

**Saint Michael's New School/Church Meeting**  
**Sunday, January 31, 2010**  
**Update on Project**

Father: Thank you all for being here tonight. Some of the people that we are going to hear from tonight are Kevin Clark from Sinclair-Hille Architects; Nick Cusick, chair of our Stewardship Committee who is actually on hiatus right now from the Stewardship Committee; Kent Davenport, who is acting chair of our Stewardship Committee; Nick is also the chair of our Capital Campaign, and has personally brought a lot of his time and expertise as well as from his firm to this project. He has a number of things that he would like to go over with us this evening. Also, John Klimpel, who builds and manages hotels all across the United States is here. He has offered to be the construction manager for our project. He has assigned one of his superintendents to oversee the day-to-day operations of the construction project. He has also been very helpful in the design of the building, as well as the development and execution of the contracts, and construction management.

A couple of other people who are here serve on committees - Carol Widhalm – for more than 30 years she has worked for a company that designs school buildings. She is on our building committee. Parish Council members - Carl Marks, who is also the Grand Knight of the parish's Knights of Columbus. Whom else? Jackie Nisley, is our parish secretary. She is handling a lot of the administration of the Capital Campaign and a lot of the day-to-day numbers; Loren Stara, is also here; he is an instructor of the buildings trade at Southeast Community College, a member of the parish's building committee and he has been helping us considerably in our planning.

I would also like to thank the parish's finance committee, building committee, stewardship committee, Parish Council, the Knights of Columbus, Altar Society, and so many of you. A lot of you helped me with the Capital Campaign. All of you have been very supportive of our Capital Campaign. I know that I have said this before, but I mean it sincerely, that I say "thank you" all too infrequently and certainly never adequately enough. How can I ever say thank you for all of the good things that you have done for this Capital Campaign?

Okay, enough from me. Kevin, would you like to start. We are going to roughly follow this outline. I would ask - would you be willing to hold your questions? I think that we have tried to anticipate a lot of your questions. If you come up with a question please write it down because we want to give everyone an adequate amount of time at the end of the meeting to ask anything they would like - feedback, comments, observations, whatever you would like. So, I turn it over to Kevin at this time.

Kevin: Thank you. There could not really be a better Sunday night to have this meeting. As you look at the readings for today's Mass from First Corinthians - 'what is love?' and if you look at this committee whose been working on this project you see this has been a labor of love. This project started in late 2006, and so it has truly been a labor of love and the building committee has met countless times to try to help bring this together. It also arrives on the eve of the kickoff of Catholic Schools Week. If you have any children in Catholic Schools this is a gigantic week for them. But if you look at what Catholic School's week is really about, it is celebrating what is unique about Catholic education and not just education as a whole. That goes back to First Corinthians with the concept of what is love. What is unique about a Catholic school and what makes it different than many other school systems, is the liturgy.

That reading also speaks about patience and patience is good when you are working on a project like this. Because it is not very often that you get to track this many full years in a process. We started in mid-2007 with programming. We are now over to where the orange bar is (pointing to chart on PowerPoint), and we have just finished design developments, and we are now beginning construction documents. The construction document phase puts the guts into the building. It tells the contractor and his subcontractors exactly how we want it to be built. Then we will go into the construction phase, probably 12 to 14 months to finish that all up which brings us right into the summer of 2011 and ready to open the school.

The site - how many have been to the site? So nearly everyone. Here on the site plan - the pavement ends, and it finishes out right about at this corner. Now you can start to see what the building is going to look like. You can start to see the homes coming up, and then next summer you will start seeing trees being planted and the neighborhood starting to come together. It will not look like this

because these photos were shot in 2007. It does not even look like this now. It is going to change even more dramatically in the next years after we break ground. The site plan you have seen a series of times with different rotations in the building. The blue area is the phase one school portion of the building. We have a site for the rectory, a site for a possible future convent, represented by the dash lines here and here. Then we show a second phase to the school. When we build out the first phase of the school, it will be just a one-unit school, one classroom for every grade K-8. The second phase then allows us to go to a two-unit school and pick up the second set of classrooms. So that is what will be included in these 'dashed' areas. Then the subsequent phase includes the church and all of its requirements.

The parking is beautiful when you have a Catholic school, because I think it is probably the only institution that can almost mandate a parking flow and drive flow for pick up and drop off after school. We have met with a whole series of nuns who have come up with a whole series of plans at all of the different schools. If there is a group that has got it figured out, it is them. The way they have taken a look at your parking in a 10-second run through is that we would bring two lanes of traffic in this drive. You would come down this side. The first group would break, flow this way. The second group would also come down this drive, break, and go this way. So there are our two loops for pick up and drop off in the morning from that side. Another pick up and drop off loop could use this rear lot, which is off of the gymnasium and one of the elements that we've programmed into this wing in the future would be a preschool and then it could have its own separate pick up and drop off area. So we have tried to diversify the parking areas and their flows as much as we can. As you would drop off in the morning like that, the kids would come across this courtyard and enter the school right here. Depending on how the principal develops her scheme, she may have multiple entry points, they may have a single entry point. The school has been designed to allow either.

We have then the sports fields to the south. Krueger Development is developing this entire area has, I think, about 6 acres of park that he has to build as part of his development. He has master planned that just south of our site. So instead of having fences and backyards there, that will go into green space to the south. We will have all backyards along this phase and then street

frontage here with the roundabout, a central roundabout in the neighborhood right there.

The floor plans will start on the left-hand side. It is the first level, so parking is here - the kids are coming across this courtyard and entering here. The red to the bottom is all of the administrative offices. The red to the top is our day chapel and the offices for the parish. We are trying to keep those separate so we do not have the flow of the public, too much public coming into the actual school building. As you come through those front doors you come to this light blue area. This is where Catholic schools separate themselves. When you think about the heart of the public school, compared to the heart of a Catholic school; the heart of the Catholic school is really at the tabernacle and in the Mass. So as we look at the first years of your building, this space will not only be our church, but it will also be our lunch room and our commons. So it is designed as the center of the school. It has a big open volume to it, and then we start to ring around a whole series of really important elements within a school - the stage, the music room, the media center and library, the kitchen, and then the administrative offices all are going to wrap their arms around this major student space. As we go on then to the south, we pick up the computer lab adjacent to the media center, so that can be crossed-used depending on scheduling. Then here we have kindergarten, first and second grade so our younger grades are up here, right adjacent for a drop off and a pick up if they so choose to move the students in and out that way. Here is the associated support spaces for those grades - stair tower and restroom court here, stair tower and elevator court here.

The site, if you've been out there, has a bit of a slope to it. So this is a split level school. We enter on grade here, you enter it down half a level here and then you come to the basement where the gym is, you enter at the lower level. Again with this site and its slope all of these windows provide full daylight on this side. So we are going to have plenty of natural light in these classrooms. The gymnasium is currently designed to have a full court plus enough bleacher seating for the entire class body once the school builds out to a 2-unit school. So that will be about 560 kids in the bleachers. Day-to-day, having a location where you can put the entire school for functions, for speakers, for special events, this works out very well. As we looked around at the other schools, and the Building Committee toured nearly all of the Catholic schools in Lincoln, as well as many others, they found that that

was one element, when you talked to the principals, that they really liked to have a place to put them all together. So as you come down those stairs, you will enter into this kind of commons lobby area out in front of the gymnasium, that is where you would have your concession stand, your second locker room, a mechanical room that gets pushed back into the hilt. So we are taking advantage of that retaining wall here to become our large mechanical room, and then we would wrap classrooms around those halls. Red here, (pointing to image on PowerPoint) then becomes support spaces again for a resource room, a para's room, and then additional classrooms down the hall there.

The exterior, as Father started to look to different existing buildings and different eras of history and an architecture to try to find what he wanted this building to look like, many of the pictures and many of the examples he found kept bringing had a traditional feel about them. He envisions a school not just with a flat wall and a punched opening, but having some recess, some texture and some change in materials. So this is the second story site of the school. It would have a classroom here, here, here and here. There are four classrooms you see in this view, and this is the stair tower that will be our exit stair. What we are looking at is a buff colored brick for the main body and then another dimensional masonry material that would be a little bit larger. The stone would have a limestone look to it; it has the tan color and then the band of other cut stone. The roof is going to be an asphalt shingle as of right now, so it blends with the neighborhood. This is a wood truss system above this point that will frame all of that. Then below that line is a steel bar choice, metal deck, steel studs, very much a rigid commercial construction.

