



SAINT JOHN'S CATHEDRAL

Vestry Minutes

October 10, 2016

Attendees: David Abbott, David Barr, Andrew Britton, Neil Burris, Amy Davis, Tamra d'Estrée, Suni Devitt, Leigh Grinstead, Mary Frances Kelley, Tom Keyse, Mike McCall, Ned Rule, Jane Schumaker, Elizabeth Springer, Ron Pogue, Evelyn Hornaday, Charles LaFond, Becky Beall-Moore, Kim McPherson, Stephen Tappe

Absent: Jack Denman, Seth Reese

Guest: Bishop Robert O'Neill

Call to Order: 6:09 PM, Ron Pogue led the opening prayers.

Summary of Actions Taken and Consent Agenda Items:

- Approved the Denver Office of Economic Development Contract for the Learning Garden subject to the finalizing of the contracts with the OED, Denver Urban Gardens, and Metro Caring.
- Approved the proposed change to the Bylaws—see details below. This change must be submitted to the Bishop and Diocesan Chancellor for final approval. The change was submitted to the Bishop at the meeting.
- Approved the minutes of the September 12, 2016 Vestry meeting subject to inserting the latest revisions received on 10/10/18.

Update on the Dean Search: Tom Keyse reported that the time for submission of applications for the Dean's position has closed and that all submitted applications have been given the initial vetting. Skype interviews with candidates have begun and are ongoing with the goal of selecting around 5 candidates who will be visited at their current positions later this fall. The handoff meeting from the Search Interview Committee to the Vestry is scheduled for December 12th.

Update on the Saint Francis Center Apartments: Tom Keyse reported that the precise location of the additional two parking spaces, which we thought were resolved this past summer, are still undetermined. Alternatives to cutting into part of the Dominick Park's brickwork south of the fenced area are being sought, but may not be possible. If Dominick Park is affected, consent of the donor must be obtained. This is an extremely time-sensitive matter in order that final building permits can be issued and construction started. Tom Keyse, Dianne Barrett, and the Executive Committee hope to have resolution by the end of the week.

Bishop O'Neill thanked the Cathedral, the clergy, Steve Tappe and the choir, the acolytes, and everyone else involved for their assistance with the Diocesan Convention this past weekend and in particular for hosting the celebratory mass on Thursday evening. This was an important and inspiring event for the Diocese. Many in the Diocese have never been to the Cathedral and for



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those for which Thursday was the first time, this was a particularly inspiring service. For all participants, the music from the new antiphonal organ provided a new level of spirituality.

Bishop O'Neill distributed copies of the current issue of the *Colorado Episcopalian* and urged the Vestry to read his address to the Convention to get a sense of what is happening in the Diocese and the Cathedral's role in Diocesan life. He also thanked the Cathedral for providing his brother, who suffered from severe PTSD, with an apartment and the resident manager's position at the Kimberly Apartments for the past few years. The Bishop's brother passed away a couple of weeks ago. Aside from the O'Neill family's personal thanks, the Bishop pointed out that this is an example of the many ways, large and small, that the Cathedral's actions have a significant impact on people and their families and friends.

Action Items:

Denver Office of Economic Development (OED) Contract for the Learning Garden: The contract now specifies that all work must be completed by 12/31/17. The restrictive covenants were removed from the draft contract. The money for construction is currently structured as a loan that will be converted to a grant when construction is completed. As work is done, invoices for payment for the work will be submitted to the OED. Denver Urban Gardens will be the contractor for the construction. Metro Caring will administer the garden program as outlined in a Memorandum of Understanding. The ongoing costs to the Cathedral include water and garden maintenance (e.g. renewing pea gravel for the garden paths). During the grant period (mostly 2017), the Cathedral will also provide the time required for the paid staff to prepare and submit invoices. A volunteer will complete the monthly reports of progress to the OED during the grant period.

A motion was made, seconded, and unanimously approved to enter into the Denver Office of Economic Development Contract for the Learning Garden subject to the finalizing of the contracts with the OED, Denver Urban Gardens, and Metro Caring.

