

Christ Church Cathedral Vestry Minutes
January 25, 2021
via Zoom

The Bishop of Tennessee has authorized virtual vestry meetings as a permissible substitute for in-person meetings at this time.

Vestry Members Present

Ken King (Senior Warden), Pete Stringer (Junior Warden), Win Bassett, Denise Bentley, John Bridges, Wyeth Burgess, Christina Callaway, Ben Fuqua, Becca Ingle, Jill Meese, Karmine Quiggle, Trone Sawyer, Brooks Smith, Varina Willse and Ellen Wright

Clergy Members Present

The Very Rev. Timothy Kimbrough, the Rev. Anna Russell Friedman, the Rev. Matthew Lewis, the Rev. Lissa Smith

Clergy Members Absent

The Ven. Roger Saterstrom

Others Present

Dale Maxfield (Treasurer), Mark McQueen, Caroline Rossini (Clerk)

Opening Prayer

Dean Kimbrough opened the meeting in prayer.

Approval of October Vestry Meeting Minute

The minutes from December's Vestry meeting were approved with amendment (Meese, Bridges).

Finance Committee Report

Financial Statements — Dale Maxfield presented the financial statements. The income statement was unanimously approved (Stringer, King). Dale noted pledges were down only 3.7% and remarked that this was fairly remarkable considering the challenges of the past year. The balance sheet was also unanimously approved (Stringer, Wright). Of note, \$4.94M has been received to date for the capital campaign. This is more than half the total of \$9.4M in documented pledges.

Pledge Drive Update — As of January 7, the church had received 467 pledges for a total of \$1.96M pledged for 2021.

2021 Budget Discussion — The provisional budget approved by the Vestry in December was adopted without modification, thanks to the increase in recorded pledges after December's Vestry meeting. Dale reported that weekly offerings and contributions fell behind significantly in the spring, with the onset of the pandemic and restrictions on in-person gatherings. Since that time, however, online giving has picked up and even closed some of the gap that was created in the spring.

2020 Budget Surplus — Christ Church Cathedral finished the 2020 year with a \$58,104 budget surplus. The finance committee is recommending to the vestry that \$13,000 of the budget surplus be assigned to the Grants committee to make up for a decline in funds for Outreach from the 2021 budget due to the decline in pledges. The finance committee recommends the remaining budget surplus of \$45,104 be put into the Capital Campaign. The motion to act on the Finance Committee's recommendations (Wright, King) passed unanimously.

Curate — The finance committee supported the Dean's proposal that the Curacy program at Christ Church Cathedral be renewed during the calendar year 2021. Analysis of the Opportunity Fund's commitments suggest that it can afford a \$10,000 stipend for quarter-time Curate through the end of December 2021. Madeleine Rebouche served as our seminarian this summer. She is being ordained to the priesthood this weekend and would serve as Curate for a full year. The motion to approve the Finance Committee's recommendation (Stringer, Bridges) passed unanimously.

SBA PPP Loan — The funds for the SBA PPP loan were spent during the second quarter of 2020 in strict accordance with guidelines that accompanied the loan (staff salaries, utilities, and insurance). Out of an abundance of caution, the Finance committee set aside funds from Cash Reserves to repay the loan should the SBA guidelines change or the Cathedral be disqualified from eligibility for loan forgiveness. The balance sheet will be adjusted to reflect PPP loan forgiveness or repayment once the process is finalized. Dale Maxfield and Pete Stringer discussed the possibility of applying for a second-round PPP loan and determined that Christ Church does not qualify.

Capital Campaign Update

Pledges and contributions are just under \$9.5M, and the proposed cost of the project as currently conceived is about \$17.5M. Proceeds from the ground lease could fund a \$6M loan, leaving a gap of about \$2.5M in funding for the project.

Vestry Retreat discussion

Our normal vestry retreat will not happen this year, due to public health concerns. The new

Vestry members will have an orientation (on Zoom) next week and will join our next regular Vestry meeting in February.

Building Committee Report

The Building Committee shared the attached Memo about the current status of the project.