With windows, our plans right now are to be bid in two different forms. One being a factory-built aluminum window system and secondly then, a more residential style, a Marvin or Pella kind of fiberglass-type of windows. So we are getting bids on multiple different options so that as they start to finalize the budget, finalize the construction costs that will kind of pick and choose their way through the project. These start to look a little more flat, this is really parts of the products of the construction documents. We are starting to leave the color renderings and the more 'feeling kinds' of pictures. Now our process is really about creating directions and instructions to get the building built. So from this end that you see here, here is that two story area that we just saw in the rendering. So we have a classroom, classroom, classroom. This

end is actually our sacrificial wall, because when we go to build the next phase, we would like not to have any materials there that will cost us a lot to put them there, because we are going to cover them up sooner or later. Therefore this end will be a cement board siding or stucco product, so that when we go to build on the additional classrooms, we just build right over that wall.

The gymnasium is a two story space, that is being designed as a precast panel insulation between the lights, the concrete, and that panel will also be structural, so they will be tipped into place, set and then the long span bar joist will go across those and actually bear on those concrete panels. So it will be a very efficient and very quick way for us to put that gymnasium space.

Parishioner: What direction are you looking at here?

Kevin: You are looking north and in this view you are looking south. Good question. The gymnasium will have some natural light into it. We are looking at cowl panels, just to allow some daylight into it. Not enough that it would mess up a good basketball game, but just enough to get us general lighting into this space. It will have a low slope groove that will slope from the east to the west, and then we will gutter it with a downspout on this side. In this picture as we look at the main levels. Here would be the courtyard as a student would be walking up, the mid level entry for the gym and then the lower level of the gym. If we were in the parking lot walking towards the front doors of the school, this would be your view, a small clear story into that lobby area for a place that could stay lit at night and kind of be a beacon in the neighborhood as you are driving around this area. This is the other side of the gymnasium because it faces those backyards.

Now, we come inside the building, (image on PowerPoint) - classrooms have been designed off of a 900 square foot module, very similar to the standards of Lincoln Public Schools and some of our other state public schools. Each of the entries to the classrooms will line up to a classroom on the other side, so that those teachers can have a visual line of sight to the other classes, helping to provide some supervision back and forth. The technology initiative in this diocese is wonderful. Every classroom is going to have a smart board, they will all be wired, projectors will be ceiling mounted out here, so the technology will be phenomenal. Double data drops here and here and here in the classrooms, so as they start to develop technology that we have not even seen yet, it

is all, the infrastructure is here to help the classroom run. The tall windows to either side of the center line of the room, it is to bring in lots of natural light. We have a taller ceiling, so we will be using indirect lighting instead of like this where it's shooting all your lights down. We will be also bouncing our light up and off the ceiling to help get a more fuse lighting for the learning environment. Sinks and counters will be to the side. The back area then is, as we talked to a lot of students, especially in Junior High, the idea of leaving their backpack under their desk and wanting a locker and students love lockers and some teachers do, some do not. So as we worked through that, the overall final decision was to leave the locker, some sort of a locker element within the classrooms so that coats could be hung, students would have a place, and then as junior high grades to set a backpack. But then in the lower grades we can downscale that and just leave exposed books to pick up their needs.

Here we are back to the commons area; the music room with its stage looking out onto the commons, the kitchen, Paul Neesen from Lincoln Poultry - he is a parishioner - has been a great resource in helping to start the development of the kitchen. The media center, is to the south, and the office is here. The goal of this space all along, if you know, anybody know people who kind of grew up with North American Martyrs, if you talk to any of them, their fingers are very interesting because they picked up and put down folding chairs for about 9 years. They were not just doing it daily, they were doing it hourly because their gym was their church, their lunch room, and their gym. So the turnover was amazing of trying to shift and move that space to have it be so many different elements. The goal here was to create a space so that you would have a separate gym, and then you would have this commons area that could be a lunch room and a chapel and space for Mass. So what we have done right now in the first years when we only have a single unit per grade is that if the front area could be set up for church. So morning Mass would not have to have a pick up and tear down every day. Then the back portion would be set for lunch and just set that way for the year, week-to-week. On the weekends then you would fold these tables and bring them back to the storage area, set out the rest of the chairs and then be able to take that seating area out to around 400 folding chairs.

Parishioner: That is a lot of chairs.

Kevin: Yes. This is a section cut if you just run from the front doors, you are now entering into the commons and you would be looking towards the stage area. So we have shown some portable elements that will be used for Mass. We are trying to denote this area as you are entering into the stage, but also for part of its life, entering into the actual sanctuary. We want the ability to add church-like elements throughout the space to give it that day-to-day feel. I think it will be neat to watch kids develop here. If you have children - I have 4 - they do not necessarily slow down as they go in and out of church, but at least there is some change in their personalities ever so slightly as they move in and out of that space. So the benefit of them having the core of their school that is also their church will be very interesting to see how that develops - their personalities and their character when they are in that space. The sides of that room then - this is looking south- these would be the windows into the media center. This will then bring lots of natural light in from the south, this window bay. We will break the ceiling into two areas, because we want decent acoustics in there as well, so that it can act as your church effectively. One thought here is being able to have the stations of the cross wrapping around the room as well, so that those will be permanent and always be there day-to-day in the student's life.

Looking the other direction, slightly larger then, is our food window for our lunch room. This would be a large roll up screen, this would be the dish return area, and then this would be the door into the kitchen. This would be the potential view as you look down through here. The gridded area would be ceiling, acoustical ceiling tiles, 2' x 2' tiles. We are trying to get something that is pretty absorptive because kids make a lot of noise. But we are also wanting a flexible ceiling so that we could, in those first years, we could sort of tune it to have some resonance, so that it will be decent to sing in. Then once we have your new church, you could come back in swap out the other half of the tiles to a more absorptive tile and really have a pretty dead room, very absorptive as far as sound.

So now, we go to the budget side of it.

Kevin: I did not give him any pictures to talk from, so it is my fault...

Nick: Past the fun part.  
As Father said, I am Nick Cusick, and I am not a member of the Building Committee. Ann and I agreed a couple of years ago to

head up the Capital Campaign, but somehow, somehow, just through ongoing conversations, I have gotten more heavily involved in this than I thought. Ann, would you pass out those yellow sheets there? I did not pass those out originally, because I knew you would be looking at the numbers while Kevin was talking. I want to go through some of the numbers. While she is handing those out, or while they are handing them out - a couple of comments. One, whenever you are putting together numbers, there are certain things that you know, certain things that you kind of know, and then there are certain things that you have to make some wild guesses on or some fairly broad assumptions, and then the numbers that I am going to be presenting tonight. I will kind of tell you which ones we know and which ones we made some broad assumptions on and talk a little bit about some of those numbers and some of those assumptions.

Do you have a button, is the button up here? I would like to go to the second....no, actually, we did not do this one?

Kevin: No

Nick: Go to the backside of your yellow sheet. The one that has the most black stuff on it. I want to talk through that. This is kind of what we mostly know. This has to do with the availability of funds. I am going to run down through those reasonably quickly, but if you will notice at the time in the top little one-third of the page, you will see that the campaign was broken down ultimately, actually into six phases. Originally, we talked about three different phases, but we kind of, toward the end kind of carved out the in-kind phase and an operational phase, and then just some miscellaneous grants and others at this point. So this is the way we are going to be working with these numbers over the next number of months.

The first column that has dollars in it, are the campaign results that have been reported through January 12, 2010. That was the last formal campaign report meeting. So you will see in the leadership phase we have raised \$1,350,000.00; the major phase \$1,076,000.00, and you can see kind of down the line there. So we had raised at that point a total of \$4.5 million. Of that, I point out that down where it says designated for operating, that \$300,000 gift was from a donor that was giving it for a future operations to be spread over five years. We needed to match that \$300,000. So you will see where that is here in a minute. The \$560,000 number

is the validated in-kind, that consists of two different components, large components that were not in my original pro forma budget. It was the construction management and the technology case that was never in the original budgets as part of the cost. So, I had to do some adjustment as you move right on that page to ultimately come up with what is actually available to fund the construction budget. What, out of those moneys we have raised, is going to be available for us to use. On the top line there in the leadership phase, you will see I have reduced the number by \$300,000, which is the match that we had to do, so basically we have indeed met that match, that \$300,000 from the donor is in the bank with the Diocese, as well as our \$300,000 match, is in the bank at the Diocese, so we have \$600,000 in the bank for school operations down the road. Specifically, I believe it is designated for teacher incentives.

Father: Teacher pay.

