

**From the Moderator, Cissy Wolff**

**On April 18, 2021 Council will hold an informational meeting to update the congregation on potential buyers for our church property. It is important for the congregation to understand the many questions, issues, and perspectives that Council has discussed as we continue the work to determine our future .**

On January 20, 2021 the congregation of First Congregational Church gave approval for Council to begin the process of selling all or part of the real property of the church. This approval was given by 2/3 of the members casting a vote. Eighty two percent of all church members eligible to vote participated in this decision.

Council members have been evaluating potential buyers for our property. A committee is presently evaluating real estate brokers to help us through this process. Council has already met with entities that expressed interest in our property. These groups included the Salt Lake Redevelopment Agency, the Well church, and Ekklesia (the group presently renting space in our church). A future meeting is planned with Capital Church.

Each group was asked a similar set of questions worded to reflect their specific group. The questions included the following:

- Why does this property seem appropriate for your church?
- What type of changes do you anticipate you would need to make to the building? Does your church have a system in place for the care and maintenance of this building, especially in terms of the HVAC system?
- Describe how the building is used by your church during the week and on Sundays.
- What would be the major steps in working with you—from initial conversation to you moving in? What would be your rough timeline for purchasing the property? What would you first need from the church to move forward? At what point would we need to vacate the building?
- Our church has a desire to have this building remain a church and maintain the sanctuary to preserve the stained glass and organ. Is there a risk, after we sell the property to you specifically to preserve the building, that the structure no longer meets your needs and you make other plans such as tearing down the sanctuary or selling and moving? How does your congregation make those decisions?
- What are the range of options for sharing the building with you from Sunday services only to use throughout the week?
- As churches we are both keenly aware of our responsibility to use God's resources well. What do you see as the advantages of selling to you as a church as compared to partnering with the city or a developer to build, say, affordable housing?
- What range of value do you associate with this property? Have you thought of some terms and conditions you would need relative to a sale?
- What questions do you have for us?

Council members and committee members have provided written information about potential buyers for our property and about financial considerations that may influence our decisions. You should receive this information via email. All the information is also available on our website. Please read through this information carefully prior to the meeting.

During the informational meeting on April 18, various Council members will serve on a panel to verbally report on the highlights of these meetings. They may also present their views and perspectives about the potential buyers. After all the presentations are made, other Council members may share their views and perspectives. There will be a time for questions and comments from the congregation. The entire meeting is expected to last about one hour.

Please plan to attend this very important meeting immediately after church on April 18. Council members are very anxious to share the multitude of discussions and perspectives that have been so very challenging, difficult, thought provoking, and stimulating.

Please remember to wear your mask and to maintain appropriate social distancing during the meeting.

Hope to see you on Sunday.

From Carla McIntire:

April 10, 2021

Dear Members of the First Congregational Church,

During the process of determining if we wanted to take a vote on whether to sell our church last summer, we met with the pastor, Jason Parrish, and several other members from a non-denominational church called The Well. We gave them a tour of our facilities and they showed great interest in purchasing our property.

Jason and I kept in periodic touch and after we had voted to sell, I informed him that we had done so and asked if they were still interested in buying. Jason replied quickly and stated that “yes” they were very interested in purchasing our church. They had told me earlier that they

would be willing to let our congregation continue to be able to worship in the building after their purchase and Jason has since said that they would continue to do so.

The Well has approximately 1,500 members and, as I stated earlier, they are non-denominational. They have a church in Sandy where they have been meeting, but they would like to have another for their members who drive down from Park City, students from the U of U and other members who live in town. They love our location and our building. They plan to preserve the building and do some general upgrades on the children's play area outside, and add a chiller to air condition the building and general updates where needed.

They are affiliated with an Association of Related Churches. They strongly support women in leadership positions in their church and support Redemption House, which is for women who have been caught in sex-trafficking.

With the mean age of our aging population in our congregation being between 65 and 70 and not having seen any appreciable growth for many years, I do not foresee our congregation lasting for more than ten or twenty years. As sad as that is to say, it is probably our future. I believe that if we can sell the church, for somewhat less than a commercial developer would possibly offer, to The Well, that amount of money would allow us to continue on and lease space in our own church so that we have a "home" and also allow us to be able to do/support some projects in our community including setting up a trust for Camp Fellowship. On the other hand, if we decide to sell to some commercial investor, we may get more money, but our building, stain glass windows and organ will be torn down and we will be "homeless". Do we need more money if we're only going to be around for ten or twenty more years?

