. If there is an interest in doing donated services or a donated product, Nick is going to talk a little bit about potential tax strategies.

Nick: Sure, before we do that, you know obviously, as Kevin indicated in this form; it is not a sophisticated form. I think it is self-explanatory. It is kind of a way to kind of find out what is your interest in donating is. This is not a bidder meeting. This is an in-kind donation meeting. This is not the place to find out all the details about how one can bid. We would have hundreds of people here if that was the case. So, clearly we need to make sure that this is an in-kind thing. So if you are interested in donating, at least look at this form and get back, get it back to Father in the next week or so at the most. You will notice there is a place on there that says based on some assumptions of a building that's 40-50, maybe 52,000 square feet, I think we kind of pared it down maybe to something under 50 at this point, based on the assumption.

Nick: Based on that assumption, without any knowledge of reality of what kind of electrical we will have, but what would you be willing, based on what your perception of what the donation is, what kind of a donation would you be making back after the bid process. So you build it at market, how much would you be donating back and, I think, ultimately, for the most part, it depends if we let, certainly based on people's capability and capacity, we cannot ignore that, of course, (inaudible), ultimately, but at the lowest net cost of the market bid and any cash donation back or some version of that. At this point, we do not want to say that is the only way it

can be done, but we are trying to get some idea here of what you are willing to offer, what you think that value of that offer might be and anything else and there is also contact information. So we would like to have you fill the form out and get that back to Father and so we can start processing that and recording the information.

Kevin mentioned that we have a place for questions here. Just for your tax strategies. It is not for the parish to decide how much you can deduct on your federal and state income taxes...that is not Father's job. The parish will certainly provide everything it can in the way of supporting documents to support any donation you make. We cannot value it and say, yes you did it, it is up to you and your accountant to value that. Whether or not you can deduct overhead or whatever that's, that is for you and your tax accountant.

Voice: CPA.

Nick: Yes, talk to your CPA. Certainly to the degree that we would want you to maximize your tax advantages of the donation we will be cooperative to the point that the parish can be.

Father: Absolutely, I would want you to use it to your maximum benefit. If there are any tax implications, we'll do everything that we can to maximize that for you.

Nick: If there is different ways to structure the money flowing, I know for example, my CPA would rather have me sell the product to the Y and then write a check back to them just for paper flow. That is not how we happened to do it, because it was just too complex in the couple of projects we had done for the Y, so I think there is some flexibility, but ultimately, we will work with you on whatever basis that we can.

Also, I want to mention, and I don't think that we did, we obviously introduced John and his superintendent, and I asked John if this was okay. He doesn't want his offer known widely, he doesn't want us to yell it from his rooftop, but he is donating his construction management services. Not at a discounted rate, not at some, as a good guy, he is donating those services and that is a pretty big donation. So the reason John's doing this, we asked, does he have an ability, we concluded that he does have the capacity. He has a contract, he is not doing this on a handshake.

John: No.

Nick: Right?

John: No.

Nick: I think he's spent \$3,000 did you tell me, having your attorney draft the contract.

John: About \$6,500.

Nick: \$6,500 having his attorney review the document.

John: I put that in the envelope.

[laughing]

Father: In church here?

[more laughing]

Nick: So pardon the expression if John will know the pain in the butt when it comes to making sure that we validate that he can and will do the project according to our schedule and specs. So, John's donating his services and so that we are clear and open, we are paying the superintendent, we are paying John, reimbursing John for his.....

John: Superintendent.

Nick: And his superintendent will be on site during the time of that construction at a very discounted rate (inaudible).

John: Plus, (inaudible) \$500.

Father: No, no,

[laughing]

Nick: That is his donation. See you can be, yeah, if you send him ...

John: No, I do

[several voices talking at once]

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Nick: No, no, we're not paying you for those...

John: No, I don't need the deduction. I'm okay.

Nick: So, again we want to be full and open and transparent from this. But that's why John is at the table here...

Father: And we offered it to anybody else that wanted to do it also.

Voice: Yeah....

Father: There was other contractors out there, but no one wanted to completely donate their services.

Nick: ...(inaudible) at the zero price, so, yeah, so he (inaudible) us.

