

CATHOLIC DIOCESE OF SALT LAKE CITY
DIOCESAN FINANCE COUNCIL
Meeting Minutes of June 20, 2023
Pastoral Center, 27 C Street, Salt Lake City, Utah

PRESENT

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| Most Reverend Oscar A. Solis | Deacon George Reade |
| Reverend Monsignor Colin F. Bircumshaw | Mark Longe |
| Reverend John Evans (Zoom) | Candice Greenwald |
| Reverend Sam Dinsdale | Sarah Niemann, Secretary |
| Doug Black | |

Guests: Very Reverend Martin Diaz
Greg Glenn

NOT PRESENT

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| Fred Strasser | Darcie Costello |
| Andrea Steenburgh | Kathie Roberts |

CALL TO ORDER AND OPENING PRAYER

This special meeting was called to order at 1:10 pm with opening prayer by Bishop Solis.

INTRODUCTION

Msgr. Colin mentioned that this special meeting was to discuss the possibility of a \$2 million contingency loan for the construction of the Madeleine Choir School Field House. He mentioned that it looks like the school may already have 95% of the money needed for the build, so the loan may not even be necessary.

Msgr. Colin mentioned that Fred Strasser has been involved with the contract phase with Okland. Msgr. Colin added that in Fred Strasser's review of the contract, Fred believes that the contract has a great price guarantee, as long as no unexpected change orders are made - "The way Okland is bidding this contract, the final bid on this contract is what the cost will be no matter what, even if the price of steel goes up." Msgr. Colin went on to say that Fred Strasser is the one in charge with this Okland contract, and he believes in Fred.

Msgr. Colin commented that the “presentation of the Field House Update (copies provided at meeting) is wonderful. It is very clear and shows exactly the funds in hand or pledged, and the additional potential funds they hope to garner.”

Msgr. Colin confirmed that “they have cut out everything in this proposal that they can. Should they decide on building the Fieldhouse only with the money they have, they might need to go back to the architectural phase and start over with architectural fees. They have to make sure to get the approval of the Avenues Group. The Avenues Group will not put up with a “box” built on that site. Because the site is in the Historical District, the build has to include some elements that would make it attractive. So we may not be able to build everything that’s here, but we could at least frame in everything will ultimately be part of this project.”

MADELEINE CHOIR SCHOOL FIELD HOUSE UPDATE

Greg Glenn gave quick summary of where things are as listed in presentation:

- ✓ Choir School does not have the use of a gymnasium for many years. So, there is a need to find a gymnasium space for our athletic activities.
- ✓ Growing needs for our early educational program. Our Pre-K classes have now doubled.
- ✓ Construction Cost Escalation
 - January 2022 \$6.5 million (Architect rough estimate)
 - March 2022 \$8.5 million (Architect second estimate) – possible actual cost
 - August 2022 \$12.7 million (Okland Initial Estimate)
 - April 2023 \$14.4 million (Okland Final Estimate) – this reflects what is going on in construction across the country. Okland was told that Choir School does not have the capacity of raising this amount.
 - May 2023 \$13.3 million (Okland Guaranteed Max Price) – new estimate after Okland went back to sub-contractors to cut costs where possible.
 - **May 2023 \$11.5 million** (Okland Guaranteed Maximum Price **after Value Engineering**) – Choir’s Leadership Committee reviewed and prioritize what elements of this project are most crucial. They came up with a Program Prioritization Value Engineering, where needs were prioritized and estimate was reduced.
- ✓ Prioritized Programmatic Needs → **Value Engineering changes**
 - Gymnasium, Public Restrooms, Bleachers
 - Early Childhood Educational Center / PreK Wing – at least 2 -3 classrooms → **shelling with 1 restroom and 1 joint restroom (- \$202,391)**
 - Stage Performance Shell for Musical Presentations → **shelling (- \$212,886)**
 - Changing Room / Restrooms / Corridor → **shelling (- \$ 172,355)**
 - PE / Rehearsal Studio / Prep-Kitchen / Break Room / PE Office → **shelling (- \$186,505)**
 - Rooftop Play Facility → **Removed (- \$624,665)**
 - → **Other Value Engineering adjustments accepted by architects (- \$446,148)**

