



KEEPING SCORE - A FRONT OFFICE PERSPECTIVE

ZCI - A COMPANY ON THE MOVE - LITERALLY

As you might already know, the city has purchased the property that we currently call HOME. The buildings located on South Lafayette Blvd. have been our home for a number of years and I can't imagine what it will be like driving to work at another location but the city of South Bend has grander plans for our location and has purchased all three buildings which require us to find a new home. We have been looking for a number of months and found a new home (if everything goes as planned). We have entered into a purchase agreement on a building on Bendix Drive just south of the airport and if everything goes well, we should be moved before year end.

Even though we are only moving to the other side of the city, a mere 4.3 miles, the thought of relocating sounds about as appealing as going totally without carbs for a week.

After all, moving a business or home is widely considered one of the single-most stressful life events for an individual. Add to that the prospect of losing valuable work time, and you can understand why small-businesses, like ZCI, avoid moving if at all possible.

The rough plan, as we envision it currently, is to purchase the building within the next couple of weeks and then spend about a month working with an architect on planning the layout of the building. We plan to build additional office space at the new building and layout the storage area to more effectively support our construction projects. As the summer nears an end and work slows, we will utilize our workforce to remodel the new building, thereby, insuring a quality product while providing additional work for our talented crews.

A sage business warrior (of course it was Ben) gave me some advice that can be practiced by all of us to help ease the stress and pain of our move. I have paraphrased the list somewhat as follows: 1) it's impossible to plan too far ahead, 2) be prepared for the unexpected, 3) use the move as an excuse to upgrade, and 4) anticipate down time, even if you expect none. We are using our best efforts to follow these simple suggestions, especially number 3. We want to upgrade the items that affect our business every day, items that make our jobs easier, items that minimize duplication of efforts, items that add to our comfort level and items that make coming to work easier and more enjoyable.

As of today, we are still not sure exactly where we are moving, if not Bendix Drive, we will be moving and the above information is the best we have today. We will keep you posted on related happenings.

BRANDING

Branding is one of the biggest buzzwords in marketing today but getting it right can be difficult. Brands exist in the minds of our customers, employees, suppliers, regardless of whether there are catchy slogans or flashy ad campaigns. It is what people believe about our company, whether it is good, bad or indifferent; there is no way to escape it. Branding happens.... you have no choice. Every employee is doing branding every day whether they know it or not. Everything our company does, from how our receptionist answers the phone to how our employees deal with jobsite problems, communicates something to the outside world.



Chuck
Lewis



Ben
Ziolkowski



Bill
Favors

In these difficult economic times, customers depend on brands that consistently deliver on their promises. As a result, these companies will recover more quickly from the economic downturn. Branding provides customers with peace of mind. Positive branding will keep customers loyal and bring them back, in bad times or good.

There is even internal branding which involves selling our company to each other and depends on each employee's role in the company. The manager must embody the brand and hand it down to each employee, not by telling them how to do their job but by showing them how their work will be appreciated. When our employees know the vital role they play in our company they become active participants in our branding strategy. Internal branding creates a common spirit and a sense of purpose for all of us. It helps set priorities that are visible to the outside world. Successful internal branding will beget successful external branding.



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Painting Division Updates

The first time I saw the office I now reside in was before I ever worked for Ziolkowski Construction. In late 2003, I had occasion to meet Brad Murphy, who occupied this office at the time, and I fell in love with it right away. It had a curved glass block wall, and hardwood floors and this big old wooden desk. I had no idea at the time I would soon be spending the next 5+ years in this very office.

The last five years have been life changing for me personally, to say the least. I came here just looking for a job, and found a career I love. This organization gave me a chance to succeed beyond my wildest expectations. My gratitude for this opportunity is profound.

And now the wrecking ball is about to descend on this place I love. Soon, where I sit writing this article will be a parking lot. Soon we will all be occupying a new home on Bendix Drive.



While I will miss this place, I look forward to all the advantages the new place has to offer.

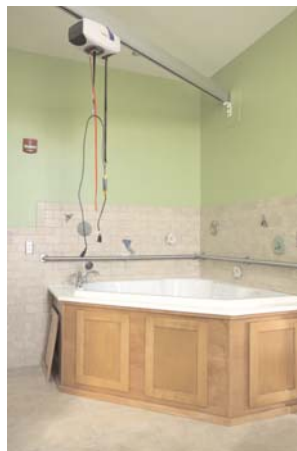
Mike

O'Hana House

Project manager: **Mike Hamilton**
Superintendent: **Kenny Dempsey**

More than 2,000 medically fragile children and their families reside in St. Joseph and its six surrounding counties. Medically fragile children are those whose survival depends upon constant, specialized care: a ventilator to help a child breathe or a feeding tube to enable a fragile infant to eat are two of many examples.

