



Church Renovation, Remodeling, Master Planning, Real Estate Transactions, & Construction

Requirements and Guidelines for Congregations

Episcopal Diocese of Texas

Version 8.0 – Revised w/ 2016 Canon Revisions: May 13, 2016

This document is designed to assist Vestries, Bishop’s Committees, Junior Wardens, and building committees in dealing with matters involving the real property, buildings and facilities, and financing in our congregations.

“Church Corp”

The Protestant Episcopal Church Council of the Diocese of Texas (see Exhibits ‘A’ and ‘B’) “Church Corp” is the entity that holds title to the real estate and buildings of the congregations of the Diocese.

Congregations must receive permission from Church Corp prior to: 1) major remodeling involving framing, changes to roof lines, electrical, or plumbing (regular maintenance such as replacing carpeting, painting, minor repairs, etc. is excepted); 2) repurposing existing space that involves changes to walls, plumbing or electrical work, or general construction; 3) installation, expansion, relocation of a new or existing cemetery, columbarium or similarly purposed space, or closing or moving a cemetery; 4) purchase, sale, or lease of land or buildings (including “modular” or manufactured buildings); 5) demolition of buildings; 6) leasing land or space to third parties; 7) new construction; or, 8) encumbering existing property (e.g. loans or other indebtedness, grants of right-of-way, easements, etc.)

Diocesan Resources

Bob Biehl

Treasurer of the Diocese – rbiehl@epicenter.org – (713) 353-2134

Bob is the primary contact for information or questions on bank financing, appropriate use and levels of debt, construction financing, budgeting and cash flow management, accounting and financial controls, financial reporting, and all other general questions around budgets, accounting, finance, and audits. He is your first report in the event of financial malfeasance. He is also the primary contact for questions about bylaws and incorporation, both of which must be reviewed by the Diocesan Chancellor and Bishop Diocesan before becoming effective.

David Fisher

Director of Foundations – dfisher@epicenter.org – (713) 353-2109

David is the staff executive for Church Corp, the Episcopal Foundation of Texas, the Quin Foundation, the Great Commission Foundation and the Episcopal Health Foundation. David is the primary contact for questions regarding the purchase or sale of land, columbaria and cemeteries, determining when you need to meet with Church Corp for approvals and permissions, the information required for Church Corp presentations, and getting on the agenda for a Church Corp meeting.

David is also your contact for planned giving information and the diocesan Participating Fund. The Participating Fund allows a congregation to invest major gifts, building funds, an endowment fund, or other longer-term investments through the Diocese. The trustees of Church Corp provide the fiduciary oversight of the management of the Participating Fund.

David is also your primary contact when you need to file a property/casualty insurance claim or have an incident that may result in a liability claim (other than Safeguarding issues which should be directed to the Safe Church Minister, the Rev. Carol Petty).

Bob Schorr

Manager of Church Plants and Strategic Development – bschorr@epicenter.org – (713) 353-2108

Bob is the primary initial contact when you begin to think about major repairs or renovations, expansion, land purchases and sales, master planning, new construction, and capital campaigns. He maintains a list of experienced architects, contractors, capital stewardship consultants, and communications consultants with demonstrated expertise in church work (as well as firms that he *would not* recommend). He can also provide guidance in the selection process, including structured interview questions for selecting these professionals. He can coach and advise throughout the process from initial discussions through construction and dedication. He provides construction project management for church plants and new construction at Mission congregations.

Bob can also assist if you have major issues with your facility, e.g. fire or water damage; mold; major mechanical failures; structural issues; or, need a recommendation for an engineer (structural, mechanical, environmental, lighting, sound, HVAC, civil, hydrologic, or forensic) or other vendors for particular maintenance or repair needs for your congregation.

Additionally, he is the primary governance consultant for vestries and Bishop's committees.

General Guidelines

Real Estate Transactions (purchases, sales, or gifts)

When consideration of the purchase, sale, or receipt of a gift of real estate first arises, the congregation should be in contact with the diocese. Each of these three types of transactions can involve both opportunities and liabilities that need to be addressed from the outset of negotiations and in the contract. Bob Schorr is the first level contact.

Because Church Corp is the seller/buyer/recipient of record, there are specific requirements and contract terms that need to be in the contract or gift document. In addition, there are conditions precedent to closing on a purchase or sale that must be included in the terms of the transaction. These include, but are not limited to, environmental assessment, limitations of liability, and for purchases of land, approvals from the local land use jurisdiction(s) to assure that the land can be used as intended by the congregation.