Nick: Teacher pay. So that is why out of that top line there is only \$1,118,000 available for construction. The second line there no adjustments needed to be made. The third line, there were no adjustments needed to be made. The fourth line is validated in-kind, you will see where it was adjusted all the way down from 560 to 60, that again is the \$500,000 of stuff that was not in the budget to begin with. The construction management and the technology piece that our donor had given, but they were not in the original budget. So it shows that we have \$60,000 of validated current, documented, in hand, in-kind donations. Certainly there are some more opportunities out there. Then of course none of the designated property, 300,000 is available for construction and at this point, well, we do have some grants that have not been recorded here. There are some ongoing grant opportunities for us to maybe raise some money there. So you will see we have a subtotal there in the far right column from the Campaign of about \$3,485,000.00; it would be theoretically available for the construction project. At this time we have about 375 to 400 cards turned in from of our 500 parishioners. Those 375 to 400 cards are a combination of yeses and nos and various types of yeses, and came up with these total amounts. So we have about 75% of our parishioners who have answered the call yes or no; who have said yes and donated some amount of money. We still have about 120 outstanding cards, somewhere between 100 and 120 that for a variety of reasons we have not gotten an answer on. Some of those are going to no, we just have not gotten a no, some of those people

were not actually contacted. There were some new parishioners, we chose not to contact. But a few of those have stepped forward and said, hey, how come I was left out of this, because we would like to donate. So at this point, on a very conservative basis I have assumed that we would have subsequent gifts, initially it was 300 but it's down to 232, because we did get subsequent gifts of – that is up on that time line if you can see that. So, we are kind of thinking on a very conservative basis that we will raise another about \$200,000 I guess. We think there are opportunities to go beyond that, and as we talk through the budget here, we will kind of tell you why we need to raise as much as we can.

So, ultimately, you will see, on an all-end basis, and I think that is what Father has out on the little chart outside the entrance here, it was about \$4.817 million worth of total contributions to our Capital Campaign, which I think is fantastic considering the current economic climate. As we talked over the last year or two, when do we start this? We ultimately said construction costs are going to be down. We need to move forward. We have got everybody excited about building the school and ultimately a church, and we needed to move forward. But we knew there were some challenges relative to economics. So in either case, of that \$4.8 million, \$3.67 is available for construction.

As we get into the project, and I concentrate ...

Background Voice: (inaudible)

Nick: Yes, that is fine. I want to go back to this for a minute. See this number right here, I want to go down the funds available estimate here. We currently have, and I am going to relate it back to the sheet of paper that you have here, that you are already looking at, you will see \$1,054,500, we have kind of assumed that we have \$1 million out of our current parish savings that could come into this project, and you will see that in this sheet that we were just looking at. But down below that, there are 4 or 5 other lines there that talk about various accounts that we have established since we have started talking about this. So we have raised another \$55 – \$60,000 for various things including kitchen equipment, school furnishings, textbooks and a science room account. So we have, basically what we are saying is in existing funds of about \$1,054,500. We have secured a commitment from the Diocese to loan us \$4.5 million and at this point we certainly will have some more conversations with the Diocese about a repayment schedule

of that, but basically that money would be available for our Phase 1 project, and then you will see this number right here. That is a key number for us. Because while we have indeed raised \$4.8 million total, and while we indeed have \$3.67 of it available for construction, we are not going to be collecting all of that by the time we have to pay all of our bills. Actually, that should be September, 2011...that was a typo, sorry. So that is where you start making some assumptions about how fast the collections come in. Because honestly, we cannot tell a contractor, "gosh you have to wait until Sally Jones pays the 5th year of her pledge." We had to make some assumption of how much money we will have to actually spend. So the bottom line is we believe at this point based on what we know, and what we are assuming in the way of a collection rate, which is 20% a year for the first 3 years; 15% a year for the 4th and 5th year; and then 10% uncollectible at the end. We assume by the time we have to pay our final bill on this Phase 1, start the school, build the school project, we would have this. So our total available funds that we feel are available for construction is right at \$7 million.

Then, of course, the \$64,000 question is, "well how much will it cost?" This is where we have a lot of unknowns. Quite honestly, this is somewhat more known than this at this point. As Father, I think, indicated and maybe Kevin alluded to, we asked Brester Construction to come do estimates and, of course, they have floor plans - they know about how many square feet we are talking about. But since we do not have any bid documents, while we have been able to go to some people and do kind of reasonable takeoffs and reasonable estimates of what the actual costs of various components of the building are, when push comes to shove this becomes a nothing more than an estimate that is primarily based on history, less based on, based on historical costs, less so based on today's market conditions. Which we know are lower than this, so I can tell you right up front, without being able to tell you how much, we will build the project for less than \$7.8 million. There are opportunities there, and we will talk a little bit about those opportunities, but purely in the bid process we fully expect, by all indications, what's happening in the industry right now when we go to bid in the next couple three months maybe, I am not sure exactly when we think the bids will hit the streets. We are thinking April, May, hopefully April.

Kevin: I think we are about 10 or 11 weeks out.

Nick: Yes, so 10 or 11 weeks from now when we actually have construction documents, and they actually go out for bid that is when we will know more definitively what that number is. The \$1.3 million is a list of non-construction items through start up. Those things are things like construction period interests, and I do not have a slide on that.....those are things like furniture and fixtures that are not in the top number - all the school end facilities startup costs. The campaign costs, what we paid to the outside company for our Campaign, the site superintendent, the actual guy, the guy who will be on site, which will be John's guy, who is actually supervising day-to-day construction on site and we are paying for that. The rectory costs, legal fees, various non-construction contingencies, and pre-startup interests. So those equal that \$1.3 million. So after you put those two numbers together, our current best guess as to the number is somewhat around \$9 million and again we think potentially less than that.

Nick: So we have a gap. If I go back to that last one, you will see we have a gap there. Basically, a funding gap, the difference between these two numbers. What is on the surface seems kind of scary, you say, gosh basically, you could say, well, we are \$2 million short. So what are some of those ways that we can close that gap? Well, some of them are more painful than others, some of them are more predictable than others. These are not in any order of priority. These are not by any means meant to say, well, do any or all of these, but ultimately, we need to close that gap. We cannot spend, we cannot spend \$9 million and only have \$7 million clearly.

One option is to eliminate or postpone the gym. The cost of that is about somewhere in that range. We could do other things that are partial on that, like not put a floor in, not put the bleachers in, not put something else in the gym, but build a space. Obviously that takes some other money out of the project which will then be available as collections came in. We can eliminate or postpone the full kitchen. That's about \$600,000, I think Father has got an earful on that. I do not think Father wants to go down that path. But certainly it is an option. My job is to tell you what the options are, not to tell you what we are going to do, because that is something that is going to have to be discussed when we get real numbers. We can eliminate or postpone the Rectory. We have \$200,000 in there on the assumption that that would be material and there would be a fair amount of in-kind donation to supplement the material and the other costs on the rectory. We

could reduce the amount of the parking or the paving. We do not have a quantifiable number on that, but probably in this phase, there are maybe more parking spots than maybe we would need in the first phase, better yet to be determined. But there are some opportunities there. We could reduce the casework. Kevin kind of showed you a drawing of the lockers and the place for kids to hang coats. That might be something that we could postpone for some time. We could reduce other scopes of the project. I do not know what those would be, but maybe there are other components that we could take out of the project. We could reduce the quality of the finishes. We have already moved from what might have been a more heavily oriented concrete block interior walls, and in some cases we have already gone, I think, on the estimates we have to have heavy drywall and stuff like that. But certainly public schools do some of that as well. We could eliminate the geothermal, and I will touch a little bit more on that. But we have been kind of going down a path of geothermal as where we want to go for the heating and cooling. There is a significant long term reduction in our operating costs on that, there is a fairly quick payback, but we could indeed take that out of the project. We could hope for the bids to come in under estimates. I talked about that, and I think we believe that estimate that we had on the other; I think we believe that this number here, again if you saved, some of this is fixed, so if you took \$7 million, this is subject to bids. If you saved 10% that's \$700,000. If you saved 15%, obviously you can do the math. That's a million, \$1,050,000. So there are certainly some opportunities there. So that would be one of the potential gap closers.