Annual Parish Meeting

Dean Kimbrough will address the congregation during 9 a.m. worship (on YouTube). At 10:15, a composite video report will premier on YouTube, highlighting both new ministries and some review of the past year. At 11:00, there will be an opportunity (on Zoom) for individuals to ask questions, offer words of encouragement, or provide other feedback. The Parish Meeting was officially opened last Sunday.

Vestry Election Procedures Update

So far, about 195 votes have been cast online. Ballots are being reviewed for both voter eligibility and ballot integrity (only one ballot per person; exactly 5 votes; etc.). Nearly all feedback about the process so far has been positive. Additional reminders will be sent out in the coming days about the Parish Meeting and Vestry Elections.

Vestry Officers Election

Pete Stringer was elected to serve as Senior Warden (Rossini, Fuqua). Varina Willse was elected to serve as Junior Warden (King, Burgess). Caroline Rossini was elected to serve as Clerk (King, Willse). Dale Maxfield was elected to serve as Treasurer (King, Meese).

Isaac Project Report

Win Bassett reported that Janice Malcolm and Melinda Balser will join him for the first stage of this work. Fletch Coke agreed to serve as an advisor. A clergy consultant may be added as well. The group has contacted several other individuals with relevant expertise and most have responded and agreed to help. Janice and Melinda have begun reading Vestry Minutes that have not been covered by vestry members. Win is reading the written history of Christ Church Cathedral's first 100 years.

Scarritt-Bennett is hosting a White Co-Conspirator Summit on March 19-20. The summit is specifically targeting white people in white spaces who want to take a more active role in dismantling white supremacy and racism. Speakers include Jim Wallis, Nadia Bolz-Weber, Hannah Adair Bonner (the preacher who led the #WhatHappenedtoSandraBland protests), and six additional faith and community leaders who will offer workshops across the summit. Dean Kimbrough was approached about co-sponsoring the event, and several vestry members spoke

in support of his doing so.

Diocesan Convention Update

The resolution (anti-racism training for all church leaders) Christ Church sponsored at Diocesan Convention received considerable interest and discussion. The Convention affirmed a need for this and charged the Beloved Community to develop a plan for rollout that would be reported to next year's convention and acted on by next year's convention.

Next year's convention is scheduled to take place at St. George's Episcopal Church, Nashville.

Appointments/Elections at the 2021 Convention involving Christ Church Cathedral membership include:

- Rob Barrick: St. Mary's Sewanee Diocesan Representative
- Sam Bessey: Disciplinary Board, member; Dandridge Trust Board, member
- Alison Bocking: Youth Steering Committee, member
- Fletch Coke: Architectural Committee, member
- Jean Jackson: St. Mary's Sewanee Diocesan Representative
- Timothy Kimbrough: Convention Committee on General Resolutions, co-chair; Board of Examining Chaplains, member; Chapter Chapter, co-chair
- Matthew Lewis: Convention Committee on Technology, member; Christian Formation Committee, member
- Morgan Merrill: St. Mary's Sewanee Diocesan Representative
- Ed Miller: University of the South, Trustee
- Jan Pate: St. Mary's Sewanee Diocesan Representative
- Caroline Rossini: Cathedral Chapter, member; DuBose Conference Center Diocesan Representative
- Roger Saterstrom: Archdeacon, Diocese of Tennessee; Convention Committee on Technology; Vocational Diaconate Committee, chair; Dandridge Trust Board, member; Safeguarding God's Children, member; Commission on Ministry, member
- Lissa Smith: Standing Committee, member
- Pete Stringer: Treasurer, Diocese of Tennessee; Convention Committee on the Budget, chair; Bishop & Council, ex officio; Cathedral Chapter, member; Finance & Property Committee, member; University of the South, trustee; Episcopal Endowment Corporation, member
- Trey Talley: Episcopal Endowment Corporation, member
- Thor Urness: Standing Committee on Constitution and Canons, member

Dean's Report

Dean Kimbrough shared the happy news received last week that Mary McCarthy (diaconate), Brooks Smith (diaconate), and David Nichols (priesthood) all received admission to postulancy.