This 7,400 sq. ft. respite home will give parents a periodic break (up to several days) from the 24/7 demands of caregiving by offering a safe, comfortable place for their fragile children to stay. Licensed nurses will provide specialized care.



Paint factoid:

31 Flavors is our painting nickname for this colorful building - there are 31 different colors throughout the building.

Flooring Updates

Wow! What a spring we have had!!! Although summer is not much different! It seems as though we can never keep up with the demand, but always manage to succeed!

With four major projects going on at the same time plus all of the Notre Dame Summer work, the guys are really doing a stand up job! More now than ever, I have had to rely on the gentlemen in the field, and each and everyone of them have stood the test! For that I would like to thank each and everyone one of you.

Currently we have the ND Stinson-Remmick job being run very well by Mike Miller, the ND Geddes Hall project being put together by Andy Tropp, Memorial Hospital's great floors are by Ted Hodowaniec, the St. Joseph's MOB building was installed by Dave Dematteo, Bob Bragg is putting the ND Stadium Press areas back together, Dominic Casini is running all over campus, and Lance Willard is making sure each of those jobs has the correct materials as well as cleaning up. Now don't be mistaken, each of these jobs have had input by all of the others as well as 25 additional employees. We are a great team with efforts from all!

Summer is not over though! St. Mary's Madeleva Hall phase 2 starts up this week, Cavanaugh Hall hallways, Grace Hall 5th floor, continuing phases of Memorial, National Bank in Granger, plus all of the summer projects that Notre Dame has. All still need to be completed by summer's gracious exit.

Andy Chlupacek has been helping in the office with take-offs, submittals, National Bank, and a host of other things! Thank you!

So let's get the summer work complete so we can start the fall work that really does not seem to be any slower!

Thank you all so much for going above and beyond the call of duty, working many hours, long days, and stressful situations!

Let's stay cool and safe! Keep the team work alive! Your talents are much appreciated!

Sincerely,
Kevin



Press Box//Media room
University of Notre Dame



McKenna Hall

University of Notre Dame



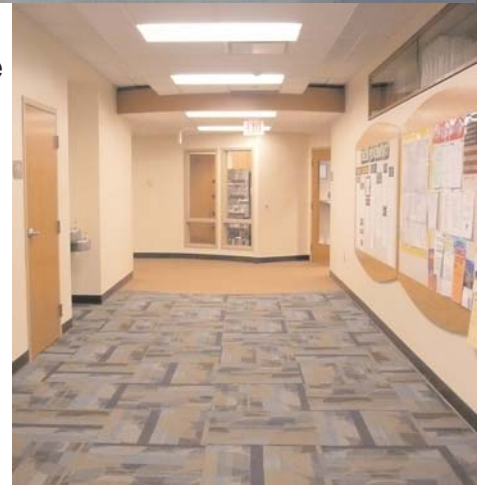
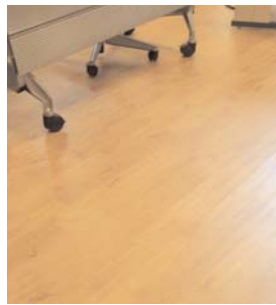
Flooring Updates



**Memorial Hospital / Surgery
Expansion Center**



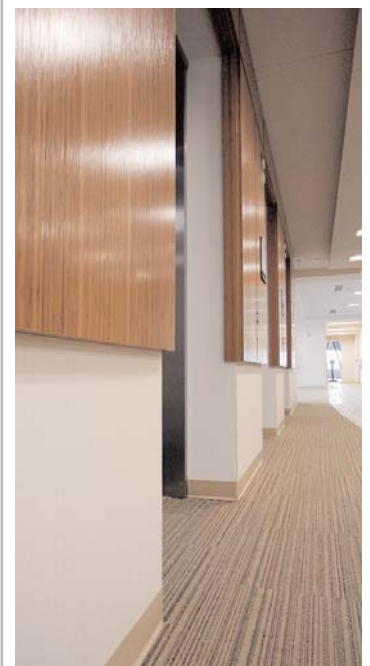
**Madeleva Hall
St. Mary's College
Phase I**



Geddes Hall / University of Notre Dame



**Stinson-Remick Hall
University of Notre Dame**



**New St. Joseph Hospital
Medical Office Bldg**

General Division Updates



O Hana House

Ben Ziolkowski: Project Manager **Keith Bope:** Superintendent



I U Cancer Research Center

University of Notre Dame **Bob Bash:** Project Manager
Matt Manikowski: Superintendent