- [May 2023 \\$11.5 million](#) Okland Guaranteed Maximum Price
- ✓ Choir School being located in a designated Historical District, had to present and meet with the Avenues Group to go through plan and design approval process.
- ✓ Capital Campaign Status
 - Funds in hand or pledged from various sources

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|---------------|-----------------------|
| TOTALS | \$10.2 million |
|---------------|-----------------------|

- Active / Pending / Future Solicitations

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|----------------------------|-----------------|
| Total Potential Additional | \$ 5.25 Million |
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|---------------------------------|------------------------|
| CURRENT POTENTIAL TOTALS | \$ 14.7 million |
|---------------------------------|------------------------|

\$2 million Contingency Loan Discussion

Msgr. Colin mentioned the ideal would be if the Choir School could raise all the funds needed so all the elements of the build is accomplished. He reiterated that this meeting is about the diocese providing a \$2 million contingency loan should Choir School fall short on the Current Potential Solicitations that was listed on the presentation. Msgr. Colin also wanted to make it clear that the contingency loan cannot go over the \$2 million. He reminded everyone that whereas normally the parish supports the school, the Choir School normally would be supported by the Cathedral of the Madeleine. However, right now, the Cathedral is not capable of servicing a \$2 million loan. The Cathedral is an exception in that it has the diocese as its backup - so should the Choir School not be able to pay off the loan, the diocese most likely will be taking on the loan on behalf of the Cathedral.

Mark Longe mentioned that the Pre-K classrooms, “the second on the list, which is pretty integral with your Pre-K, was only \$200K - that it is not a huge jump in cost to get in the second priority.” Msgr. Colin responded with “Choir School has pushed the envelope as far as it can be pushed to accomplish everything that can be in a safe way.”

Father Martin clarified the numbers on the presentation, “with Funds in Hand of about \$10.2 million and Okland’s GMP of \$11.5 million, there is \$1.3 million already needed just to get it shelled. Sounds like the loan would be used to fill in the shelling to get to the point of empty classrooms with a million dollars... depending on what comes in from fundraising.” Msgr. Colin commented that “realistically, 2 ¾ of the pending \$3 million donation might have to be discounted, so instead of the \$14.7 pending solicitations, we’ll have \$12 million, if all the future solicitations do come in. So, then we could do everything through the shell, and not have a loan. Then we do fundraising before we come back for a loan.

Mark then commented that assuming the \$5.25 million of the Potential Additional Funding comes in, it could go towards the elements that were taken out with the Value Engineering. Father Martin commented that the current build is without the playground and shell. It was mentioned that fundraising would be easier if people could come in and see something that was done rather than just a shell. Greg mentioned that “original build had 3 classrooms planned. We’d like to finish 2, but if we

finished one that would be and additional \$74,000.” Everyone seemed to agree that might be a good idea to encourage future donations.

Candy asked whether the \$1 million ERTC mentioned in the Funds in Hand or Pledged, is the estimation for the school and parish? Greg replied that “it was the estimate for the parish and school. The estimate was based on what other schools and parish have received.” Candy clarified that diocese should know in a couple of weeks what the expected ERTC amount will be. Candy also wanted to make clear that the estimated ERTC in the presentation included the parish’s share.

Msgr. Colin mentioned that because the Cathedral and Choir School share one FEIN, some of that ERTC belongs to the parish... unless the Cathedral wants to give their ERTC share towards the build. Msgr. Colin reminded everyone that “right now, the Cathedral has enormous needs also. The Choir School is a wonderful part of the Cathedral and the presentation looks like it’s ready to go, needs funding, but what it’s going to do is put the needs of the Cathedral in the back burner for a while. If the Cathedral’s ERTC portion is \$250,000 and that money is put into the pool for the build, then the Cathedral can’t get the necessary updates and repairs done that it needs.”