The other clergy present were then invited to share updates. The Rev. Lissa Smith announced a new P.O.D. series will be launching in Lent. The Rev. Anna Russell Friedman shared that the 3rd- and 4th-graders are providing lunch and dinner for Room In The Inn guests this week. The Rev. Matthew Lewis shared that the Sacred Ground film series on race and justice is in its third week, and that it, along with Journey in Faith, are going well.

Dean Kimbrough offered words of gratitude for the members of the outgoing class: Wyeth, Becca, Win, Trone, and Ken.

At the November meeting, several vestry members volunteered to read a decade's worth of vestry minutes from the archives, and a few members of the retiring vestry class shared their impressions and observations from their assigned reading.

Next Meeting and Adjournment

The next meeting of the Vestry will be Monday, February 22 at 5:30 p.m, on Zoom.

There being no further business to consider, the meeting was adjourned.

Respectfully submitted,
Caroline Rossini, Clerk

Appendix 1: Building Committee Memorandum

MEMORANDUM

From: Christ Church Cathedral Building Committee Chairman

To: Christ Church Cathedral Vestry, Clergy and Capital Campaign Chairs

Date: September 25, 2020

Re: Status of Building Project In Terms Of Cost Estimates Versus Revenue and Timeline

This memorandum is intended to update the Christ Church Cathedral (“CCC”) Vestry, Clergy and Capital Campaign leadership regarding the current status of the Building Project described to the parish at the last Parish Meeting January 26, 2020 and the Vestry meeting that preceded that meeting.

The COVID-19 pandemic has not delayed the work of the Building Committee itself despite the fact that it has not met for several months. As is set forth below, even before the onset of the COVID-19 Pandemic, the Building Committee did not anticipate a need for design drawings until next summer, so there was no pressing need for any activity over this past summer.

The onset of the COVID-19 pandemic has affected this project (a) to the extent that funding construction costs is currently dependent on revenue from the Lots C and D Ground Lease to HRI to fund the project and construction commencement is tied to having funds on hand for construction, and (b) to the extent that construction costs are affected by changes to the local and national economy, which is currently difficult to predict.

BRIEF HISTORY OF REVISED SCHEME A

At the January 26, 2020 Parish Meeting the Building Committee showed the Parish what we have described as Revised Scheme A (the “Building Project”) prepared by our architects, EOA, which entails (a) a new two story building that will be located on the site currently occupied by the current annex a/k/a bank building and connected to the exiting main building with a vestibule and (b) renovations to the existing non worship space in the main building.

Revised Scheme A is a revision to what was presented to the Parish in September 2019 as proposed Scheme A, which was presented with a Scheme B (a new building in Lot A) and Scheme C (re-use of the annex/bank building). As originally envisioned, Scheme A was going to have a parking deck under the new building and a second floor over the main floor. Based on

the presentation of Scheme A to the Parish and Vestry in September of 2019, it became apparent that this plan was the preferred to other alternative plans presented.

From September 2019 to February 2020, the Building Committee met with EOA to reduce the cost of Scheme A, which resulted in Revised Scheme A. Costs were reduced by shortening the new building, eliminating the parking deck and moving classrooms to the space originally planned for underside parking, and reducing the scope of renovations to the existing building, including the space currently used for children's classrooms and Cheek Hall. Additionally, Revised Scheme A was further modified by lowering the pitch of the roof line to cut costs

The Building Committee and EOA discussed whether further cost cuts could be made to the project, which included further reductions to the size of the new building, eliminating the vestibule that connects the new building to the existing building, and further reducing or eliminating renovations to the existing building. The Building Committee and EOA also discussed the concept of ensuring that the design had long term value insofar as some cuts may present a short term benefit of reducing costs but disproportionately lessen the value of the new building and renovation over the long term, particularly if they did not allow for future expansion and/or would result in a building project that lacked enthusiasm by the Parish as a whole.

Thus, the currently planned Building Project represents the Building Committee and EOA's best efforts to meet projected CCC programming needs at the lowest cost but keeping in mind long term value to CCC for the future. For this reason the Building Committee has recommended this design scheme with the understanding that additional funds will need to be raised.

As of March 2020, the Building Committee understood that the Vestry has authorized it to proceed with Revised Scheme A with the understanding that we estimate that the current cost estimate exceeds the current anticipated revenue as set forth below.