SBO Building 3 - Michiana Rehab Hospital Mishawaka, IN

Project Manager: **Ben Ziolkowski** Superintendent: **Mark Brenner**

Breen Phillips Notre Dame Bathroom Renovation



Work in progress



Madeleva Hall
St. Mary's College

Geddys Hall
Notre Dame
Mark Brenner:
Superintendent
Jason Watts:
Project Manager



Demolition

John Colanese:
Superintendent

Ron Lockwood:
Project Manager



Concrete/sidewalks

In January, we noted that the General Division was weathering the current economic crisis with numerous projects. Based upon our exhausting summer work load this has held true, but late fall/winter is looking somewhat dimmer.

Our bidding schedule has remained constant, but so far we have not picked off any sizeable projects. The current market place has allured more bidders, inexperienced subcontractors/suppliers and lowered profit margins, which adds to the complexity of the bidding process. I would like to thank all of our estimators for their diligence and ungratifying efforts during these trying bid times.

Projects currently in progress are: Islamic Temple, IU Cancer Research Center, Notre Dame Breen Phillips, Zahm Hall Restroom Renovations, Memorial Hospital-Surgery Expansion, Multi-Venue Site Concrete, St. Mary's Madeleva Hall, South Bend Orthopedic-Building 3 and numerous Notre Dame summer projects.

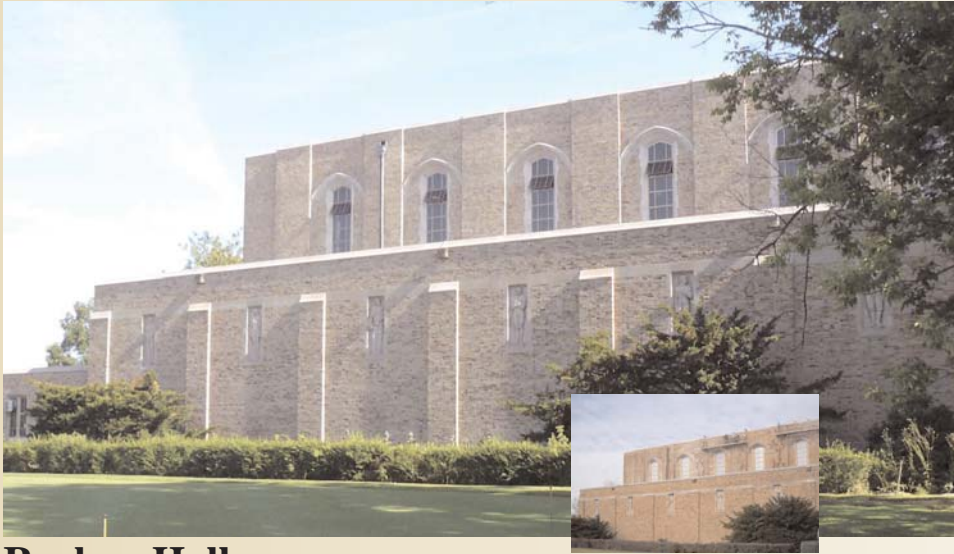
Those projects in their final stages are Geddes Hall-Concrete, Morgan School, Notre Dame Law-Concrete/Demolition, Purcell Pavilion at the Joyce Ctr.-Demolition, SJRMC-MOB and Women's Dorm Lounge Conversions.

Remember all project managers, superintendents and field workers, follow our Project Control Systems and we will survive these economic times.

Ron



Masonry Restoration Updates



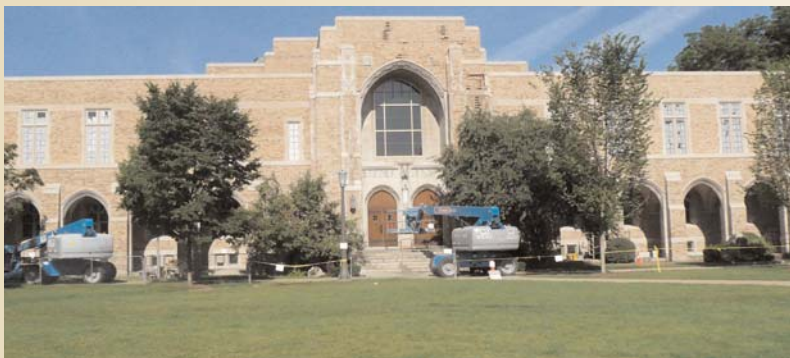
Our restoration crew has been working hard since May restoring this beautiful building back to its original glory. The process involves 100% restoration including complete chemical cleaning and waterproofing, necessary tuck pointing, caulking, and stone patch. It was also necessary to replace 4,000 bricks. Throughout the years the building had suffered atmospheric conditions that warranted a thorough cleaning. The crew has done an excellent job and it shows in the results.