The congregation bears the usual and customary costs of buyer or seller (as the case may be) in these transactions, including legal fees.

Hiring Members of the Congregation

Congregations are most strongly discouraged from hiring, retaining, or contracting with members of the congregation for employment or professional services. The Diocese considers it a Conflict of Interest to hire an architect, contractor, capital stewardship consultant, subcontractor, supplier, or vendor who is a member of the congregation. This situation puts that individual's congregational relationship and membership at risk. It is virtually impossible to conduct an arm's length/independent third party relationship with a member of the congregation who is providing professional services for a fee or under a contract to the congregation. Disagreements related to the project can cause additional friction and can create division and discord within the congregation. Furthermore, if there is more than one professional in an area (e.g. architect, contractor) who is a member of the congregation, an internal selection cannot but appear to favor one over the other(s).

As a part of the documentation submitted to Church Corp, the congregation is required to disclose any such relationships or certify that none exist.

Project Financing

Large capital projects such as purchasing land or buildings, new construction, or major renovation and repurposing are exciting times, manifest the vision of the congregation, and inspire optimism, energy, and growth.

There are three primary funding sources for these projects:

- 1) Congregational Capital Campaign (over and above the annual operating ingathering).

Capital campaigns require the support of a professional consultant (see more on this beginning at Note 13 in the Timeline, below).

No large project should be undertaken without including the congregation – through a capital campaign – even if a significant portion of the project is financed through a major gift. It is important that the congregation understands the need for the work and be invested in supporting the project through the capital campaign. Even if the entire amount of the major focus of the project is funded through a gift, there are always other needs – deferred maintenance, aesthetic enhancements, improved curb appeal, or general improvements and upgrades – that can be included in the project and funded through a capital campaign.

Without including the congregation through a capital campaign, they may not understand why this project was done rather than something else; may come to think that their own stewardship is not important or not needed because somebody else will fund what we need; or come to assume or expect that someone else will step forward to fund future capital needs as well. In short, it would be a missed opportunity to teach the theology of stewardship, recognize and appreciate the abundance of God's blessings, respond with generosity, and demonstrate our gratitude to God.

- 2) Major Gifts – Undesignated, Designated, Planned Giving, and Bequests.

Designated gifts, regardless of source, need to be received carefully and subject to a Designated Gifts Policy developed and then updated regularly by the Vestry/Bishop's Committee. This policy includes a list of unmet needs identified by the leadership, rather than simply something someone wants to donate, but for which the church may not desire, need, or use. For the same reasons, the Designated Gifts Policy should also cover memorial gifts.

The Vestry/Bishop's Committee should also be thoughtful in receiving large undesignated gifts to assure the proper stewardship of such funds. A large gift that is simply spent on a wish list and then is gone may miss an opportunity to fund a major maintenance, outreach, or similar endowment fund that could provide for long-term financial stability and stewardship, or to make a foundational or transformational gift to a ministry for the congregation and better honor the donor(s).

Some designated gifts may require or could be used to establish an endowment fund where the principal is invested and the earnings provide a stream of revenues to support a particular ministry or program. Current generally accepted guidelines for endowments utilize a 12-quarter average to determine the value of the corpus and have a spending rate of between 3.5 – 5 percent. In addition, the corpus should be restricted (protected) so that only the earnings from the corpus are available for spending.

For these purposes, the Diocesan Participating Fund provides a low-cost option to invest the principal with professional fiduciary oversight and management through Church Corp. David Fisher can provide additional information (contact information above).

3) Debt from foundations or commercial banks.

The Crump Foundation offers a *post*-construction loan of up to \$500,000 at a two (2%) percent fixed interest rate on a twenty-year amortization. This loan is *only* for new construction – renovations, upgrades, major maintenance, etc. do not qualify. The Crump Foundation does not take any completion risk and the formal application is submitted after the new building is completed and the congregation receives a Certificate of Occupancy.

Congregations intending to utilize a Crump Foundation loan as a component of their project financing must, in their request for approval from Church Corp, demonstrate that they can service the construction-period financing for up to three years post-construction, prior to approval and receipt of a Crump loan. The uncertainty on the timing is due to a combination of the approval process, the timing of the application, and pre-existing commitments of available funds. David Fisher can provide further information on the Crump Foundation loan process.