In addition, if we do decide to leave our building, we will have to lease space somewhere else (a theatre, a warehouse or possibly another church). We will have to remove a lot of things from our building (furniture, decorations, files of paperwork, kitchen supplies, office equipment, Camp Fellowship supplies, Christmas trees and decorations and a slew of other things). What do we do with them then? Do we rent storage space, sell everything, or what? It's a huge job that most of us older folks don't feel up to doing. It's possible that we will still have to move some of our things, but it's also possible that The Well will want to use/keep some of the things that are currently in the building.

As you can probably tell from what I have said so far, I am in favor of selling our building to another church rather than a commercial developer. I would like to see our church remain a place of worship. Being able to stay in our building would, in the long run, be much easier than trying to move everything and try to find somewhere else to land.

I have talked to several of my friends and they have wondered what will happen when they die. Will they be able to have a funeral and where will it be? They have been in this church for most of their lives and would like to leave this world in the place they have known and loved.

One last point. I believe it will be next to impossible to hire a new minister if we have no building. We're a very small congregation in the first place and then to be without a place to

worship, I cannot see who would want to come and lead us. I believe that is more important than getting more money.

I think that The Well could afford to buy our building and could allow us to continue in our building. (Sure, we probably would have to make some accommodations and meet in the afternoon or in the chapel, but that could work for us. We would have to play “second fiddle” in our church or if sharing with another church.) It would still allow us to have enough money to continue on as long as we can and do something good for our community and perhaps leave a legacy of some sort.

I hope you will give this serious consideration. To me it seems like a win-win solution.

Yours in Christian Love,  
Carla McIntire

From Tom Simons:

Hi All,

It has been brought to my attention that there are several amongst council and the congregation who have concerns about hiring a commercial realtor to represent us in the potential sale of our property. I wanted to address these concerns as best I can and try to explain why attempting to “go at it alone” is not in the best interest of our church.

The major concern I have been made aware of is that a commercial realtor may attempt to steer us to accept the highest offer in an attempt to maximize their commission. This is simply not how real estate works. When we engage a realtor or real estate team, we will be engaging in a contractual relationship with them in which they are legally obligated to represent our best interests. Realtors are required, by Utah law, to present all offers which they receive on our property in a timely manner. They are then contractually and legally obligated to assist us in pursuing whatever offer, if any, that we choose. Put very simply, our realtor/realtors would have

a fiduciary duty to assist us in pursuing whatever path we choose regardless of their own financial interest. Should they ever violate any of these obligations, we would have the ability to terminate our contract with them.

This leads me to my second point. Commercial real estate transactions are complex and complicated. Our realtor's main job would be to assure that our interests are maintained throughout the process. The vast majority of buyers would bring their own realtors to a transaction. While these realtors can assist with navigating the process, they owe us nothing, legally, but honesty and fair dealing. Our realtor, by contrast, would have a fiduciary duty to protect and represent our best interest. While I understand that this brings a cost, by protecting our interests in negotiations and throughout the process of the transaction, it has been my experience that transactions involving realtors actually increase the proceeds of the seller when compared to owners who represented themselves.

To attempt to navigate the complicated process of marketing, negotiating, and closing a commercial real estate transaction without the aid of a professional realtor would be an egregious mistake. There is no risk of a realtor steering us in to accepting something we are not interested in. We must, however, assure that our interests and priorities are well represented in this transaction. Hiring a real estate professional is the only way that we accomplish this. To choose to do otherwise is to expose ourselves to an unacceptable amount of risk as we undertake this tremendously difficult process.

Sincerely,  
Tom Simons

From Tom Simons:

Hello all,

To the council and congregation of First Congregational Church,

It has become increasingly clear in the last few years that our building is an unbearable fiscal and operational burden to our shrinking congregation. I remember participating in conversations about this issue throughout my time passing through the moderators' line. These conversations had clearly already been occurring for quite some time even then. Unfortunately, outside of an even more dire financial situation and despite recent motions and actions, I find that we have little more clarity or consensus now than we did then. If we are to ensure the survival and the legacy of First Congregational Church, we must act. The choice to further

debate and discuss this issue is to ensure the demise of our congregation and to jeopardize any kind of organized legacy. Both results are absolutely unacceptable and entirely preventable.

We have before us an opportunity to leverage the real property of First Congregational Church to assure our financial security AND to provide for a significant legacy. We have, for far to long, allowed our emotional and sentimental attachments to this structure to divide us and undermine all our attempts at progress. It is time to put these unproductive actions behind us and take decisive action to move forward.

