

Br. Bob Smith
President and CEO

Dr. Daniel Schmidt
The Bradley Foundation
1241 N. Franklin Pl.
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Dear Friends,

Greetings in the New Year. I had hoped to share a greeting related to some more positive and exciting things as we start 2011 and move toward the end of the first semester. I want to communicate some things quickly as a result of the significant media announcements regarding the Chapter 11 bankruptcy filing by the Archdiocese of Milwaukee. There are probably many questions, rumors, and information that might be confusing about what this means—no one has anything close to a perfect answer to this question. Let me briefly explain some things about the filing and the diocese, and hopefully this will minimize any panic. This will involve both Canon and Civil Law.

It is important to know that there are only 5 high schools owned by the Archdiocese of Milwaukee. Messmer High School was the first Catholic high school in Milwaukee, built in 1926. We were closed in 1984, but reopened in 1984. The DeRance Foundation purchased the property and put it in a holding company until 1999, when it was given as part of a grant to MHS inc. In 1998, Archbishop Rembert Weakland, the same Archbishop that closed Messmer in 1984, issued an Official Decree (approved by Rome) to recognize Messmer as an Independent Catholic School in the Archdiocese of Milwaukee. On a practical level, it added us to the Official Catholic Directory and the Milwaukee Archdiocese Directory. We were recognized as a separate and private corporation with a separate 501(c)(3) status, an independent governing Board of Directors, and a religious liaison (Br. Bob Smith, OFM Cap), which simply recognized a Religious in the absence of a priest. Later, an official partnership was established with the Province of St. Joseph of the Capuchin Order. Pius, St. Mary Springs, Burlington Catholic, Catholic Memorial, and St. Thomas More are owned by the diocese, the other 8 high schools within the 10 county diocese are owned by religious orders (St. Lawrence Seminary, Capuchins; Marquette High School, Jesuits, etc.). Messmer Catholic Schools are owned by our Board of Directors.

We receive no funding from the Archdiocese of Milwaukee other than small scholarships (less than \$5,000 in a fiscal year). We are not governed by the diocese and cannot be closed or changed by an entity other than our own Board of Directors. We pay for each student in our schools a "tax" to the diocese each year like all other high schools and elementary schools, and enjoy all other privileges that Catholic schools within the 10 counties of the Archdiocese enjoy.

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In terms of any effect of the Chapter 11 filing announcement on Messmer—this is a simple question on one hand, but could be tricky on the other. I would ask that you keep this information confidential. When Messmer agreed to add St. Rose and St. Leo to Messmer Catholic Schools, we agreed to accept the properties and to participate with the diocese in needed renovations. The Archdiocese also made a 15-year financial commitment to continue supporting the two elementary schools and to contribute some money for capital renovation at St. Rose. We do not anticipate the diocese not honoring the contract, but I will be speaking with our Board this week to seek any direction we might take relative to the action that will happen during the court's reorganization of their finances. The diocese does have the freedom and ability to continue "regular operations," and their agreement with us does fall under this plan.

In closing, I want to let everyone know that Messmer Catholic Schools is financially sound, we recently received our audit report which was "clean" with no management letter. Our systems are sound, our Development Department continues to raise funds to cover the nearly \$4 million dollars needed each year above tuition and School Choice funds for the over 1,500 students we serve. Please feel free to visit the Archdiocese Web site (www.archmil.org) for more information, and I am happy to answer any questions you might have about this.

With warm regards,

A handwritten signature in black ink that reads "Br. Bob Smith". The signature is written in a cursive, flowing style.

Br. Bob Smith, OFM Cap
President & CEO