Commercial bank loans are also available. Bob Biehl can recommend banks and advise on appropriate loan structures and terms.

Even if it is anticipated that the capital campaign and other sources will fully fund the project, most congregations will require a Construction Loan due to the timing of the receipts from the capital campaign and the timing of the construction. After construction, as the capital campaign receipts are received, the balance is paid off. As the owner of the property, the Diocese, through Church Corp, in many cases provides the security interest for the loan.

If the project anticipates financing through both longer-term debt and a Crump loan, please be aware the Crump Foundation requires a first lien deed of trust to secure their loan. This means that the bank will have to agree to subordinate its loan. This can be done, and the diocesan Treasurer can assist, but you should discuss this with your lender and include this provision in your loan commitment and documentation.

For congregations that need to borrow funds over and above the capital campaign receipts to fund a project, the Diocesan Treasurer has developed guidelines to determine appropriate debt loads (levels). In calculating your debt load, include current debt of all kinds (including revolving loans and Letters of Credit) and any planned debt related to the upcoming project (commercial bank, Crump, and/or private financing). The formula to determine debt load is:

$$\text{Annual Debt Service (principal and interest payments)} \div \text{Annual Operating Budget.}$$

Example: A church has existing debt and pays \$3,350 per month in principal and interest payments. The Church's annual Operating Budget is \$425,000. $\$3,350 \times 12 \text{ months} = \$40,200 \div \$425,000 = .0946$ or 9.5% of the Operating Budget.

Debt Load Guidelines and Limits:

Up to 10% = Acceptable debt level. Should be manageable without significant strain on ministries and programs

10% - 15% = Heavier debt load. Should be manageable with careful planning.

16% - 19% = Risky debt load. Staffing, programming, and maintenance needs will compete with – and often concede priority to – debt service in budget decisions, often negatively impacting congregational vitality and growth.

20% = Absolute upper limit. Negatively impacts staffing, programming and other ministries

An alternative to the 20% debt ratio upper limit is: Debt ≤ \$10,000 per pledging unit. If a parish school or preschool is financially involved in the project, the upper debt limit for the school is: ≤ \$10,000 per FTE (Full Time Equivalent) student. This means a preschool would consider a three mornings per week student as 0.3 FTE.

Congregations requesting approval of projects with a projected debt load in excess of 15% will need to substantiate their ability to service the debt (principal and interest) and still support the staffing, programming, and ministries needed to maintain and grow a healthy congregation.

Legacy and Sustainability

The Bishop's Committee or Vestry is encouraged to discuss the benefit of including practices of good stewardship and sustainability as components of the campaign. These practices may help strengthen stewardship generally, provide for the ongoing stewardship of the church campus, and can avoid special fundraisers in future years when major repairs are required.

Major Maintenance Endowment: It is common for schools, universities, hospitals, and other public and non-profit institutions to include an amount in the project budget that will become the corpus of a long term major maintenance endowment for the facilities. This is typically 10% of the final project cost (including the owner's Contingency Fund).

This perpetual endowment provides the funds for major maintenance over the life of the facility. Examples include replacement of the roof, repair or replacement of major electrical and mechanical systems (transformers, HVAC equipment), major updating of restrooms, lighting and sound systems, major kitchen equipment (dishwasher, range, oven, refrigeration), building code or life safety compliance, parking lot resurfacing and restriping, as well as interior and exterior painting, carpeting and other updating. It is not used for normal operating costs such as utilities, consumables (light bulbs, paper products, etc.), janitorial, minor plumbing and electrical repairs, carpet cleaning, and other regular maintenance and repairs.

A Maintenance Endowment recognizes that our church facilities are used and experience wear and tear similar to other commercial buildings and require regular updating to keep them looking attractive, safe, and serviceable for the mission of the church.

Including a Major Maintenance Endowment – or an additional contribution to cover the new facilities – helps keep the campaign focused both on building facilities for ministry and providing for the ongoing (vs. deferred) maintenance so that they continue to serve the congregation for generations to come.

The Diocesan Participating Fund is available for congregations for endowment funds and other longer term investments. It provides professional management at an attractive fee structure and is managed by the trustees of Church Corp. David Fisher can provide additional information on this fund.