That being said, I do understand that there are some other competing priorities. There are some very admirable efforts to try to convert our property in to one that could provide for social benefit, such as affordable housing. While I absolutely agree with the morals and ethics behind this course of action, I think we can provide for a broader reaching solution while also providing for our own financial security.

To that end, I submit the following proposal. For the purpose of this proposal, I will rely on the very realistic net revenue figure of \$5 million:

- I propose that we direct whichever realtor/broker we select to market our property to sellers who will utilize it for its highest and best use in order to generate a higher sale price.
- I propose that we set aside up to half of the proceeds to locate a new property, perform any necessary construction or renovations, and establish a trust for the care and maintenance of the property.
- I propose that we donate half of the remaining proceeds (\$1.25 million in this example) to Camp Fellowship. We can place stipulations for use such as scholarships, facility upgrades, etc.
- I propose that the remaining proceeds (\$1.25 million) be utilized for some type of humanitarian or social benefit. Some suggested causes could be: affordable housing, social justice, lay ministry training programs, etc. This could be accomplished through the creation of a trust or the financial support of some other designated institution(s).

This proposal would not only allow us to secure suitable facilities to continue our community of faith, but also provides for well-funded avenues to enhance two beneficial social causes well into the future. Bear in mind that the division of proceeds is entirely flexible and done more to illustrate the potential breadth of the impact we can have rather than providing any kind of fixed figure.

Beyond this proposal, the pandemic driven remote delivery of our worship services got me thinking. Our community and society have become increasingly familiar and reliant upon technology. This trend has been dramatically accelerated by the COVID pandemic.

Our search for a new location could allow us to harness this trend and increase our visibility and accessibility while reducing facility costs by selecting a building that would enable us to continue this remote delivery indefinitely. While making ourselves available remotely, our new facility should also still be large enough to accommodate any who would choose to attend in person as well as provide a venue for other social and community functions. This facility, however, could be considerably smaller than our current building while potentially still accommodating the installation of our organ and stained-glass window. Additionally, we could renovate an existing structure or build a new structure with advanced technology that would allow for streaming and other broadcasting of our services as well as including accommodations for those who are hard of hearing or have other access or functional needs. This approach could

even further reduce our facility costs and increase the portion of the proceeds that could be used to further our mission. Additionally, I believe that the ability of younger individuals and families to choose to attend from the comfort of their living room might just expand our ability to reach a younger crowd and grow our congregation.

While I understand the sacrifices that will need to be made to undertake this proposal, I believe it strikes a balance between our social duty as a faith-based organization and our need for self-preservation. Additionally, this has the potential to create a tremendous opportunity for us to innovate and grow our congregation within the confines of a financially secure facility and organization.

I am and have always been a proud member of First Congregational Church. Please join me in taking some bold and selfless action to assure the future and legacy of our proud church.

Respectfully,  
Tom Simons

From Paul Kelley:

### **Minimum Sales Price to support the continued operation of FCC**

I have been asked to provide an estimate of the sales proceeds net of associated costs that FCC would need to receive to provide a solid financial foundation to support the church in the future. The approach I have taken is to assume that the 2021-22 preliminary budget is a fair estimate of the average annual cost of operating the church as we are accustomed. From that figure (\$270,000) I have deducted buildings and grounds expenses and various other expenses that would not be part of on-going costs. Net operating expenses would be \$168,000. Employee compensation would account for of \$141,000. Since we would no longer own our building, we would need to rent space for worship. I assume we would rent a facility much smaller than our present building, one more in line with our congregation's size and limited use of the current facility. I assume we could do so for \$3,000 per month. Adding a rental expense to the \$168,000 figure raises the estimated total cost of to \$204,000 a year.

Where would the money come from to pay the church's expenses? Donations by members would help but cannot be counted on to cover the full amount. As attendance has fallen so has giving to the church. Donations over the past twelve months have totaled \$85,000. That level of giving is \$119,000 a year short of costs. For the church to continue as it has would require an annual cash infusion of \$119,000. The question is how much will we need to get from the sale of our property to provide that level of support year after year?

A crucial question that needs to be answered is how long we expect to be drawing on the invested proceeds of the sale: ten years? Twenty years? Longer? Any plan would need to account for the effect of inflation on expenses over time. Investments would need to be appropriately balanced with an eye towards growth as well as the need for liquidity to cover near term distributions.

The following table offers estimates of the size of initial investment we would need to cover the estimated \$119,000 shortfall based on our donations.