Extension of Current Vestry Member Terms: A motion was made, seconded, and unanimously approved to approve the following resolution:

Section 4.4 (Tenure), Subsection (c), shall be amended and restated to read as follows:
"Terms of office stated in years in these Bylaws shall be measured by treating the intervals between the annual meetings of the Members as "years;" provided, however, that whenever the office of the Dean is vacant, the conclusion of the terms of office of any out-going Vestry members may be extended, and the commencement of the terms of office of any newly-elected Vestry members may be delayed, by up to the lesser of six (6) months or until the date on which a new Dean accepts his or her election as Dean, in order to allow the Vestry to complete the process of nominating and electing a new Dean in accordance with Section 7 .2(a) of these Bylaws."

A copy of the current bylaws is available on the Cathedral's website.
[http://www.sjcathedral.org/Portals/O/SJC%20Bylaws%20March%202020 13 .pdf](http://www.sjcathedral.org/Portals/O/SJC%20Bylaws%20March%202020%2013.pdf)



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Deferred Maintenance Projects: Andrew Britton, Mary Frances Kelley, and Suni Devitt led a high-level recap and discussion on how to fund deferred maintenance projects and how to repay the debt owed by the Cathedral. The deferred maintenance has reached a critical status with total costs estimated by Suni in the \$1.6 million–\$2 million range over the next 18–24 mos. For planning purposes at this time, we are using \$2 million until we get actual estimates. This includes the \$255,000 in repairs approved last month by Vestry. The total amount of debt on the line of credit is projected to be approximately \$2 million by year end.

Continuing the process begun by Vestry begun in 2015 and accelerated in 2016 to address expenses, reduces costs, and increase revenue, the primary focus is to get the overall operating deficit reduced to break-even and ultimately a surplus. It is difficult to consider repaying the debt when we are still losing money, which increases the debt. As directed by the Vestry at the June meeting, the deficit for 2017 is to be no more than a loss of \$100,000 and prayerfully better with a break even budget. Then 2018 will be a surplus budget. This is a big step from the \$800,000 loss budgeted for this year.

With such large numbers (approximately \$4 million in total), it is a complex issue and there are a number of solutions to consider. These include the most financial prudent manner to handle with integrity and to build for the long time success of SJC. The Finance Committee, the Investment Committee, the Senior Warden, the Dean, the Canon Steward, and the Cathedral Administrator are working together on various proposals and will present them to the Vestry. The Investment Committee is discussing options at its November meeting. The Finance Committee did so in September and will continue to do so in October's meeting. Ideally the proposal will be made at the November Vestry meeting or an update in November and the proposal in December.

While there are several scenarios, most include some level of a one-time additional draw from the Endowment Fund along with some form of capital campaign. It should be noted if there is an additional draw on the Endowment Fund for \$2 million, that will result in the normal 5% draw being reduced by around \$100,000, a further significant hit to the operating budget. The updated policies approved by Vestry this year for the Endowment Fund purposefully require a thorough detailed process to obtain authorization for an additional endowment draw (beyond the 5% budgeted draw), a deliberate process designed to lessen its use as an option. This includes multiple meetings, reports from the Finance and Investment Committees, and notification to the congregation.

The consensus of the Vestry is agreement that we cannot continue on the current path. The deficit must be reduced, the repairs made, the debt repaid, and the budget must operate with a surplus. Also, as we began in our 2016 budget, we must rebuild our maintenance reserves. Further, the issue must be addressed before a new Dean is called.



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There also was discussion about the long term goal to lessen reliance on the endowment for operating funds (*i.e.* reduce the 5% draw for operating budget) and allow it to be used for buildings, maintenance, and mission. This concept is to be included in discussion/proposal that will be brought back to Vestry for consideration. Given changes in the markets, it is also prudent to discuss a reduced draw of less than 5%. Possibly consider a reduction of 0.1%–0.25% each year to step down from 5% to a more realistic long term goal of 4%.

We all agree that the momentum is positive at the Cathedral and excitement is building again.

Interim Dean's Update: Ron Pogue reported that progress continues to be made in staff relationships and trust among the staff is increasing. He has observed a very upbeat feeling in the congregation regarding the stewardship campaign.