Father: Do you want to talk about the schedule?

Voice: Would you.

Kevin: Our first plans are to begin preliminary design with it and drawings that you see in front of you. That plan did total 52,000 square feet, including the gymnasium as we first planned. Nick has been working on the numbers a great deal. We have pared that back on the plan. It's now about 44,000 square feet, including the gym, about 38,000 without. So as we are planning right now, there will be a series of alternates designed into the project, that may be a series of paving areas that if the dollars come in right, that we go ahead and do. We were talking at least, that the gymnasium might be an alternate as well to allow us to modulate what the bidding climate is like in the Spring and if we have the dollars and we are close then we can go ahead and jump into that. As planned right now, we are planning a geothermal well system on the site, providing the heat transfer, or heating and cooling. The initial plan is a steel frame and metal stud approach and fill with brick veneer. We are going run the numbers with the current bidding climate on wood. We think it is at least worth the time to think through that and make sure that is not something we should consider.

Right now the plan as Father noted is for one classroom per grade, a commons area, which would also be used as the church, either the gymnasium or a large open space in the basement will be

provided for gym space and then depending on which way we end up on the alternate it is one of those big spaces we will also get. So we will be turning tables, cleaning them up, and putting them back down each day for one or two of the activities. We are waiting to find out which one that might be, depending on the gym.

Our schedule right now is a symmetric design with the goal of having the documents out in the Spring, so that we would be under construction by Summer of '10, finishing construction late Summer of '11 and be open for school in the Fall or August of '11.

Father: A large part of what is driving the square footage in what is identified as alternates is our fundraising capability and the construction pro forma. The Diocese is going to allow us to borrow four and a half-million dollars. But that 4 and half-million is probably going to be needed all in one year's time for construction. Right now, as of Tuesday of this week, we are at \$3,000,000 pledged or gifted from 114 families. I am really hoping we can hit \$4,000,000. We have \$1.2 million in reserve, so we have to keep that pro forma down to about 5 ½ million, give or take, for construction and professional fees to make everything work. So, what Kevin just outlined in terms of square footage schedules is going to be based largely upon our capacity to raise money and how much we can borrow.

Nick: For clarity, the 4 1/2 million line of credit that the Diocese is willing to give us is maximum at this point. It has to cover not only long term unfunded, unpledged debt, but also the pledge, the 5-year pledge period. So, it is not like we have 3 million, plus 4 1/2 just all of a sudden, because that 4 1/2 has to cover the 5 year pledge period, plus any, you know, plus any people moving out of town and the uncollectible, so you just cannot add those 2 numbers together and say that is how much we have for the project. So that is how it came down to the current number and that 5.5 - 6 million available for construction, in fees, etc.

Kevin: Maybe's it not a bad time then to just sort of open for questions.

The Diocese and technology initiative will be providing all of our technology and infrastructure for the building. They are very excited since that group has not done a new building of this scale since the donor has gotten involved in this initiative. So they are starting to plan a lot of the details that they have not been able to in the past, because they have had to run conduit around and

through old big stone buildings. So they are very excited about working with us and getting in on the project. So they will be setting at least the spec requirements and the bidding requirements on the cabling and the infrastructure for IT, that'll be coming out of Ken Pinkerton's Office from the Technology Initiative. So IT is another great offer, and again, this is in addition to all of these donors who just keep coming forward to make this school much better than it could have been.

Nick: The technology offer which includes, for example, the computer lab, a smart board in every room, laptops, is probably valued at, at least \$200,000, and this man and his wife has also made, and I have mentioned this publicly, he has also made an additional matching gift offer to our parish up to \$300,000. He asks that that \$600,000 then be used for teacher salaries for the first 5 years of the school's operation - \$120,000 a year for salaries. So, it is a huge offer in addition to the \$200,000 technology - \$300,000 cash if we can match it. He will match it dollar-for-dollar. The thing is though, if we carve that \$300,000 out of the capital campaign, then that's \$300,00 that we do not have for construction. But it is an offer that I do not think we can just walk away from. I am going to try to find every creative way that we can to match that. To me it is six of one, half dozen of another. What we might be able to save in an operational pro forma we might be able to apply in part somewhere else in a construction project. So, that is a huge offer. That has not been documented yet as part of the capital campaign and have not mentioned it publically, but that's what that offer is for.