Bishop Solis commented that “the Cathedral does not have the financial backing of the parishioners supporting the Cathedral compared to the school. It has always been my concern from the beginning about the diocese putting more money into the Choir School and the Cathedral is left behind. There should be a consolidated effort between the two – each letting the other side know what it is doing. The attention should be to both the Cathedral and the Choir School, and both should be treated as one entity, not as separate. It is necessary that both coexist. I have been here six years, when is the Cathedral going to get some attention?”

Fr. Evans asked “beyond the scope of paying for this nice facility, what is the estimated annual expenses – property insurance fund, utilities, etc. that the facility is going to need? and is the school in a position to absorb that?” Greg replied “the property insurance has gone up dramatically this year, and we managed all of that. In terms of the utilities, etc, we do not have estimates yet.” Msgr. Colin agreed that “is a valid concern – new builds generally would generate an increase in operating costs. It might mean that the school has to increase tuition to pay for the increase in operating expenses.”

Msgr. Colin mentioned that “if this build project does not go forward, the gift of \$4.5 million needs to be returned. We need to take advantage of this \$4.5. What we’re going to face is that is not going to be around for anymore big projects like this in the diocese in the next year and half to two years. We need to go ahead with this project. But we need to factor in all the figures - the operating costs, the increase for the operating of the Cathedral and the Choir School that the new facilities is going to generate.. utilities and insurance.”

Mark mentioned that the Choir School has 50 openings, another potential source of revenue with scholarships without hiring new teachers necessarily. Msgr. Colin mentioned that according to Greg “there are parents who would like to send their children to the Choir School but also want a full education for their children – which includes physical education.”

Bishop commented that there are some parents who would consider sending their children to the Choir School (has the highest tuition rate among Catholic School) only if whatever scholarship they might qualify for will pay for the entire tuition cost. If there are additional out of pocket cost, they might not send their children.

Msgr. Colin asked all if the contingency loan of \$2 million should be increased, reduced, or modified in any way. We still hope that the loan will not be used. He reminded all that the bid Okland presented as reviewed by Fred Strasser is at a Guaranteed Maximum Price. That as long as we do not initiate any change orders, we should not go over the \$2 million.

Again, Father Martin clarified that the \$2 million contingency loan is to get the build to the \$11.5 million Okland proposal "at shell". And should Choir fall short after all fundraising, the Finance Council is to meet again with a Choir's new ask for another loan.

Both Bishop Solis and Msgr. Colin agreed that the longer we wait to sign a contract, the likelihood of the costs going up. Candy mentioned that the loan could be used as a bridge to make an advance payment while waiting for the gifts and contributions to be available. Soon as the school receives the pledges, the loan can be paid back.

Mark asked "when is the anticipated ground breaking?" Greg responded "most likely mid-August. There is a problem in that the city requires some work done on the water main on Second Ave. Per the city, that project has to begin before September 1. They won't allow us to do it during winter." Msgr. Colin added "even if the build does not go through the water main work will still need to be done."

Mark wanted to clarify that the \$2 million contingency loan will be available if needed. Msgr. Colin added that it cannot be more than to do the build to the "shell".

CLOSING COMMENTS

Msgr. Colin made sure we have a quorum, and clarified that this meeting is to approve a proposal of a \$2 million contingency loan which cannot include build beyond the "shell" for this project, the expectation that the fundraising will be successful and that this loan may not even be needed.

Msgr. Colin made the motion to approve the \$2 million contingency loan proposal. Mark Longe & Fr. Sam seconded. The motion to approve passed unanimously.

ADJOURNMENT

This meeting was closed at 1:57 pm with closing prayer by Father Martin Diaz.

Respectfully submitted,
Sarah Niemann