Stewardship: Charles LaFond reported on the results of the first two weeks of this year's campaign.

- 67% of the pledges received to date are for increased amounts for a total pledge increase of \$251,385 compared with last year's increase of \$112,182 over the same period.
- 35% of the pledge goal has been raised in two weeks
- Encouraging as these results are, results for the whole campaign will not match these two weeks.

Buildings & Grounds: Suni Devitt reported that:

- A new boiler is scheduled be installed October 18th.
- Tuck pointing: has commenced; phase 1 is complete along with one buttress column; work will continue weather permitting.
- Stained glass: working to coordinate with the vendor.
- Parish Building Elevator: a 3rd bid for repair work has been received and a contract will be completed in a week or so.
- Madison Street house: a re-inspection of the roof indicates that hail damage exists and the insurance company will be contacted.
- Cathedral roof: The Landmark Commission approved the Cathedral's request to use a steel-based roof on the Cathedral and other long-lasting replacements for slate on the Parish and Roberts Buildings.
- LED lighting in the Cathedral: the lighting needs in the Cathedral and how best to achieve desired results is being studied. This past Saturday, many of the light bulbs in the Parish Hall and elsewhere were replaced. Additional replacements will occur in the future.
- Security: this past Wednesday, Oct. 5th, a purse was stolen but our off-duty police officer caught the thief and recovered the purse.

Gifts and Planning Processes Update: Neil Burris reported that he and Charles were making progress.

Nominating Committee: Amy Davis reported that the Nominating Committee's members are David Abbott, Tamra d'Estrée, and Mike McCall, the retiring Vestry members. Jack Denman is



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considering running again. A number of names of potential candidates have been collected and more will be sought. A recommendation was made that a description of a Vestry member's duties and responsibilities be sent to all potential nominees.

Grants Committee: Amy Davis reported that while she has some committee members from last year, she would like to initiate a process of staggered terms to bring on new members. Grants this year will focus on organizations serving the hungry and homeless.

Clergy/Staff Reports

Evelyn Hornaday stated that in 5 weeks, she has found the SJC community to be a very holy place/group of those who are seeking, have found, and are sharing their faith in ways that are spiritual at their core. Things are done not for the recognition of the doing but because they need doing. She is excited that in this position she can be a priest, not an administrator, which is a real gift for her.

Stephen Tappe said that he has been blown away by the antiphonal organ's contribution to music now and for years to come. He thanked the Vestry and others who made the completion of the antiphonal organ and refurbishment of the main organ possible.

Kim McPherson reported that she has been approached by the Diocese to combine Cathedral camp with diocesan camp. While various details remain to be worked out, a main point in favor of the merger would be in allowing counselors, particularly older counselors to be paid and to work as counselors for a longer period.

Treasurer's Report: Mary Frances Kelley noted that we are behind on the budgeting process this year. The staff has been provided with a flat budget for their area of responsibility (excepting salary and health benefit increases) and has been asked to prioritize programs so that cuts can be identified if needed. The Audit has been completed and the auditors will meet with the Finance Committee and then with Vestry on December 5th.

Personnel Committee Report: Jane Schumaker gave a verbal report because her written report didn't make it into the Vestry Packet for September; the written report was distributed to the Vestry on October 11th. The focus for the past month has been to (1) complete work on the employee handbook, (2) we are still waiting for the health benefits costs for 2017 from the Diocese, and (3) looking at how to properly deal with one or two staff members whose working hours are approaching levels at which overtime pay would be due. Rescheduling and other possibilities are being considered.

Future Vestry Meetings:

- Saturday, October 29th, all day, Vestry retreat; location to be determined Monday, November 14th, regular Vestry meeting
- Monday, December 5th: Vestry business meeting; meet with Auditors and 2017 budget approval



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- Monday, December 12th handoff meeting from the Search Interview Committee.

Consent Agenda:

- Approved the minutes of the September 12, 2016 Vestry meeting subject to inserting the latest revisions received on 10/10/18.

Closing Prayer: Evelyn Hornaday

Adjourn: 9:05 PM to go into Executive Session