

St. Margaret Mary Parish Pastoral Council Minutes July 12, 2005

MEMBERS PRESENT:

Mary Runger	Dick Henke	Gary Skarr	Josephine Lewis
Dick Backer	Paul Weinewuth	Rachel Ptak	Chuck Marquis
Judy Thalmann	Nickie Everett	Fr. Bill O'Shea	Sr. Madelyn Gould
Mike Prus	Jennifer Rosenbaum		

Also Attending: Bill Hassett, Theresa Hawley

Not Present: Matt Kerr, Rick Weller, Fr. Dan Hessling

OPENING PRAYER: Mary Runger

APPROVAL OF MEETING MINUTES:

- Minutes of the June 7, 2005, meeting was approved without changes.
- Mary proposed to start the Parish Council meetings at 7:00pm starting in September. However, there was not a consensus in favor of the change, because a few people have work/travel conflicts. As a result, the Parish Council meeting start-time will remain at 7:30pm.
- The finalized June PC meeting minutes will be included in the SMMP church bulletin ASAP per Gary Skarr.

DISCUSSION ITEMS

1. ASCA Update, Diocesan meeting results, school debt restructuring and progress- Theresa Hawley, Mike Prus, and Paul Weinewuth

- School budgeting data:
 - 310 students are enrolled for the school's opening year
 - There is an open issue on whether a new 3rd grade class is required to be opened for the opening year.
 - 5th grade class is full
 - 20 students are on full 'Mustard Seed' scholarships, which are primarily funded by family foundations
 - 10% of the full-day Kindergarten through 5th grade students are on full scholarships
 - 10-15% of the full-day Kindergarten through 5th grade students are on Parish sponsored financial aid scholarships
 - Remodeling for 4-6 additional classrooms will be required next year, because all available teaching stations are already being utilized in the opening year
- The school renovations are going well:
 - Pipes are all wrapped so the air conditioning can be used
 - Parking lot has been re-paved (donated work)
 - Roof repair/patching is coming in at much lower costs
 - Fellowship Hall is close to being completed
- Status on debt financing:
 - Initially planned that the school would carry the interest for the repayment if each of the Parishes accepted the 10-year repayment schedule. However, it doesn't seem that any of the Parishes can handle the 10-year repayment schedule. As

- a result, each of the Parishes has been requested to cover an additional \$300,000 of interest based on the extended 15-year repayment schedule so that the total obligation for SMMP moves from \$3.0mil to \$3.3mil.
 - The School has asked the Diocese to float a bond and proposed a restructured pay-off based on a flattened 15-year repayment schedule (vs. a 10-year) for the sponsoring parishes. Although, the Diocese is considering a 20-year repayment obligation for the school debt, each of the Parishes will tentatively work on a repayment schedule with a 15-year obligation. There is no pre-payment penalty and the Diocese may have a "safety clause" if a Parish is unable to cover their debt payments.
 - School proposal suggests a tax exempt bond issue to bring interest rate down (1-2 points) vs. the prime-minus loan (which is about 6%). The bonds are structured with 5-year lock-in bond increments until the loan is paid off. Trying for a 5-year rate on the bond. The bond rates are only educated guesses at this time until the numbers are sent back from Harris bank. It is believed that we can get a lower fee than .8%. (4.25 -4.5% is the estimated rate).
 - A decision on the debt financing should be made very soon. The Diocese has met with Harris Bank and the School is nudging the Diocese to make a decision. We will not close before Aug. 1st, but are hoping for Sept. 1st.
 - There was \$2 million in renovations, etc. that was not covered by the initial loan that was to be originally re-paid over 10 years. The total bond issue may be \$12mil instead of the current Harris loan of \$10mil. It is expected that the School will be required to cover the payments on interest and principal for this \$2 million in the first year and years thereafter.
 - Campaign money has been transferred from SMMP to a Diocese account, but none of the money has actually been transferred to the school. The release date for the money has not been set, but it is suspected that the money will be due before June 1, 2006.
- Governance (3-tiered) structure used to determine school budget:
 - Salary, Benefits and Interest Schedule are set by Diocese (no Governance review)
 - A Finance Committee was created for the school (CPA's, etc.), which will derive budget models over the summer. In the fall, the school's Finance Committee will meet with each of the Parish's Finance Committees to discuss the budget.
 - First Level: School Board and Principal will develop a budget and send it to the Second Level
 - Second Level: Board of Trustees (all Pastors, Sister Helen Jean, Representatives from each Parish) will review the budget as an outside entity and make a recommendation to the Third Level
 - There are 5 Parish Representatives on the Board of Trustees from SMMP
 - Third Level: Executive Committee (all Pastors and Sister Helen Jean) provides the final budget approval for the school