Voice: And we clearly will match that, including ....

Voice: We'll cover that ....

Voice: \$300,000 one way or another, so let there be no mistake about that.

Father: At this point, I would ask do you have any questions; do you have any questions on first of all the process of and the format that we have outlined? You have the in-kind sheet in front of you. Do you have any questions about the project - the way that it has been designed, square footage, timing, your input, have we missed anything? Or do you have questions that you want clarification of?

Voice: How far is the church away?

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Father: That's a variable that I do not know. This last Sunday night I had a meeting with all of the parents of Catholic school children who would be potentially enrolled in St. Michael School. We had an early registration and 65 kids signed up in just grades K-6. That did not represent even half of the families that we have currently sending children to Catholic schools. So very likely when we open in Fall 2011 we could easily have a minimum of 15-20 kids in every grade. If the housing market picks up in 2011 and 2012, the parish could really grow. One of the things I have been very clear about is that I cannot guarantee that a second phase will be a church. The parish covers 100 square miles which includes the southern half of Lancaster County and the high density residential area of the southeast corner of the city of Lincoln. You have Catholic schools and you have excellent public schools. You have young families and you have a variety of demographics of other families which factor into what will be the second phase.

In our fundraising you have a split between a lot of young families who would very much like to see a Catholic school at it's very best, in terms of technology, facilities, etc. And you have a lot of other families who would like to see us do everything that we can to make Phase 2 the church. If the money comes in strong, and if we can keep and manage that long term and short loan term debt well, we will have a second capital campaign and the church might be in the second phase, but I cannot guarantee it. What if the population explodes and we have all these kids, it depends on as a parish how important we consider the mission of our parish is in educating our children. Not only would it be Catholic schools, but CCD as well. If anybody has kids in CCD here on Wednesday night, we use virtually every room. There are classrooms right underneath of us and they are packed. We use the Old Cheney Public School. We use the Rectory. Every place that we have is full right now. So, I guess, long answer, I do not know for sure. One of the things that I have asked Kevin to do is to make the commons area that will double as a church, to look as much like a Church as possible. In terms of the constructability and design - to try to give it as much of a feel of a church as possible.

Voice: We are not going to Mass in the gym?

Father: We are not going to have Mass in the gym.

Nick: Another piece of the list is something that we are going to discuss in upcoming meetings, there is some chance and again it depends on finances and everything else, that there wouldn't be a Phase 2 and 3 – but that these two might be combined. Remember, we're putting all of our infrastructure in first, so we have invested a good portion of that. They said there was some possibility, I don't remember about the current dollars, but we think the church would cost, do you remember?

Father: I think \$3 1/2 to \$4 million.

Nick: See, we're thinking about all options.

Father: ...and adding classrooms isn't terribly expensive once you have all the infrastructure, so there might be some flexibility in future phases.

Nick: And we're talking about a second campaign beginning in two years to ask those who have joined our parish in those two years.

Father: We are trying not to hit up the people who joined our parish very recently in this capital campaign. We are thinking that at the end of 2 years that those have joined the church that we will have a second campaign of 3-years' duration that would end at the same time that this 5-year campaign would end. If we are adding families at the rate of 90-100 families a year, and if we could pick up those 2 years of families and maybe get that debt down, there might be some options in a second phase. Actually I think the numbers of a second set of classrooms including daycare and preschool, you are probably looking at a minimum of \$2 million for a second set of classrooms, let's say \$4 million for a church, for a total of \$6 million, 5-6 more years down the road. There are just a lot of things to consider, to factor in - the projected growth numbers for example. If that growth pattern continues, we are going to need that growth to sustain for operations. And then hopefully stewardship is going to increase, but I just do not know how all of these things are going to play out for sure. I can not make any guarantees about future phases.

Nick: Given the current bid climate - Kevin and I were talking a little bit before the meeting here - every project that we have been on in the last year, I haven't seen a project go over budget in months...