Budgeting

In a major construction or renovation effort, the vision and desires of the congregation and its leadership are often greater than the financial resources available for the project. However, good stewardship – good *long-term stewardship* – and a successful building project can be enhanced by keeping a few principals in mind.

Furnishings

While the construction contract should include all finishes (carpet, wall coverings, flooring, etc.) and permanently installed items such as bookshelves, cabinets in a kitchen, workroom, or classroom, bathroom fixtures, etc. it will not include furnishings such as tables, chairs, file cabinets, and anything else that is not attached to the building. The Project Budget should include a line item for Furnishings.

Some items may be in the construction contract or listed under “Owner Installed Items”. This category can include things that the Building Committee has not finalized at the time of the contract or for which it wants to provide the sourcing, bidding, and installation. Examples include Dry Erase/white boards and TVs in classrooms, or appliances such as ice makers, refrigerators, freezers, etc.

When a budget is “tight”, furnishings can be deferred in the near term without compromising the size, scale, quality, energy efficiency, and other long-term benefits of the building.

Contingency Fund

No significant building project can anticipate, plan, and budget for all conditions and needs during the planning phase. Experience teaches us to anticipate some “surprises” during construction – almost all of which will have a cost associated with them. For example: discovering that the sewer line for the existing education building is actually *under* the new Mission Center that is under construction. This explains why you just filled the sewer with concrete when you poured the piers for the Mission Center – and need a fast reroute of the line to get the education building restrooms back in service.

In addition, there will be certain things that were not identified in the planning process that only become apparent and obvious during construction. Examples include small items such as a missing electrical outlet, issues related to tying into an existing building, identifying a better use for new found “dead space”, or realizing that, “This area is not as big as it looked on the drawings”, etc. All of these items can be addressed through a construction Change Order, at an additional cost to the project.

Thus, the congregation must include a Contingency Fund that is a percentage of the total project budget. A 10% contingency fund is recommended (calculated on the value of the construction costs + architectural and engineering fees, permits, etc.). It is important to note that this is separate and apart from any “contingency” or “contingency fund” line item that you may see in the contractor’s preliminary pricing or final contract. That is the *contractor’s contingency*. The Building Committee needs its own line item in its overall project budget.

At the end of the project, any remaining amount of the contingency fund can, with proper approval, be used for furnishings or deposited into a Building Fund as seed money for a future project.

Maintenance Endowment

See a discussion of a maintenance endowment above under Legacy and Sustainability.

Timeline

The following is a general outline of the major steps in the process – from initial discussions through dedication – for projects involving Master Planning, new construction, or major renovation. Even if your project is not all encompassing, you will be able to identify those aspects of the timeline that apply to your project.

Although not specifically included in the steps below, a comprehensive strategic communications plan is an important aspect of the overall process to demonstrate transparency, gain understanding and support for the project within the congregation, build momentum and enthusiasm leading up to the capital

campaign, support the capital campaign, and maintain interest and answer questions during construction.

- 1) Initial identification of need(s) surface(s) among the leadership and the Vestry/Bishop's Committee begins discussions.
- 2) Review and updating (if necessary) of the Vision Document (Core Values, Mission Statement, Vision Statement and action plans)
- 3) Determination by Vestry or Bishop's Committee to form a Building Committee to explore options, develop a new Master Plan, etc. Smaller projects involving only modifications to existing space or minor expansion may not be require a Master Plan, but the services of an architect likely will be.
 - a. Identify internal funding (within the congregation) for planning and initial design work
- 4) Contact Diocese for counsel and recommendation of architects, engineers, or other professionals.
- 5) Interview and select an architect.

It is important to use an architect on most projects, including interior remodeling, updating kitchen or office space, etc. These projects present an opportunity to not only accomplish the identified need, but to update the space to enhance its utility as well as aesthetics. In addition, a design professional will also look at opportunities for increasing energy efficiency and/or lowering operating costs.

Furthermore, even modest jobs are required to meet *current* Building Code, Life Safety (fire exits, signage, alarms, etc.), and ADA (Americans with Disabilities Act) accessibility requirements. Without the architect, some of these requirements may be missed in the planning and budgeting phase of the project. While this may be viewed as complicating the project or adding costs, it is important to remember the responsibility for good long-term stewardship and providing safe and accessible spaces for worship and ministry.