2. Capital Campaign Update - Dick Henke

Estimate of collections- what is real cash we can expect? Campaign and Finance Committees

- \$3,008,000 is the most current collection amount
- We are hoping that the unveiling of the new Parish expansion plans at the Parish picnic will create excitement and possibly jumpstart an increase in donations for the expansion
- You can sign up for automated giving for the Capital Campaign contributions online

- Possibly encourage people who have given a 5-year pledge to accelerate their donations through bulletin communications

3. SMMP Financial Scenarios - Finance Committee/Mike Prus

- Two hand-outs were distributed from Mike:
 - 5/31/05- assumptions were made about what we could contribute with existing funds assuming a \$3.2 million capital campaign- seemed doable at the time (15-year repayment)
 - 7/11/05- chart shows that less money is contributed from existing savings, which results in the “Transfers from Operating” column to gradually increase 2% each year instead of remaining flat. This is based on the idea that offerings will increase and the budget will stay lean. The point is that we could reduce the amount of money contributed from existing savings and free-up money for the expansion. It seems to be a workable plan, but it requires a greater burden on the operating budget to provide money for the expansion.
- A colored graph was distributed from Chuck “Cumulative Expansion Receipts”:
 - The graph’s far right represents the expected collections
 - The left-hand side of the graph represents the amount of money collected
 - The bottom of the graph is divided by quarters
 - From where we are today, we could begin digging in less than 12-months based on the projection of when we will reach the original goal of 67% (\$1.1 million)
 - If we are required to meet the new 75% number from the Diocese, we could begin digging in 18-months (\$1.7 million)

4. Expansion update and options- Building Committee/Dick Backer

Discuss way forward on updating/finalizing design and Diocesan requirement, cash on hand, etc.

- Based on the updated plans and budget, the parking lot changes and the large wing have been removed from the project
- Included in the plans are: New administration offices on the first-floor, Adult Education center with classrooms, Teen center, and additional “ambiance” in parish center
 - Current market price for this type of expansion- \$1,433,500 (75%= \$1,075,000)
 - Square footage for the expansion= 11,468 (~\$125 per square foot) – not including construction costs and municipal fees, etc
- Diocese has the ability to reject alternates, so we must decide our priorities before presenting the expansion plans to the Diocese
- The amount of money required to join the new wing to the existing building is TBD. There is a cheap alternative and a more expensive alternative.
- If we have to change anything in the expansion plans, the Building Committee will make sure it’s approved and reviewed by staff
- Questions: Do we need to review the designs with the staff and contributors to make sure we are still heading down the right direction? Should we start the designs from scratch considering we now have the new budget or keep with what we have?

5. Unrestricted funds - decision on allocation

Transfer of parish savings?

- Dick Henke will review the numbers and present his findings at the September meeting
- Parish Council must decide how the money should be divided between the School and Expansion project- not a steering committee

FINAL WHIP AROUND

Thank you for the snapshot of the evening. It's important to study the proposals and notes before voting in September. It's refreshing to know that not a lot has changed over the last few years. (laughter) I appreciate that Mary called this meeting to update PC on the changes that have taken place. It's still frustrating. Thanks to everyone for attending and participating. It's important that everyone is on the same page. The entire PC needs to hear information at the same time. Theresa gave a great synopsis tonight. We appreciate everyone attending the meeting, knowing that the topics were challenging. Personal contact is much better than email messages. It's important to get together; the funnel is getting tighter. Everyone seems to know what he or she is doing. Good work! (laughter) Thanks to Mary for coordinating this meeting and I am very excited about the process.

CLOSING PRAYER: Mary Runger

MEETING ADJOURNED at 9:05pm

New/Continuing Action Items:

Person Assigned	Date of Origin	Item Description	Due Date
Chuck?	7/12/05	SMMP PC needs to work on a mechanism to lock-in the amount owed and/or a mechanism to work through any changes in our obligation.	September
Finance Committee (Bill)	7/12/05	Develop an optimal solution for SMMP, and propose the solution to the Diocese. What is the right schedule for the debt repayment? 10, 15 or 20 years- SMMP must speak-up before a decision is made.	September
Mary	7/12/05	Liaison needed from SMMP PC on the school Board of Trustees- Need a method to communicate with the Board of Trustees representatives. We need to get the 3 sponsoring parishes together to talk this budget over without the school rep's. involved.	September
Mike Prus & Dick Henke	7/12/05	How many people are on a 5-year payment schedule for the Expansion? Possibly target with communications to accelerate donations. Will need to bring this idea up with the steering committee.	September
Building Committee (Dick)	7/12/05	Need to re-address the building plans with the new budget. Building committee to present to Parish Council.	September

REFRESHMENTS/PRAYER for 9/6/05: TBD

Respectfully submitted by Jennifer Rosenbaum