Kevin: No.

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Voice: Given the current bid process, you now, how competitive things are, is there any wisdom in looking into Phase 2 and not necessarily as an alternate bid open, but knowing as a supplier, or as a distributor of products, I have had numerous price decreases throughout the course of the year that we have just gone and passed on through. All of our suppliers are, I am convinced, waiting for the smallest glimpse to get it right back where it was.

John K.: It is only going to go up.

Nick: Can I speak to that? Before the final decision was made to move forward on Phase 1, there were some naysayers or at least people that were concerned on the committees who asked, 'is now the time to do this?' Can we raise the money? It is a terrible time to be raising money. But we looked at two particular factors that kind of made us jump off the edge of the cliff even on Phase 1. One of them was just what you say and that is a big climb. In a perfect world, would be out to bid today in my estimation. But I think many people, everybody has a different view, is that people think that it's going to be a very acceptable, very favorable climate in which to build.

[several people talking at once]

Nick: I think so too. And the other thing that made us jump off the cliff on this Phase 1 project was, we are not going to the bank and borrowing the money, we are going to the Diocese and while the Diocese does charge interest, the payback deal is they are not going to call your loan. They are not going to raise your interest rate, they are not going to make you service the debt if you cannot service the debt. They expect to get paid at some point, so those two things I think ultimately convinced the committee that now is the time to move forward. I would say going another \$2 or \$4 million takes us beyond our ability.

Voice: Why don't we borrow the needed money and build the Church?

Father: A bank would not have loaned us the money to do this. But we have the backing of the church. If we even added a million or two dollars on our ability to borrow from the Diocese, we would not be able to service the debt, short term and beyond. We would then cripple the parish in its ability to operate and expand. I think we need to be incredibly fiscally conservative. We are going to raise as

much money as we can, and we are going to build accordingly. We have to just keep working those numbers to make sure that we do not get over extended. There again, you have projected growth numbers, etc But we simply, in my estimation, cannot bite off more than we can chew.

Father: I think this is a good plan. It will provide for the educational and worship needs for our parish. In 2 years could the economy turn around, could we see a spurt of growth? Could those things then maybe accelerate the second phase? It is possible.

Nick: If I remember correctly, Father, in general terms our current parish annual budget is about \$500,000. For reference, interest only on \$4.5 million worth of debt to the Diocese, at their interest rate of 4.5%, is \$202,500 annually.

Father: More than \$200,000 a year.

Nick: This kind of puts it in perspective. And that's not servicing the debt, that's just making the interest payments.

Father: We are going to need at least \$500,000 a year plus just to operate.

Nick: On the other hand, if there is some little old lady or little old man who has money socked away in our parish who dies and leaves us \$5 million in the next 90 days, then obviously things, things could easily change.

[laughter]

Father: ...so if you know anybody who has anything socked away...

[laughter and several talking at once]

Father: We are working of the assumption of what we have projected for construction and operations. We have some of the best financial minds financial in the parish monitoring these numbers as conservatively as we can, so that we know exactly what we are dealing with and as best as we can to determine exactly what numbers we are dealing with so that we do not get overextended.

Father: We have tried to do considerable planning.

Kevin: I think the problem of getting over extended and we have seen it in some other parishes, that they stall out and then the church or school addition is 10 or 15 years out and that can really have a pretty major effect on the spirit and the life of the parish. Then all of a sudden they keep growing and there's really no way to catch up from that.

Father: There is no worse thing to raise money for than debt retirement. Other questions? Observations? Comments? Do you think this is a workable and the logical way to approach this? Again, we want to keep this an open process, and try to keep it, you know, a bid process to make sure that we would get the best results for the parish. At the same time, I know all of you are here tonight with I believe a great deal of generosity and willingness to work for the parish. I appreciate that very much, so we are trying to balance some of those things.

Voice: One thing I don't think we did say, Father, that everything being equal on the bidding process, everything else being equal on an open bid process, obviously, a parishioner is going to get the work. If there is a single parishioner who is involved in that particular trade, so ...

Father: Lowest, responsible bid.