The individual or firm selected should be a registered professional architect, not a designer. On certain projects, however, some may choose to employ a designer for specific aspects of a project, e.g. liturgical, acoustical, educational/learning environments, who works in conjunction with the architect. The architect is ultimately responsible for the drawings.

- 6) Develop Plans or Master Plan.
 - a. If the scope of the work requires a Master Plan – or an update of a previous Master Plan – the architect will conduct the process. This usually requires about 4 months to complete, including specific opportunities for input from the congregation through focus groups, surveys, etc. This is the first step in building broad support for a project that requires a capital campaign to raise the necessary funds.
 - b. If the project scope is very clear and only requires design, engineering and construction drawings, the committee begins meeting with the architect to define the needs and scope of the project.
- 7) Adoption of Master Plan or approval of the preliminary design by the Vestry or Bishop's Committee.
- 8) Vestry or Bishop's Committee decision to proceed.

- a. For a Master Plan, the decision is to begin plans and feasibility study of “Phase I” (the project) of the Master Plan.
 - b. For a smaller project, the decision is to authorize the Building Committee and architect to begin detailed construction drawings.
- 9) *Informational meeting with Diocesan Resource Team (Biehl, Fisher, and Schorr) to review overall Project status and timeline, review congregational financial statements, identification of any issues and concerns, and requirements for, and the timing of, the Church Corp presentation.***
- 10) Engage architect to work with Building Committee on Schematic Design for the project.
 - 11) Engage general contractor. The current recommended practice is to select the contractor early in the design process – at the time you move from Master Plan to initial design (Schematic Design) of Phase I facilities. This establishes the team that will see you through construction. Having both architect and contractor at the table during the design phase provides perspective and input on options for materials, construction types and techniques, key material availability and delivery schedules, and preliminary pricing through the contractor and their sub-contractors.
 - 12) It is strongly recommend that each phase of new construction include significant refurbishing and/or upgrades to the existing facilities such as carpet, paint, modernizing restrooms, improving accessibility, updating lighting, etc. as well as “Curb Appeal” – items such as exterior painting, parking resurfacing and restriping, landscaping, exterior lighting, and signage. This helps us remember that we are stewards of all of God’s property and so that the bright new facilities are not located on a campus that is otherwise clearly in need of maintenance, repair, or updating.
 - 13) Finance Committee (Standing or Ad Hoc) begins developing Five Year Financial Plan and projections. In conversation with Diocese, they also assess the opportunity and capacity for debt financing (commercial banks, Crump loan) to support the cost of the project (discussed above). The five-year plan should also project membership and attendance, staffing needs, and other changes resulting from the project.
 - 14) Review Schematic Design and Preliminary Cost Estimate with Bishop’s Committee/Vestry for review and approval to continue with the next phase of the project – Design Detail.
 - 15) Capital Stewardship Consultant. No congregation should attempt to raise capital dollars without assistance from a profession firm or individual. It is critically important to the success of the project to secure sufficient funding without negatively impacting ongoing operating stewardship. A feasibility study/readiness assessment is usually the first step in preparing for a campaign (see 17, below).

While smaller congregations and campaigns may consider choosing not to do this initial study/assessment, the Diocese has resources for smaller congregations and projects, including the capital stewardship consultants of the Episcopal Church Foundation that can assist.

In addition to the capital stewardship consultant, it is important to have the campaign supported by a strategic communications consultant to assist in developing a comprehensive communications plan and provide quality video and print collateral materials. Some capital stewardship consulting firms have this capacity in house while others do not.

For some, this may seem like a lot of money to spend that is not directly related to constructing new facilities. However, years of experience have shown that conducting a professional and well

organized campaign with high quality communications yields significantly greater results – well beyond the cost of the campaign. Thus, greater funds are available to build and maintain facilities to support *the* mission and ministry of the congregation.

- 16) The Vestry appoints an ad hoc committee to interview and recommend a Capital Campaign Consulting firm. This *is not* the “Capital Campaign Committee”, but can and should include persons that the Rector and Vestry believe are mature disciples in terms of their giving and those whose gifts would be valuable for the campaign. Other skill/experience areas that would be helpful on the ad hoc committee include communications/marketing, finance, and stewardship. However, the selection and appointment of the members of the Capital Campaign Committee and their specific positions should be made after the consultant has been hired and has helped define the skills, expertise, organization and expectations of the Committee.
- 17) Feasibility Study/Readiness Assessment. The first step for the capital stewardship consultant is to review the Vision Document, plans for the new construction or renovation, and the congregation’s financial reports. Working with the Building Committee and Vestry/Bishop’s Committee, the consultant will develop a Case Statement for the campaign. They will then conduct a feasibility study, including personal interviews with some members of the congregation and a survey of all, to develop an estimate of the amount of funds that can be raised for the project. The specifics of this phase will vary slightly depending on the consultant you chose to engage.