Other gap closers, reduce non-construction costs estimates, that is the \$1.3 million. I think those are in there at a reasonably conservative high levels. There are some opportunities there. We can obviously raise some more money. I think the plan is for us to, and as always been, and I'm sure you've heard this, about 2 years from now or a 1 1/2 years from now as we had more parishioners, to go back out and do a second round of the campaign. I do not know what we would raise there, do not know, but kind of pick up those people who have moved into the parish since there. That would be kind of a three year pledge period. But again that is not going to give us money in our hands to pay the September, 2011 construction bills. So that would be cash that would be cash pledges that we get in this first phase. We could increase our validated in-kind donations. I think we have a lot of opportunities there, and a lot of people have stepped forward and

we have not quantified those potential donations yet. We can speed up our pledge collection speed. If you recall, I talked about 20% a year for the first two years and then 15, 15, and 15 after that. If all of our money would come in tomorrow, if everybody would write a check to pay their full pledge, we would have more money available.

We have an opportunity that I will touch on briefly to finance the geothermal externally, and again I will go back to that quickly. We could certainly go to the Bishop and try to get a larger loan. Maybe, who knows, you know? This is a faith based project, so you never know what might happen. So, in either case these are the numbers, and again, as Father said, we are not here to make any decisions about the numbers of what gap closers that we might have to do. In reality there is only one of those gap closers that we are likely to need to make a decision so we could move forward.

A company has stepped forward, a company called Telesis Climate Bank, and they are an organization that is connected to the Lazlo's group. They are the same owners as the Lazlo's folks. They have a bunch of different companies. They are very entrepreneurial, but they have geothermal in all of their restaurants, I think they have 6 or 8 restaurants. They are really dedicated to that. They have started a company that specifically finances, as I understand it, and that it is involved in the design and the efficient operation of geothermal systems. The advantage they have is that as a nonprofit, we cannot take advantage of the various federal and state taxes incentives that are now available for alternative energy-type of projects, including geothermal. It does not do us any good to have a half-million dollar tax credit or a \$300,000 tax credit because we do not pay taxes as a parish. They on the other hand can take advantage of that and then through a variety of ways of leasing back to you, they can pay for, quite honestly, everything through the duct work. They can pay for insulation in the walls and they can finance, if I understood correctly energy efficient windows. There is a whole host of things that we could go to them and they would finance.

What is on the table right now that we are discussing and I do not mean to make a decision in the very near term because they would want to use a different engineering firm than what we have started with at this point. That is still an open question. But they commonly work with somebody else and we would be able to take

out of our budget about \$750,000 to \$1,000,000 to finance the geothermal with them. Granted, we still need to pay for it ultimately. But the savings and the tax ramifications are such that it becomes kind of a wash. Ultimately, they would own it, maybe forever and we would always lease it back; maybe we pay it off in 7-10 years once the tax credits have gone away. We are still in the early phases of negotiating with them. But we really probably want to make a decision on that in the next week or two weeks, so that we can keep moving forward on our design. So, I only have just a couple more things that I wanted to touch on here.

One of the things that we have to always consider is not just what the construction cost is but what is the effect on the parish budget and the school budget? All of this assumes that the parish/school budget in whatever combination breaks even separately. So that we do not transfer any money from the construction budget to pay ongoing interest to the Diocese, or if a construction project and the Capital Campaign does not pay the heat and light bills for the school, and all of the other parts of our parish budgets work out and break even, and do not have to fall back on this. Also, we would want to make sure that there is no extra money from operating going to the construction budget. But when push comes to shove, the interest at the time if we got to September 30 and, or September 1 and the school opens, and we have spent what we thought when we borrowed the \$4.5 million from the Diocese, we would be responsible for even without paying down any of the debt, just paying the interest - we would have \$211,000 annually of interest to the Diocese, on a 4 1/2% loan. At the end of the pledge period, assuming the pledges continue to come in at the current rate, or at the rate that we predicted, when we got to what would be effectively December 31, 2014, and if 90% of all the pledges came in, we would be paying \$121,500 a year in interest. If we had a subsequent campaign and raised \$1 million, about 2 years from now we raised another \$1 million, and it was a 3-year campaign, so we got our total debt down to \$1.7 million by December 30, 2014, we would be paying about \$76,000 a year in interest. Again I am assuming that interest does not come out of the construction project, it comes out of parish finances and of course, again, that is not debt reduction that is just the interest on that. I think, Father that is all I had. The only other thing I would mention is that Father asked, I guess, that I mention a little bit about where is the campaign. Maybe he wants to talk a little bit more. We have these 120 people that we have identified that we have not gotten a yes or no on. Kevin, Father and I have met and

we are strategizing on that. Many of those who have made calls on the Capital Campaign - if you did a really good job - you are going to get rewarded by being asked to take maybe 2 or 3 more cards. We are going to have, no doubt, I think at least at this point tentatively there is going to be a Sunday sometime in, we have picked a couple tentative dates in March, I think it is, for Stewardship Sunday where we are going to kind of have a last potential in-pew clean up the pieces at the end for people who maybe we never did connect with or people who did not give initially because it was not a good timing for them but have chosen after seeing some numbers or hearing some numbers to give, so that is kind of what we are going to be doing trying to finish up the Campaign. I really think there is probably opportunity beyond that \$232,000 that we talked about. There might be, you know, Father might have a different number, maybe that is the manna from heaven that.....anyway.

Father: A couple of other things regarding Nick's comments on the remaining 120 families. I would like to follow up, and I am going to have to ask some of you to help me again go out and canvas those 120 families. But I believe there is a lot of potential, that \$68,000 that is in one of those columns - that is from 3 families who came up to me on their initiative and said, "no one has contacted me yet. We would like to be a part of it." I think that speaks volumes. So I would like to finish up and contact all of those 120 families just to make sure that we have met all of our potential within this Capital Campaign.

A couple of things that Nick had mentioned regarding the projection of operating budgets - we have a Finance Committee composed of four members - one is an accountant, another is an investment manager and an insurance man; the others are bankers. One works for a trust department for a major Lincoln bank and the other one is a mortgage lender for another bank. So we have a variety of financial expertise. What we have done is that we have really tried to crunch the numbers. We have taken numbers from North American Martyrs, Saint Peters and Saint Joseph School operating budgets for their more recently completed fiscal year. We think that those three schools probably reflect the salaries and operations that would be closest to ours, and on a simple average, we blended the three and used those as a starting point. Then we pulled their numbers into ours, then we dropped in a starting point for tuition. We took the matching grant from the donor and plugged that in. We broke it out in a fine detailed

spreadsheet - income and disbursements. We believe that if we open up in the Fall of 2011 and that given a very conservative increase, that church giving will increase 5% every year, that based on the numbers we have in terms of preliminary enrollment numbers, that we will be able to at least break even from an operational viewpoint. One of the things too that we want to keep separate is construction and operations. I do not have any of those charts with me. I would very much like to make those available to you individually and publically when we get those fined tune. But at this point, simply from the numbers that we are paying to other schools to educate our children, that money we will have for our own purpose, we believe that we can at the very least break even when we open in the Fall of 2011.

There are a couple of other people that I want to introduce here who have been very essential to this process. One is Monsignor John Perkinton. He is the superintendent of all of the Catholic schools in the Diocese. He was pastor here at Cheney just before me in 1989-90. He also is the Chair of the Diocesan Building Commission. We have a number of priests who have gone through building and construction who bring their expertise and experience to the table. They are also an advisory committee to the Bishop who keep him informed of what is going on. I have taken much of Msgr. Perkinton's time, countless hours of his time on this project. I just emailed him just a day or two ago and asked him if he could be here tonight so he could see and hear what we are saying. So anyway, I thank him for being here.

So that is where we are in a nutshell. Again, as with a lot of construction projects, there are a lot of unknowns. I think too that, if you stop and think in a very depressed economic year with only 500 families, for us to have raised just short of \$5 million at this point is fantastic. I think this is something that we could have never imagined. Is it possible to bring this all together? I think it is. I really, really think that we can make this work.

At this point I want anyone who wants to - to have the opportunity to ask questions, comments or feedback, I want you to have the opportunity to do so. We are recording this. If you would be open to identifying yourself, and again I will not put your name on the transcript on the Web, but just so that we can denote the change in voice. Monsignor Perkinton.

Msgr.

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Perkinton: My question regards manna from heaven (laughter), could that maybe denote possible land sales and existing property sales?

Father: You mean like this property?

Monsignor: Yes, this property when you eventually move over there, is that part of the financing structure?

Nick: Yes. Just say yes.

[laughter]

Nick: We thank you for that offer.

Monsignor: Thank you.