Kevin: ...and give some factor in, again capacity, capabilities and all that, but certainly, the one parishioner is to be involved with that.

Voice: I have got a question, kind of along those lines, obviously, in this room there is a fair amount of electricians. Are we going to, is the bid process going to be limited to any one electrician in case there is, you know, 3 or 4 of us that are parishioner members. Are we going to limit to parishioners only in that specific type of trade?

Voice: (inaudible - person in back of room)

Kevin: You know, I do not think we have it finalized here, but again I would say not necessarily. I mean John is going to, John, well, ultimately, the contract is with, John is a construction manager, he is not a construction manager at risk, he is not general contractor, the contracts clearly will be with the parish.

Voice: Whom will make the decision?

Kevin: So Father ultimately, with consultation with a variety of people, including John, will be doing the contract and making the final decision. But John obviously is bringing most to the table and how broad we go, we obviously go broad enough to take advantage of the current market place as best we can. But certainly not to go crazy on it. So I think that's still an open question.

Voice: Yeah.

Voice: But it will be just parishioners necessarily bidding on it. Again, depending on which, which trade it happens to be.

Father: A day does not go by that I do not get a call from somebody. We have had hundreds and hundreds of inquiries. I had a contractor from Chicago call the other day wanting to bid.

Voice: Well, if we had 4 electrical contractors interested, we need to do our due diligence to try to break that out enough that we can optimize the fact that we had 4 people that are willing to donate a portion of their work so that we do not just get one donation, we get 4 donations and somehow look at how we can break those up. Not to make so complex that nobody knows that (inaudible). These guys can run their own systems, these guys can run the conduit, I think we really need to look at that because that, we do not want to shoot ourselves by winner takes it all to get a 10% discount.

Voice: I think that's part of the complexity (inaudible) have maps that might benefit to the parish. How to maximize the involvement of as many parishioners as possible and ultimately get the lowest cost quality project that we can get.

Nick: It is one of the things that when we were first doing, John first made his offer was to start talking about the good, the bad and the ugly of that kind of an offer. One of the positive side, on the positive side absolutely, I think he became more convinced along the way that while John obviously, his job is to get us the best possible deal, he is also willing, more willing in a difficult sense, if Sampson was doing this, his willingness to deal with a whole bunch of different in-kind, but I think that is going to be dramatically less than John is, because John is a parishioner and has offered to....

Kevin: Look at those bids as best he can...

John K: Yeah.

Voice: One thing that is concerning, one thing that I'm hearing is...low bid, low bid, low bid, in the current climate we have right now, though, one thing that I have seen is with low bid, sometimes you always, you get what you paid for, and that does concern me because I, I am working with a school right now that they took the low bid and it did not even qualify, they should not be qualified as a contractor, not even in the state that is not even meeting the current specifications and now they are going back to the school and wanting them to sign a release, for warranty purposes and that type of stuff, so when we talk about low bid, how are we going to try and avoid that part of it? I have obviously got a great talent to reach out and to, to make sure that it is qualified as a good bid.

Father: That is certainly an appropriate comment and when I talk about low bid, I talk about low valid bid.

John K: Yeah.

Voice: Well, that's not what you're saying, I remember ...

[several talking at once]

John K: We won't use somebody out of state, I guarantee you.

Voice: Okay.

John K.: At least the big 4, the big 4, you know in electrical, plumbing, those all have got to be local people in my estimation.

John K. ....I build a lot of hotels.

John K: That's what I do.

John K: ...my projects are 2 to 3 months less than they should. I push mine out.

[laughing and several talking at once]

John K: I'll be relentless.

[laughter]

John K: I'll call you at home.

Father: Just don't him give your phone number...

[laughter]

John K: Well, but (inaudible), and that would be another requirement for someone to take this job. We will pay, we get the draws on the 10th and by the 20th guys are going to have their money. I mean that was the only way I was going to do this is if that we were to turn the money around quickly. You can not beat people up for a price if you do not pay them right away.

Father: And I cannot remember whether John made us put that in his agreement.

Voice: No, you did.

Kevin: It was close...now you understand....I mean when you're asking somebody to do something in the current environment...

Voice: Yeah...