Below is a summary analysis of (a) the estimated cost of the Building Project versus projected funds available and (b) the estimated timeline for a project start and completion.

I. COSTS VERSUS FUNDS AVAILABLE

As of the January 26, 2020 Parish Meeting, the Building Committee estimated that the cost for this project would be approximately \$17.5 million, which included \$14.8 million for construction costs and the remainder for related costs such as architects fees and expenses, site preparation, and contingency fees.

Given the current economic situation and uncertainties related to the COVID-19 pandemic, it would be difficult to give a more accurate cost estimate at this time. Thus, for the

time being the \$17.5 million estimate remains the best estimate of the Building Committee for cost of the Building Project.

With respect to funds available, the currently anticipated sources of funds are (a) Capital Campaign donations/bequests and (b) funds obtained by borrowing against income from a the Lots C and D Ground Lease to HRI. Accordingly, in February 2020 the Building Committee estimated that CCC could generate a total of \$15 million from these two sources, specifically \$9 million from Capital Campaign and \$6 million borrowed against the lease. The \$15 million revenue assumption relies on all pledges being paid in full and HRI proceeding to complete its project on Lots C and D.

It is the Building Committee's understanding that the current amount pledged to the Capital Campaign is approximately \$9 million. This was the number the Building Committee estimated as pledges in February 2020 based on projections by the Capital Campaign Committee at that time although it may have been close to but not at \$9 million in pledges at that time.

It us further the Building Committee's understanding that the Capital Campaign has also taken in approximately \$450,000 in additional funds from bequests and other sources. However, it has spent approximately \$500,000 to date on expenses, some of which are costs budgeted for by the Building Committee as its costs (e.g. architects fees).

The Finance Committee has estimated that Christ Church Cathedral could obtain a loan secured by revenue from the Lots C and D Ground Lease to HRI in the approximate amount of \$6 million. This assumption is subject to HRI completing construction and with the understanding that if HRI does proceed with construction that it is unlikely that a loan can be obtained until January 1, 2023.

For the purposes of further fundraising and current discussion, and considering that costs and revenue may change, it is fair to state that the cost of the Building Project still exceeds projected funds available by approximately \$2.5 million. Therefore, the Capital Campaign Committee and CCC leadership should continue to look for sources of funds to make up this difference.

II. TIMELINE

Without additional funds to make up the difference between the cost estimate for the Building Project and the amount currently projected as funds available as set forth above, the Building Project start date is driven by the need for the Lots C and D Ground Lease payment revenue and ability to monetize the ground lease. The Building Committee understands that CCC can likely borrow against the Lots C and D Ground Lease when full rent payments commence under the lease. However, there is a risk that between now and the end of 2021, HRI may elect to withdraw from proceeding with the Lots C and D Ground Lease, in which case we

will have to consider alternatives for generating revenue from Lots C and D (e.g. an outright sale of Lots C and D or an alternative ground lease tenant) and/or other sources of funds.

As of March 2020, based on prior draft of the Lots C and D Ground Lease and the projected commencement of full ground lease payments under that earlier draft, the Building Committee projected that the earliest start date for construction would be June 2022. Based on this projection, the Building Committee would not need to start construction drawings until June 2021, and construction would likely take 1.5 years.

According to the executed Lots C and D Ground Lease and assuming that HRI commences and completes construction, it is unlikely that CCC can monetize the lease until January 2023, which would appear to push the anticipated earliest start date and other dates referenced above back by six months from the previous estimate.

CONCLUSION

Based on the cost estimates and estimated revenue and estimated timeline set forth above, we are approximately \$2.5 million short of anticipated funds to complete the currently planned Building Project. However, we have over a year before we have to commence design drawings. In the meantime, the Capital Campaign Committee and CCC leadership can continue to try to raise additional funds, and if it becomes apparent that we cannot or should not embark on the currently planned Building Project, we can discuss further modifications to it at that time. However, as set forth above, the decision to proceed with Revised Scheme A was made because it has generally been agreed that any further reductions to the cost of the Building Project will result in not meeting anticipated programming needs and that it would be short sighted to not build something that would be of value to CCC for the long term.