Father: Originally the arrangement was I think is that when we finish with this property, there are 3 and 1/2 acres here and the lot that lies immediately across the south here where the original church sat. The Bishop said 'so that you do not have acquisition costs as a part of your overall numbers, the Diocese will buy you the land where you would like to locate, and that was our choice where to locate, and that land has been paid for. Then he said when you finish, we will just swap properties. Every parish is separately incorporated, so this is literally the property of Saint Michael parish. We thought at that time that that would be a viable option. So at this point, per the agreement, at least a verbal commitment, would be that the Diocese gets this land when we move.

Nick: But it would be a great opportunity for us to close the gap.

Father; If that would be an opportunity...

Nick: Another opportunity.

Father: Yes, if that could be the manna from heaven (laughter)...

Nick: I could be Moses.

Father: Let us pray.... [More laughter]

Father: We might be here a long time, Nick. But that could be a possibility. This land and Mike Stewart, you probably know better than anybody else, you farmed this ground once didn't you?

Mike: Yes.

Father: He and their family farmed this ground well.... Back in?...this was bought in the early '70's.

Mike: I believe so.

Father: Yes, and Ed Mischnick, you probably helped build this hall?

Ed: Right.

Father: This ground if I am correct was bought for about \$3,500, roughly?

Mike: I do not remember the number.

Father: I want to say that it was, \$3,500.... that was 35+ years ago. I recently had a commercial real estate appraiser do a very initial estimate on this property, a valuation based on comparable sales. He said that this land should not go for anything less than \$750,000. Other questions? John?

John: I feel like I am on Oprah or something. I think I have a question either for Monsignor or Kevin the architect. One of the biggest trends coming in classroom acoustics and is very important on the ground floor to make certain there is modification being consistent with the current practices for classroom learning. I would like to hear from Monsignor or Kevin what specific design that we would not traditionally know about that would be adopted in the classroom that would take advantage of what is happening in Washington D.C. about the construction of the classroom for hearing impaired to enhance the learning experience, because sound reduction has a lot to do with the learning.

Kevin: It is an interesting phase that we are getting ready to enter because the ADA that we all remember was all for mobility issues. The next phase of the ADA is going to be on the acoustic side. So you are right. What is your name?

John: John Wyvill.

Kevin: John's point is huge. Every project we begin now especially on, in an educational environment has an acoustician as part of it. Because it is not just the sound that is being created in the

classroom, but the sound that can be from the adjacent classroom, it could be from the corridors and the hallways and how that all affects learning is dramatic. So between what we knew 20 years ago about acoustics, as well as natural lighting, I went to a school that had no windows. Because in the '60's we all thought that light was distracting. But now we have realized that test scores can actually be increased with natural daylight. We have also realized with proper acoustics that we can actually increase test scores, helping children who used to be classified as ADD were actually distracted, you know, they did not need drugs or all of these other things to bring them back in line. They just needed a slightly better learning environment to work in. So the classrooms in our project will have carpeted floors, which creates an absorptive element to the room. We will not have these ceilings they sold us in the '70's, that is acoustic ceilings, you know, they do not really do a whole lot about absorbing sound. We will have a much higher NRC, noise reduction coefficient ceiling tile in those areas that are getting from point A to Point 9 almost, they are very absorptive. We are looking at the wall surfaces being broken up, so that it is not just a flat wall. So we have bookcases that go tall between the windows and we have soffits that drop down over cabinets and things like that. Just help break up the walls so that when sound is going out, it is not bouncing right back. So we are changing the physical structure of the rooms when compared to how we used to. We are going back, into the 1930's and '40's classrooms, they had very tall ceilings and very tall windows, so you were getting natural light all the way in. So now you have a very much-a hot spot sitting right underneath that light and if we come to the middle, somebody is going to be looking a little bit closer to papers-you are going to be able to read them. We will now try to get not only a good acoustic environment, but also good decent lighting levels just from your artificial lighting, so that it is more consistent in even, can help the students. And it is not all students. Where you are picking up some of those that are kind of on that lower range at times, you kind of lose out, you are bringing them back up and into the polls. It has a dramatic effect on kids' test scores.

The technology side is exciting because this will be the first new building that has been built since the technology initiative has started to outfit our classrooms. So they are very excited to be looking at not just how you staple wire molding around the room and get extension cords out to desks, but are looking at what can we do extra. We have a series of mobile learning centers being tested in some of the Catholic schools of the Diocese where each

student when they walk into the classrooms, they grab their laptop off the C.O.W., (Computers on Wheels) which is a mobile learning station in the corner and they pull up a laptop and they will sit down at their desks and then they use this wireless connection connected back to the unit and then the units will be hardwired back to our infrastructure. We are seeing a lot of technology advancement like this being able to be incorporated because we have a very gracious donor who makes technology available. We would not want to see what that equation would look like if we were buying the technology for these buildings outright. We would be having a very different discussion tonight.

Father: If I could add a couple of things to that. In terms of physical handicapped or other special needs children, sometimes people say that the Catholic Church or the schools the Church operates does not help or does not accept special needs children. I was surprised that just at Saint Joseph's School in Lincoln alone there are five children in the second grade that have cochlear implants. And the teacher is absolutely magnificent in working with those children trying to make sure that their learning level is right up with everyone else's. How many of you saw the *Register* this week? The front page was a picture from a classroom in Saint Joseph's School in Beatrice. I went down there to take that picture. There is a little girl, in the third grade, who has, not a cochlear implant, but something different that has been surgically implanted within her cranium because she has a hearing impairment. The teacher wears a special headset all day which has a transmitter from which the little girl receives sound. I asked the teacher "what do you have that on for?" She said, 'that is the only way that that girl can hear - is through that headset.' So, yes, in terms of not only acoustical special needs, but in terms of what technology can deliver for the assistance of children, Catholic schools and ours will do everything we can to accommodate special needs children. I think that is a lot to ask of that teacher - to wear that headset all day long. She does it gladly. There will be developments down the road that I am sure that we will do whatever is available to make adjustments and to try and help those children, not only with acoustical, but mobility needs. I could also envision, something like visual impairment, that there might be something that technology might be able to allow us to do for special needs children. We are trying to look ahead and consider all of the needs that children might have that we would be able to meet. One thing for me, and I do not have education as a background in terms of the classroom, but I think that natural lighting is huge. It lights up the classroom, that it

changes the children's attitudes and is a huge part of the educational environment. Carol, we have talked about that in terms of some of the latest educational environmental developments. Carol is helping to plan the new Catholic grade school at Saint Patrick's Church in Fremont. If you have ever been up there, they have a brand new church. There are a lot of new ideas out there on things such as the placement of desks and the arrangement of the learning environment. We are looking at all of those opportunities to see what is going to be to the greatest advantage for our children. Anyone else?

Parishioner: Kind of on that same note, I was wondering why the library is across the hall from the cafeteria versus the media center?

Father: So they can bring you menus from the kitchen. Why? [Laughter]

Parishioner: It just seems like a noisy place, the cafeteria would be the noisiest place and the library would want to be the quietest place.

Father: Teresa, by the way, helps cook at Pius and she takes care of the extended hours' program at Saint Joseph. So she has both interests involved in her question.

Kevin: It is a good question, and this space hopped around the plan a fair amount. Going back to what technology allows us now, the old hollow metal frames and wire glass that we have in a lot of our schools is about as acoustic as a couple sheets of paper as far as what can stop and what can control. With laminated glass and just properly set frames and well designed walls, our acoustical separations are much greater. Our thought here was you have a lunchroom schedule that probably maybe starts 10:45 or 11:00 depending on how many lunches you are running. You may finish out at 1:30, 1:15 depending on your school. But now we have this volume that in the hours before and after that can be a very much an extended learning environment to be able to take groups that are doing something here. The teacher can pull them out and use those desks as well to teach from and have group learning and things like that. We are excited about this area being used before and after school. So in the morning the students all get there early, they are going to congregate in the commons area, and then depending on the school, depending on how they structure, be able to tie that back across where they could do library time in the mornings as well, as opposed to having to kind of go down through the school. So we are trying to find ways to double dip, for a lack

of better word or phrase, to try and find ways to swap and use these spaces multiple times during the day as opposed to just have, this one is only used from these hours and so it is used during these hours.

Father: One of the things too is the amount of time in the extended hours program before and after school that this area would be a dual purpose for most of those kids. I am guessing that during extended hours they can have something to eat and drink. Then if they want to do homework or whatever that the largest amount of time would be spent here, kitchen here, library here, and then during the lunch hours that this split, where we would not have that library occupied during the noisiest part of the days.

