

Saint Kilian Parish

New Church Building Proposal

April 23, 2015

Proposal

- St Kilian Parish proposes to build a new church and storage/maintenance/concession (SMC) building on existing parish property. The church, with seating of 1,150 and the SMC building will cost approximately \$10 million. The parish proposes to break ground in June 2015.
- The construction was one of two parish case statement elements in Our Campaign for the Church Alive! A second component of the Parish Campaign case statement was to repay the \$10.388 million parish debt related to construction of the parish center.

Campaign Status

To date the campaign has received \$22.6 million in pledges

- Included in this amount is a pledge from a group of donors for \$13.388 million to pay the debt and related interest costs of the existing parish center loan over a 20 year period. Funds were deposited up front to a Foundation set up for this purpose. Initial payment of \$3.5 million and then “mortgage” payments on remaining balance.
- The remainder of the campaign to fund the new church has raised \$9.3 million in pledges to date and continues.
- The parish goal was \$2.0 million, of which 60%, or \$1.2 million, is the Diocesan share of the campaign. The parish conducted a combined campaign so \$8.1 million of the \$9.3 will be retained by the parish.

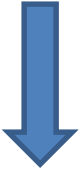
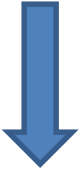


Impact to Parish D & L

The parish campaign case statement impacts the Parish D & L in two ways.

- Pays down debt outstanding related to the parish center over a 20 year period.
- Due to the timing of pledge payments over 5 years, the parish will need a “bridge” loan from the Parish D & L to complete construction.

Parish Center

Debt Reduction impact on D & L

	<u>Payment</u>	<u>Principal</u>	<u>Balance</u>
Current Balance			\$ 10,388
2015	\$ 3,500	\$3,500	6,888
2015	488	223	6,665
2016	488	223	6,442
2017	488	223	6,219
2018	488	223	5,996
			
2035	488	223	Paid Off

Church Bridge Loan Impact on D & L

Campaign receipts will occur over a 5 year period. Construction funds will be needed in 2015 and 2016.

	Cumulative <u>Campaign \$*</u>	<u>Building Expense</u>	<u>Bridge Loan**</u>
2015	\$ 1,741	\$ 4,000	\$ 2,259
2016	2,777	10,000	7,433
2017	3,935		6,589
2018	5,049		5,756
2019	6,516		4,536

* Assumes a 10% uncollected balance on pledges

** Assumes interest rate of 4% on unpaid balance

Combined Impact to D & L

	Parish Center <u>Loan</u>	Church <u>Loan</u>	<u>Net Impact</u>
Current Balance	\$10,388	\$ -	\$ 10,388
2015	6,888	2,259	9,147
2016	6,665	7,433	14,098
2017	6,442	6,589	13,031
2018	6,219	5,756	11,975
2019	5,996	4,536	10,533

Assuming no further pledges and a 90% collection rate, D & L loan balance returns to current level in 5 years.

D & L Status and Lending Capacity

- D & L has \$80 million in non-Campaign parish deposits and \$47 million in loans. Ratio of loans to deposits is 59%.
- Of the \$47 million in loans, \$17 million are operating loans made to fund parish deficits. Our reserve vs these loans is currently \$7 million
- Based on parish liquidity needs and collectability of operating loans, maximum additional lending capacity in the D & L is approximately \$10 million.
- Several other major building projects are likely as campaign funds are collected.

Recommendation

- Approve “bridge” financing from the Parish D & L for St Kilian church project. Debt to carry a 4% interest rate.
- All campaign proceeds not designated for parish center debt repayment to be solely used to pay down church debt till debt is fully repaid.
- Parish to continue fundraising efforts to generate additional pledges to cover full \$10 million cost of new church plus interest.