Ten-year survival: \$1,200,000

Twenty-year survival: \$2,000,000

Thirty plus-years survival: \$3,000,000

If one plans for lower donations, the expense gap invested sales proceeds need to plug rises as does the amount of initial investment. So, for example, annual donations of \$50,000 rather than \$85,000 change the initial investments to the following:

Ten-year survival: \$1,500,000

Twenty-year survival: \$2,600,000

Thirty plus-year survival: \$3,800,000

If the church plans to continue meeting after the property is sold, we will need to be mindful the relationship between what the church receives in any sale and the on-going future gap between donations and the cost of keeping the church going.

Paul Kelley

From Susan Olson:

Reasons to Sell to the Salt Lake City Redevelopment Agency (RDA)

We have learned that First Congregational Church sits on a very valuable piece of property. As we have now decided that we can no longer sustain the responsibilities of ownership, we have the opportunity to use the property to leave a lasting legacy and further Jesus' call to help those less fortunate than ourselves. Salt Lake City is having a huge boom in apartment building, but it has a drastic shortage of units affordable for lower-income residents. According to the "Dashboard" of the Salt Lake City Department of Housing and Neighborhood Development (<https://www.slc.gov/hand/housingplan/>),

nearly half of all renters in the city pay more than 30% of their entire income on housing and nearly a quarter pay more than 50%. The city reports as its greatest need 7,500 apartments affordable for renters earning \$20,000 or less per year.

The Salt Lake City Redevelopment Agency (RDA) is very interested in buying our property to develop affordable housing on it. Council already approved them to conduct a "fit study" of technical constraints on the property and draw a few preliminary designs to determine that they would be interested in purchasing the property. One reason for their enthusiasm is that the church is in a "high opportunity neighborhood." Research shows that children able to move where schools are better, crime and unemployment are lower, and there is less instability have better physical and mental health, educational outcomes, and higher incomes in their adult lives (Chetty, Hendren and Katz 2015 <https://www.aeaweb.org/articles?id=10.1257/aer.20150572> ;



Urban Institute 2021 <https://www.urban.org/research/publication/why-housing-matters-upward-mobility-evidence-and-indicators-practitioners-and-policymakers> ).

The Council has not discussed even a ballpark figure yet with RDA for what they might pay, but they hinted it could be near market rate. We know Salt Lake City has designated public funds specifically for developing affordable housing in high opportunity neighborhoods. In general terms, the amount of money we want to get for future church needs from the sale of the property would influence how deeply affordable the apartments would be—i.e., the income level of future residents eligible to live there.

The process would be that we would negotiate with RDA on a price and any specific terms we wanted, and then RDA would go through the 6- to 12-month process to rezone the property for residential use. RDA then would issue a Request For Proposals to housing developers to bid on buying the property and developing apartments consistent with our stipulations, as well as RDA's own, which include sustainability standards, public art, and high-quality building materials. The time when the church would need to vacate the building could be negotiated from as little as 4-5 months or up to 1-2 years.

The church could decide how much or how little it wanted to be involved in this process. We could just negotiate our sale to RDA and simply move away. On the other hand, we could choose to be involved in defining the project goals and even be represented on the panel that reviews proposals and chooses the developer. There is also the possibility of staying on the property. In the initial discussion leading up to the "fit study," Council asked RDA to include in the site designs the possibility of retaining the sanctuary on the property and of building a smaller, simple space for the church's use into the development. Some of us have since concluded that retaining the sanctuary is not practical because it is too big for us now, would require redoing all the utility infrastructure, and would reduce the amount we'd be paid for the property.

Being a church in a smaller space among the apartments would allow us, if we wanted, to have ongoing engagement with the residents and even to use FCC Trust money toward programming of benefit for them, since we would have minimal need for trust funds for property upkeep. If that sounds too ambitious, we would expect to at least arrange recognition for FCC's history and contributions through publicity at the time, a plaque on the property, and possibly the name of the apartment complex. If we wanted to have a space built into the development, we'd need to make that decision quite early in the process, as it affects the zoning category requested.

The Council has had a Zoom meeting with three representatives of RDA, including the head of the agency, and they were forthcoming about answering all our questions. The "fit study," their written answers to the questions we had posed before the meeting, and a copy of the slides they used at the meeting are posted with this statement on the church website [*give URL*]. The representatives of RDA are eager to hold another meeting with all interested members of the congregation and answer further questions anyone has.

Over 50 years ago FCC made a landmark contribution toward housing low-income members of the community when it joined other congregations to create Friendship Manor. One of few nonprofit, mixed-income senior apartments in the community, it is still going strong today. We can do it again and help families struggling to stay afloat in Salt Lake City's over-heated housing market. I can't think of a better legacy for us.

Susan Olson