Kevin: I did fail to mention as we were talking, it has been exciting because you know have a principal on board you can now help craft and direct usage of areas. The Christ the King Sisters were extremely helpful in that first three year period, leading decisions and help us make logical choices. But now having Denise on board, she can now start to craft this to fit, how she wants to run and direct the school. So there have been a lot of questions like that, of okay now exactly where did you want the office and who is going to sit here and what do you want them to be able to see. We have been going back to each of these areas in detail and there is a lot of this that Father has not even seen yet that has been developed in the last two weeks, so working off of her comments and directions. So it is been exciting to have her on board.

Father: Whom else?

Parishioner: I noticed you have a lot of glass and everything in the building. Where do they go for a storm shelter?

Kevin: The downstairs, the corridors, then the basement here will be used for storms. We do have glass at the end, but we have some areas kind of in this middle area that is not naturally lit, so there are some spaces. But it is not like, I am trying to think there was a school just built where they tried to create an entire storm shelter for the entire class body, that is not been designed into this building.

Father: However, we believe that the square footage in this lower level would be adequate to get everyone into a hallway and away from glass and major roof spans. Because that is, if that tornado would

have went through when Norris was in school...it would have been disastrous.

Parishioner: This is set up where we will have daily Mass? Is that where we will also have Adoration?

Father: Yes.

Parishioner: Okay.

Father: That's right, we are planning a small day chapel that would have morning Mass like 7:00, 7:30 a.m., that way we would be able to leave the rest of this set up, tables and chairs for lunch. We are looking at having daily Mass, so we would have a minimal number of set up and tear downs. But we are looking at a separate day chapel right here that for those who come for morning Mass would be able...that, they'd be able to come for Mass, we are going to have two sets of entry and lockdown to where we can lock this down, where people can come in here, but who cannot access the rest of the school. The Lincoln Police Department and Nebraska State Patrol have reviewed these plans. They have also reviewed ingress and egress for parking. The police officer who created the emergency response plan for North Star High School reviewed our plans and made recommendations. One day we spent hours with him going over that. We made changes in terms of the placement of doors and windows to an emergency response. It takes into consideration a worst case scenario, that is, what if a shooter would get in the building? We have considered these things. We have looked at much of that. Cameras for security access, all of that, we have taken a look at that.

Darrell: This is Darrell. In the basement around the gymnasium, are there restrooms anywhere? I see locker rooms.

Kevin: There are. You just come down to the end of that hall, right there.

Parishioner: Those are restrooms before locker rooms?

Kevin: I know, but locker rooms are adjacent. You have a, Team A, Team B, so visitors and home could be at least across the hall instead of right next to each other, then a large restroom core there.

Father: We tried to stack that on the first floor. The restrooms are, we tried to stack the plumbing. Whom else?

Brian: I know in conversation this has come up. I just came from the Catholic Schools roller skating party and was around a lot of parents. Word is spreading quite rapidly that we are not doing a gym and that is not going over well. I know there are kids, a lot more in sports these days. I coached at St. Joe's for a few years. I know they have a hard enough time getting their own team's gym time. As far as borrowing other gyms - if we can afford to do a geothermal system, that is great, but I am wondering if we need to go with the gym more so than that. I do not know, I am just hearing a lot of things from parents about the gymnasium aspect of it.

Father: I am sure glad that parents, most of whom are not here, are not concerned about academics or faith formation, but rather sports. I think you saw the numbers in advance. Will the numbers come together where we can do all of this square footage. Boy, I sure hope so. At the same time I do have a fiduciary responsibility to be able to build this in such a way that we can manage the debt. We tried to raise as much money as we possibly could in the Capital Campaign and my starting point repetitively was we are going to raise just as much money as we can, and we going to build accordingly. Some of the options at the beginning showed where we might be able to close that gap. Is that a tough decision? Absolutely. We cannot build more than we can afford. We are going to open up K-6 by mutual agreement. Competitive sports, I believe, is largely 7 and 8, which might buy us a little bit of time. Again, that is all conjecture, you know, people can just say, oh, you know, that sports are most important, you know, and forget the religion and all the other things. That is one of those things where there are 10 balls in the air being juggled at the same time, I cannot say, a lot of people when we had a couple of meetings with parents they wanted to know all of the details of our school. How many paras are we going to have? Are we going to have an accelerated learning program? That is all being developed. But all of those things cost money. So how do you balance trying to make sure that we can pay for construction and operations and make sure that we do not go into debt.

Kevin: I will start with one question or comment on it. If this gym, this wall is being built so that it could be, whether the gym is there or not, the structure is there for the gym down the road. If the gym is not built, these two classrooms, the locker room, this whole area remains open. So they all end up with a 10 foot ceiling. So the

physical education teacher would have the space. Now, you could not run basketball, you could, there is no way you could dream of, you know, volleyball or anything in that space. But at least they could be doing their day-to-day instruction of at least getting the kids moving and they are working on the physical side. But from a competition standpoint it would not suffice.

Nick: I guess just one more comment, just on the comparison if you look at the sheet, and it is all up in the air. But the gym, the cost of the gym is estimated at this point at \$1.4 to \$1.6 million, kind of an all in basis, that is including wood floor, bleachers, you know, the full thing. The differential between the rooftop heating system and the geothermal is between \$250 and \$400,000. So you know, unfortunately, it is not a simple, gosh should we take out this or should we take out that. Those numbers are dramatically different. So I think that is a legitimate question. I think our goal certainly is to build everything that we have on this drawing. To figure out how to close that gap, not by taking the stuff out but by raising more money, having pledges come in faster, hopefully, based on the bid process and so, you know, I think it would be, I mean if people believed that we were taking out the gym that would not be an accurate statement. At this point it is one of all of these gap closers and others that are, have to be on the table.

Kevin: Let me add a few more to that. Right now we are in a bidding period that if people who were around in the 1930s and were watching bidding going on at that point would say this time is very similar. This is first time again that we have seen something like this in terms of building material and construction costs. Where we are seeing competitive numbers to the point that we have gone through a full estimate on 10 projects really in the last year and a half. All of them have been well below estimated numbers and what we are finding is that many companies and some of them may be yours, are bidding, where there is no overhead. They are bidding at break even or below in hopes that when that project is done, you know the economic cycle is back up and they can start to move their guys on to profitable projects. So the bidding climate right now is very favorable and we have had anywhere from 10 to 22% below our estimates. Those estimates have been by the contractors who were going to go after the job. Then their numbers, because yet their subs come even in lower. So we believe that all of the pieces are possible, but it is prudent to create a set of documents that allows you the flexibility. We bid a project a week and a half after Katrina, and nobody the day before Katrina

would have ever bet what that did to the bidding climate. It was unbelievable. An \$18 million project four days later was \$22.5 million. So you have to have in these documents set ways to be flexible, and so we do not want the flexibility of the gym being gone. But if something happens between now and bid day and it is whether you have a school or not, you need that kind of flexibility built in. So there will be big ticket numbers, like a gymnasium; they will be small ticket numbers like flooring; they will be and everything in between that is pulled out to allow that flexibility to basically buy up to what we can afford at that time.

Nick: I just want to quantify that...the part of the project that is subject to bid, subject to market conditions. If you would save 20% you'd get to that kind of a number, that's \$1.4 million which closes obviously a significant portion of that \$2.2 million gap, so those are just those uncertainties that you cannot...

Kevin: As a matter of fact, the project as estimated by Brester is about \$163 a square foot. LPS built their most recent schools at \$135. So we have got a high estimate, so that's the good news. We have got some opportunity there for some significant savings.

Parishioner: We told them we did not want a low estimate. I mean, we need to know, we need to have a good contingency (inaudible).

Father: I hope people do not jump to presumptuous conclusions. That is why we have meetings like this, so they can come and here what we are discussing.

Carol: One thing in closing that gap goes further in the schools I have been in recently. Instead of putting wooden floors in the gyms, they're going to a mondo (sp?) product, I think it is. It's a rolled out, it is a wonderful floor, especially for doing all of the activities we will be doing in our gym. It is a lot less than a wood floor.

Kevin: On top of Carol's note, we have a school that just did a concrete floor. They painted the stripes for the first few years, and just so that it is ready for the next step. So there are ways to do it, at North American Martyrs was a final top. I think it still is a vinyl tile. And so there's...

Parishioner: I think it's concrete.