Nick: You want to feel like they are going to get paid and that's where it's nice that we have the Diocese behind us and you know, we would be in good shape on that.

Father: Other comments or questions? Are we missing anything?

Voice: Probably.

Father: We've got the next 5 months to figure that out.

Voice: Yeah, but ...

Father: Yes, and one of the things too that we talked about is that when we get into the design phase is to ask the input of those expert in these respective areas.

Voice: The design, yes, absolutely. We ...

Father: Yes, I would like to have parishioners' input.

Voice: .... we need input.

1096363.1

Father: Yes, because there is a lot of experience in this room.

Voice: Well, that was what I was going to ask as far as, you said plans and specs by and bid by Spring. I mean, we have the capacity to design a sports field - I do not know where you are at or what your ideas are for that, but, and that is what we do if you need to enlist us to contribute for that.

Voice: What we will do is, we are meeting on Tuesday, we are going to try to lay out, the schedule for at least the next half of that period of time. We will get that back to Father and maybe it can either be hung up in back or sent to all of you as long as you have all of your emails.

Voice: ...and addresses. The goal would be if it is Roy, then we get with the site planning group and the civil engineering group and you know, have a couple of meetings just to know who is doing what and how, you know, if it comes down to, you know, the guys who are going to complete the remote phone system, so, if that is getting our electrical engineer and a group of the electrical engineers in a the room together to just say any other input now is a great time to have it...

Voice: I think that would be our process. Honestly, if people have opinions on, if this is a wood frame or a steel frame building. Now is a great time to be yelling that out because really in the next month, we will be nailing that down and moving forward. Any opinion or thought or professional input that you can give is great.

John K: All I know is wood is at about a 30-year low, but other than that, I don't know if it's good or bad, I mean, as far as ... I'm not a structural guy.

Kevin: You know there will be a steel frame at some point when we get to the church.

John K: Yes.

Voice: Yes, well, I think the gym will either be, steel frame or mostly likely will be block or precast.

Father: One of the things that we have not tested on, but you know, those of you who have been in Lincoln a long time, hear a lot of

conversation about Lincoln Public School building to LPS standards and should they or shouldn't they do this or that in their cost per square footage. We are certainly not building to LPS standards, but what we have kind of decided is to build to the local parish, new parish standards. We cannot build something lower and we are certainly not going to build something higher. We need to be in that range where people do not make a decision whether they do come here or St. Joseph or St. Peter or wherever based on the quality of our facilities, in that range.

Father: Any other questions? Okay. The next step would be, we will collate all of this information. After you have had your meeting you will submit an initial schedule for a design. We will use, we will probably put all of your information on a database, and I'd say that just keep everybody informed of all elements of what we're doing in terms of design. If we have a meeting scheduled here, we will try to let everybody know well in advance. Then that way, everyone can have a chance to see, hear, and have input.

Voice: And when Father puts this on database, I want to make sure you did not interpret that to say we're going to put that on our website...

Voice: No, this is just, this is private information. This is to the degree of the donation or in-kind or whatever, that you know, is purely for the purposes of those eyes but we need that information for the progress.

Father: I would like to transcribe this meeting to a Word document. No one will be identified by name. I would like to have everyone, if there is someone who was not able to be here tonight, to be able see and hear the things I did as well as with the parents' meeting we had on Sunday night. So, if everyone is agreeable to that, I will post this on the parish web site so everyone can know what this meeting addressed.

If there are no other questions, thank you for your time. I appreciate it very much.

If any of you do have a question, apart from this meeting or if you would like to ask it privately, see me or Kevin would you be willing to entertain those?

Kevin: Yes, I'll stick around.

Father; Do you want to maybe give everyone your contact, your office email.

Kevin: My phone number at the office is 476-7331, email is [kclark@sinclairhille.com](mailto:kclark@sinclairhille.com).

Nick: If you did not sign in on that sign-in sheet, it is for reference of who was here. I do not know where the sheet is. I assume it is over there someplace. If you have not signed it, you can go ahead and do that. If you did not get one of these forms, for those of you who need a form, some are available.

Father: Okay, thank you again for your time, I sure appreciate it.