Another one of our masonry restoration employees working hard to keep our high standards in place is Clint Goble. He has done an outstanding job overseeing all of our Notre Dame restoration projects.

Rockne Hall

University of Notre Dame

Superintendent: **Steve Bryan** Project Manager: **Larry Balcerzak**



Masonry Division Updates



Vaughn Equestrian Center

Culver Academy, Culver, IN



If you get an opportunity to visit Culver Academy stop at the Equestrian building and look at the masonry work on the addition. The exterior is a perfect match to the old building. It is difficult, if not impossible, to separate new from old.

Dan Stephenson and crew did an outstanding job on the exterior as well as the all new block stalls on the interior. You simply can't beat quality or workmanship by true professionals.

The detail of the exterior arches which cantilevered out created a difficult on-site problem. The problem was resolved by prefabricating the arches in our shop in South Bend and then installing the arches at the site as one complete unit. This helped to insure both Quality and Labor savings.



Old Stalls



New Addition



Every phase and aspect of our business impacts the value of our brand to our customers so we must strive to fulfill every promise that we make to our customers, both internal and especially external. The worst thing we can do is overshoot a brand promise

ZCI FINANCES

The first two quarters of 2009 have been rather tough for Ziolkowski Construction, Inc., especially financially. Each of our divisions has experienced downward pressure on their margins which have caused a negative bottom line impact deteriorating our profitability appreciably. The profitability pressure has obviously been felt by our competition as well, as they see their backlog dwindle causing them to decrease the amount of profit they bid their projects with. We are seeing lower and lower bids

on each new project and there are more bidders for the decreasing number of projects.

We have been very fortunate to maintain a very good backlog, especially in the general division where we have a number of larger projects under way. I suspect that the positive brand (see above) that we have generated over the years has contributed positively to this. We must continue to work on productivity and performance to maintain our ability to be competitive in the bidding arena, thereby, insuring that there will be buildings for us to build and remodel in the future.



Safety News

by James Keldsen

Scaffold Plank

Two IOSHA compliance officers recently inspected one of our job sites. Overall, the inspection went well, however they did allege that several of the scaffold plank on site were damaged. The officers believed that the plank should not have been in use.

Ziolkowski Construction, Inc believes in providing our workforce with the proper equipment to maintain safe and productive job sites. We purchase Scaffold Grade Planking that conforms to all applicable OSHA standards. However, through daily use it wears out and eventually becomes unusable. Through internal safety audits, employee education, and our scaffold erectors, we strive to replace plank whenever it reaches the point where it is no longer safe to use.

All employees that use plank, not just the erectors, have an obligation to remove damaged plank from service. If you see any planking that is questionable, immediately report it to the site scaffolding competent person or your foreman.

Scaffold guidelines are provided on each job site as appropriate, but the following are key points to watch for. Scaffold Grade Plank is stamped as such on its side. Do not use boards that are not so stamped. Planks must be visually inspected before each use. Check for end splits that extend completely through the plank from top to bottom (Refer to site Scaffold Plank Inspection Checklist for what is/is not acceptable.) Check for saw kerfs on top and bottom and remove plank from service if found. Watch for loose knots. Inspect for contamination by caustic chemicals, or excessive exposure to water. Planks allowed to lie in water will rot and fail prematurely. Planks used as mudsills cannot be returned to scaffold use. Look for damage from forklifts, or other equipment and pay particular attention for damage to sides of plank or edge splits.

Always refer to the scaffold and plank information on the job site and the OSHA regulations for more detailed information.

If you are unsure of whether or not a plank is acceptable for use, remove it from service, mark it "Do Not Use," and replace it. Orange spray paint on the plank is our means of marking plank that are no longer acceptable for use on scaffolding. Safety is everyone's responsibility.



We would like to welcome Bob Bash to Ziolkowski Construction as a project manager/estimator in the General Division. Bob has 31 years of experience in the construction business and is a graduate of Purdue University with a degree in Civil Engineering. Bob brings extensive knowledge and experience to our team. He is currently keeping busy managing the New IU Cancer Research Project.



Jennifer Schabbel started with ZCI last March, but has worked in the construction business since 1987. She brings a wealth of knowledge and experience to our company. Jennifer is an administrative assistant for the General Division, a key position for the growing amount of work involved in managing construction projects.

We are pleased to welcome Jennifer and Bob to our Ziolkowski team.



Eddy Street Commons
South Bend, IN