Kevin: So there are ways to kind of, we all do it in our homes, you know, get the basement framed in and down the road we will finish it. So there will be ways to do that as you go through it. The other piece that you have is pretty unique, extremely unique to any of their church projects we have ever been on. There are five electrical contractors in your parish. I mean, you have maybe 35 or 40% of all the electricians in the city are in your parish. (Laughter) So having that kind of resource or having someone like John as a resource and others that you are not going see the coats in the room, to have that kind of expertise is priceless. Gabe was very helpful on the initial estimates. He has already run through, and after he saw the initial drawing said, you know what, you should change a couple of these things. This will price out a lot better than this different approach to think about. So we have been able to gain from all of that input. Ed, in the back of the room, does stone work. He came back and said, you know, if you just pick the different shape of stone and did not mind it looking like this or like that, there are unbelievable savings here. So you are in a pretty blessed area to have all of those resources at your bidding for a project like this.

Father: Dan?

Dan: How much do you grow into this project? I mean after we are done, you know, we are going, our parish is going to grow, so because of that do, are we more able to finance this?

Father: That is one of the variables that we have been working with from day one and Nick, one of the things he and Pat Gilles, who is a vice president at Saint Elizabeth's Hospital, worked on was a projected growth projection for our parish, going out what 10-15 years, based on two different approaches. We got a lot of information from the City of Lincoln Department of Planning. They were a wealth of information. The projected growth numbers, even with the down economic time with housing starch, we are still pretty much right down the middle of projected number of new families. That is what we are hoping for, that is going to maintain and sustain us in the operating budget and also in church support is going to be the continued increase in families moving in. When the housing market turns around, I think it is going to take off. The last calendar year we added 90 plus some families. We are not quite at the rate, it has not been near as aggressive, but we are continuing to add, we hope that that will be a significant factor.

Parishioner: Are we limited to how much we can borrow from the Diocese?

Father: The Bishop initially said \$4.5 million. I do not know if we would want to borrow anymore. The only thing is we likely cannot service the debt at this point. Commercial lenders told us that if this was a commercial endeavor, that they would never loan us the money. But since the church is the banker and it is 4.5% interest, and they would never foreclose on us, that is what is allowing us to move ahead. But we have largely 50% plus in hand in the next 5 years, which I think is a prudent financial move.

Would the Diocese loan us more? They would probably be open to negotiation. But would I want to borrow more? I do not think so.

Nick: I think that just on the issue of growth, I think it will be the growth factor on how fast our parish grows. It will have a significant factor on how fast it could pay down the debt that we will have and be able to move on to a phase 2. I think that is what is going to affect more than how much we build today, because I think this is probably, as Father said, a stretch for us. That \$4.5 million worth of debt, our parish, remember our total annual parish budget right now is about...

Father: \$500,000

Nick: ...about \$500,000. It is a pretty hefty debt load.

Father: Well, if interest on that \$210,000 a year, and your entire budget this fiscal year is \$500,000...

Nick: It ain't going to work.

Father: Kathy?

Kathy: I have got a few questions. One, do you know if you are going to start with a hot lunch program when you open? Two, planning for growth in the kitchen would we be able to go, because we have talked about this as far as coolers and freezer space. We would probably need more down the road, you know, because as the school gets bigger you are going to need more. Does it take a long time, I mean does the Diocese say you have 30 years to pay this back or do they ever put a limit on that?

Father: They have not put a limit on that. However, we have had our financial people amortize it over 10-15-20 years. Could it be an open-ended loan? I think they would be open to any kind of repayment plan. Would we want to stretch it out that far? I would say no, because I think that would hinder subsequent phases, and what our opportunities would be there. Hot lunch program...I am presuming that we will have one. Here is a first floor plan of the kitchen. Do you think that gym's a hot item. Just talking about eliminating the kitchen (laughter)

Kathy: I do have one, that was the one thing. That \$600,000 is that to fit that whole kitchen out? With all of the stuff that is on that piece of paper?

Nick: It does include, Kathy, it includes two components. From a construction perspective, it includes the whole little pod that is designed that would include the full kitchen. So because of the way it is designed, it would not just be having to add the space that is needed for the kitchen. Which if I remember correctly, was about 1,000 sq. feet.

Kevin: I think there is about 1200 square feet of kitchen, but then we have an entire (inaudible) and because it is a wood frame truss, and right now the kitchen is in this green space. But it does not make sense for us only to build half that room, or half that house. Those trusses span the 63 feet this direction, and so we pick up then with adding that, you know, having the kitchen we also did get the parish office and that classroom space there.

Nick: So that construction, yes, the construction, I think if I remember correctly that is the construction of about ...

Parishioner: 4,000.

Nick: 4,000 square feet plus about 150-200,000 of the kitchen equipment. So that \$600,000 was not just for the kitchen. But it did include equipment.

Kathy: It did? All of that equipment (inaudible)?

Kevin: Yes

Nick: Yes.

Father: Paul Neesen from Lincoln Poultry has specked out all of the elements. What Nick has included on those numbers, what we have set aside, Jackie, how much do we have set aside for that kitchen, close to about \$50,000 isn't it? That we have squirreled away?

Jackie: Yes that is about it.

Father: That is the only way that I can operate to squirrel it away.

Nick: ....nuts and putting it in....

Yeah ...

Nick: This paper says \$30,000 and that is the number you gave me, Jackie gave me...

Father: Right.

Nick: It was in the kitchen account, as of a couple, three weeks ago.

Father: And the Altar Society is setting money aside for that. So I am guessing that we have close to one-third of what we need to furnish it.

Kathy: Then do we have space to go out?

Kevin: Yes, I will handle that one. Yes, the way, the gross space that we have been looking at is actually this box right here. That right now is cooler/freezer combo, kind of a walk through progression is here. Then this was the dry storage. But we have looked at a couple of different ways that we may actually run, start to run those rooms this way. So that you can layer those kind of back, farther back, but the quick answer is yes, there is space for the kitchen to grow.

Father: Monsignor?

Monsignor: Do you have a kitchen manager's office in the plan?

Parishioner: That was on our list.

Kevin: Okay, we do not have that now. So that is a great question.

Father: Jackie is also in charge of the dietary program at Bryan West Hospital. Evelyn also was involved in discussions. John's wife cooks at Norris for 1,500 kids a day. Several other people who are in charge of large hot lunch programs weighed in. A number of women went over this with a fine-tooth comb in terms of content, flow and what-have-you. There are a number of ideas that we will probably want for a practicality to incorporate into that. That, this plan is for the entire two section school, to be able to serve at least 500 children every day in terms of when it's fully equipped.

Carol, did you have a question? Bill?

Parishioner: You know, maybe I missed it, if you have phase 1 and I am not going to put in an extra phase 2 and phase 3, but if a phase 1 is half of the school classrooms, and the last phase is the church or whatever, but if the growth of the school goes up where you want to build those extra classrooms, is there money set aside or from the Diocese that we can do that without a second campaign at that point? If there is not, so there is no growth until, there is no growth of the school unless there is another campaign? There is no way to adjust that with the Diocese or anything?

Father: In terms of taking out a larger loan?

Parishioner: We will just have money available, because we know that the addition of the extra classrooms is not going to be as big a campaign as the initial campaign of the school or as what the church is going to end up being. Those are 2 large ones, the addition to the classroom is going to be a smaller amount, I am assuming.

Father: Because all of your entire infrastructure is in Phase 1. We are uploading everything in Phase 1, that is all of your large costs. But every parish is incorporated separately, and we are responsible for funding what we would want. There is no money to set aside, that is given to parishes. We would have to raise that. We are using, we're maxing out what we have and what we can raise right now for Phase 1.

Nick: I will make this comment on that. If indeed the Diocese was willing to continue to allow us to have a certain level of a loan, let's say \$4.5 or \$4 million, whatever. Remember, as we collect all of our money from the Phase 1 Campaign, at the end of the period in 2015, 2014, we would be down to about, you know, again

depending on whether we had another little 3-year pick up campaign. But we would be down to \$2.7 million and so there would be some borrowing power still within the \$4.5 if we wanted to borrow more money.

Father: Oh yes, that does not mean that, yes...

Nick: Yes, I mean there would be a way of getting it done potentially depending on the timing. If all of a sudden by 2011, the Fall of 2011, it became clear that we did not have enough classrooms and said, now what, we would kind of be in a tough spot right then because unless the Diocese loaned us more money or we raised more money.

Kevin: That is what I can see - that is borrowing that money to make up the difference and then do a bigger campaign.

Nick: Yes, (inaudible) are so far out there that we have so many unanswered questions just for today.

Parishioner: I see the growth in that school grow very fast. I can see us outgrowing that space really quickly.

Father: But there again you have to manage and balance the finance and need. We just cannot get ahead of ourselves. We cannot put ourselves in the point where we are in debt, where we are going to cripple ourselves in terms of future options. We have to be very conservative, very prudent.

Parishioner: A followup to that, if you build for 250 students, and you had say an additional 100 that you could not accommodate, are we going to have to pay for those students to go out to one of the other schools again then? Or would they just not have Catholic schools available for them?

Parishioner: What a big problem to have.

Father: That is a hypothetical...

Parishioner: Yes, I agree.

Father: That would be a, we would have to make arrangements and it would be the two pastors of the parishes involved, we would have

to make an arrangement on that. I think that is a hypothetical that, that's just an unknown. Whom else?

Parishioner: As we talk about debt - it makes people nervous. As we go forward, is there any concern that with all of these pledges made that people's regular tithings are going to go down so that they can meet their pledges?

Father: I hope, and I hope that I made it very, very clear - repeatedly that before we started this Capital Campaign that we needed people to make a pledge based on maintaining their church support, because we need that for operations. I hope I made that clear.

Parishioner: Do you find that as we are growing that the tithing grows with the rate of growth? Do you know what I am saying? Is tithing going up with the amount of people that are being added?

Father: We have not done those comparisons, but I ask our secretary on a regular basis and I have a year-to-date fiscal year-to-day comparison with the last year what is the rate of growth in the first six months of this fiscal year? It is 3-4% increase over last year in general church contributions, is that accurate, Jackie? Between 3-4%? How does that play with the number of people who have been added? I do not know.

Parishioners: We have not done those studies.

Father: It is increasing. I told our Finance Committee, because they wanted to put a 10-15% increase on every annual fiscal report on income, not to do that, because people have been asked many times for money. I said project nothing more than a 5% fiscal year increase. I think we are probably going to come close to that 5% increase, but we cannot make projections that are going to fall short, because then we cannot budget and meet that budget.

I am very surprised at how, I should not say surprised, I am edified with the amount of pledge redemptions that are coming in. In our construction account or capital campaign, which one is very close to \$500,000?

Jackie: Capital.

Father: The Capital Campaign. We already have gotten \$500,000 in. So as the construction account then has a need, we pull from the capital

campaign and move it to the construction campaign to pay the draws, whatever that might be, architectural, professional fees or whatever. So we have \$500,000 sitting in that.

Parishioner: Just a general question. Is there a reason why we do not wait until we have all of the money collected from the Capital Campaign in 5 years before we start? I am just curious.

Father: We have five Masses on the weekend and they are largely standing room only. Enrollments in the Catholic schools next to us are somewhat closed. People increasingly are moving in wanting Catholic schools. I think the basic thing is, is that we are full, we are growing, we have a need. The economic climate is very favorable to build. In 5 years, I do not know where we would put the people. The Catholic schools around us are turning some of our children away now.

Monsignor: If I could add one just one thing to that. I was talking to Dan Muhleisen the other day, and he said now is really the time to build. If you are planning out and some of the building experts here can weigh in on that, but according to him, we are going to be way behind if we would wait a year or 18 months to build. Do you have any thoughts on that, Kevin?

Kevin: We agree on as contractors would say the same. We are fighting a timeline, interest rates will be going up, we do not know how much, it matters which context you believe as far as how big this is going to spike. We are going to see a pretty good spike in inflation. It will not affect you on your borrowing side, but it is going to surely affect you on your material side. Of anyone out there and all of the owners that we are working with, if they have money they are trying to get to the ground as quick as they can just to get ahead of it. So I think that would maybe be the play is that all of the numbers and the lower side, if you trying to build structure and you know you are going to need sooner or later, it would be tough to have found a better time to do it.

Father: That is a matter of having the money or being able to get the money in terms of a loan. Would it be very prudent and conservative to have the money in hand? Yes, but all of those other factors are going to cancel out any advantages. We can get the money through a loan from the Diocese, so again, need versus costs, availability, time, it is all of those variables that are involved.

Nick: Father, I would also just say on that issue that I think one of the reasons the Campaign was relatively successful despite the economic climate was we said we are going to be building and we are going to have a school open in 2011. If we would have had the same campaign and went out and said we are going to have a 5-year pledge period, and we are going to open a school and we will collect all of our money in 2014, I think the message would have been really tough for a lot of people. Particularly kids, people who wanted their kids to go to that school, and instead of starting 2nd grade they are going to be in 6th grade or 7th grade by the time the school opens.

Father: Kathy?

Kathy: Also on a CCD night we are packed. We have no place to go. So we really do need to move...

Father: Yes, we take them over to the Old Cheney Public School. There are how many classrooms right underneath of us?

Kathy: Five, I believe.

Father: Also the rectory is full, the Cheney Public School is full, and so. Whom else? Mike?

Mike: You made the comment about having 5 Masses now. When this is finished, how many are you hoping to continue with at that time?

Father: I cannot say for sure, but if this commons area will seat 400 in chairs - Carl, you've taken the census in the last years, this hall and the church, 225-250 max?

Carl: In that area, yes.

Father: So if we could take this area and double it in terms of seating capacity, could we get away with one Saturday night and maybe two Sundays?

Carl: For awhile.

Male: It would seem so that we could.

Father: For a while.

Nick: Can we reduce your salary by that....

[laughter]

Parishioner:....had a better idea.

Nick: That is taking \$100.

Carl: No, sleep in the kitchen.

[laughter]

Father And I could have breakfast ready when you come for Mass, Carl.

Carl: We owe you that one, right.

Father: Yes.

Nick: We talked about a Winnebago parked over around the side, when I put the \$200,000 gap just taken out of the Rectory...Maybe a FEMA trailer.

[laughter]

Father: Whom else? Anybody else? Anything, questions, comments. Again, I owe you a lot of thanks in your input, your contributions, your help. All of you help in so many different ways. At this point what we are going to do is we are going to take a lot of the decision making and we are going to relegate back largely to the Committees that have been established. The Building Committee, because a lot of this then needs more detailed attention. We are going to aggressively pursue construction documents. We are going to finalize a lot of the elements that you saw in this presentation. I will you informed just as much as I can in detail on our parish website. If you have any comments, questions, whatever, I hope that you know that you can always feel free to contact me or any of the committee members with anything that you might have. Kathy?

Kathy: Are you going to have another meeting again in a couple of months, three months, or?

Father: I do not have one planned. I think that a lot of this was kind of an invitation to everybody, I think most everything is inclusive. We

have arrived at a floor plan, the site plans largely decided, the details of the inside. I think most of the, perhaps some informational meetings. I hope that you know that I very much like to be consulted in a collaborative. I try to get as much information out as possible. We can certainly look at that. Maybe after construction drawings are done and bids have come in, and maybe after we've made some tentative decisions on how much we can afford, that might be a time to have an informative meeting, and say here is what we think we can do with the dollars available.

Kathy: I think people are (inaudible)

Parishioner: Maybe it would be beneficial to gather those with kitchen knowledge. Then we can have Paul here as well since he has the technical side, and really work through the details.

Kathy: (inaudible).

Parishioner: I would love to sit in if we can arrange a time to get everybody together.

Father: There are a lot of opportunities in all of this. I believe that horse trading sometimes can get you the best results. Keep your eyes and ears open. You never know when you might come across something. I sent letters out to 10 Lincoln banks this week, and banks repo kitchen equipment all the time, to keep an eye out for anything we need. Bennigans right across the street here also closed recently. I sent them a letter asking if they had any equipment to sell. I sent the banks spec sheets on equipment and told them if they come across anything to let me know. Some of that stuff goes \$.10 on the dollar. So, we are continually in discussion about all of this - making sure that we're asking, consulting, collaborating, trying to make sure that we can come up with the best deal possible.

Parishioner: I think that is the manna.

Father: That could be our manna from heaven, that is right.

Female: Do you have a groundbreaking date?

Father: Well, yes, at this point. Groundbreaking can be largely ceremonially, but I am looking at Saturday June 12. What do you think? May is full, graduations, first communions, marriages.

June 12 is before Father's Day, it might be a viable Saturday, that is what I am looking at. Should we say a prayer?

Monsignor: May I just add one thing. I have been involved in more than a couple of building projects around the Diocese over the years, and I want to say that I do not think I have been involved in a project that has so much parish expertise and involvement and pastoral leadership and vision as this one. I am proud to say that I have served this parish, even though Carl Marks hauled me away....

Carl: That was 20 years ago. We took you to Cortland.

Monsignor: That is right, they took me to Cortland but I bounced back, and I am glad that I have the opportunity to just be a part of this tonight. And God bless you all. Father?

[Prayer]

Father: Once again, thank you. There is a first drawing of a Rectory floor plan in the kitchen if you want to take a look.