As a rule of thumb, a healthy congregation can raise from 1 – 3 times (typically around 1.5 – 2.0) their current pledges plus identified regular giving (persons who do not sign a pledge card, but have an established giving pattern by check, envelope, or electronic giving). Congregations with strong operating stewardship and dynamic visions have been known to raise 2 – 5 times. The higher amounts are also related to the style of campaign and the firm selected (and at a higher cost).

- 18) Capital Campaign Committee. In consultation with the consultant, the Vestry/Bishop’s Committee appoints the Chair and members of the Capital Campaign Committee. The committee will work closely with, and under the guidance and direction of, the Consultant. It is common practice to conduct a joint capital and operating stewardship campaign in the fall. A well run campaign in a healthy congregation often results in both a successful capital campaign and a demonstrable step-rate increase in annual operating giving.
- 19) Vestry/Bishop’s Committee reviews Feasibility Study, Detailed Design and the updated Cost Estimate, and any identified need for debt capacity.
- 20) Vestry/Bishop’s Committee approves capital campaign goal (\$); authorizes Committee to proceed with campaign; and, provides guidance to building committee on project scope and budget.
- 21) Finance Committee begins negotiations with potential lenders for construction financing and (if approved by Vestry/Bishop’s Committee) long-term debt financing.
- 22) Building Committee works with architect and contractor to align design and cost estimate to approved project scope and budget. The committee and architect then move to develop Construction Drawings.
- 23) Capital campaign concluded. Vestry/Bishop’s Committee reviews campaign results, Finance Committee recommendations on financing (campaign proceeds and debt), and updated Project cost estimate.

- 24) Vestry/Bishop's Committee approves final project scope and budget.
- 25) Building Committee finalizes construction documents with architect and contractor.
- 26) File plans and construction drawings with TDLR (Texas Department of Licensing and Regulation) for ADA (Americans with Disabilities Act) compliance. ***All construction projects with an estimated cost of \$50,000 or more are required to file.***

The architect, interior designer, landscape architect, or engineer with overall responsibility for the design of a building or facility is responsible for making the filing in compliance with TDLR regulations. If your project does not have an architect of record, you should discuss with the project team who will take on responsibility for filing the project with TDLR

Exhibit 'C' – at the end of this document – includes selected applicable Sections of the Requirements, current as of May 2015, and are included for information only.

- 27) Contractor requests bids from subcontractors (to arrive shortly before Church Corp meeting). It is at this point that the competitive bidding occurs. The contractor will solicit bids from multiple subcontractors for each aspect of the project, e.g. framing, concrete, masonry, electrical, plumbing, roofing, millwork, hardware, etc.
- 28) Meeting with Church Corp to present recommendation and request approval. Presentation includes, but is not limited to, a review of Master Plan, design, scope, and cost for the project, five year financial projections including operating costs for new facilities, debt service, and capacity to meet the mission, ministry, programmatic, and staffing needs of a growing congregation.

Church Corp meets four times per year. Contact David Fisher for upcoming meeting dates, to discuss when your presentation will be ready, and to be scheduled on the agenda for a meeting.

- 29) Church Corp Approval. Once received, the Building and Finance Committees are ready to finalize financing and construction contracts.
- 30) Groundbreaking Service. (See Book of Occasional Services, page 214) The bishop, or a priest appointed by the bishop is the celebrant.
 - a. If the project involves repurposing space that was previously consecrated for sacred use – e.g. the current Nave is being repurposed to a Parish Hall and the project is to build a new Nave – the consecrated space must be secularized prior to commencing construction.
 - b. The Groundbreaking Service is both liturgical and ceremonial and occurs before the actual start of construction. This is a time of celebration, of sharing again the vision for ministry that this project represents, and for involving the local community in the growing life and ministry of the congregation. It is common to invite local elected officials, members of the school district or the principal of your neighboring school, clergy from nearby churches, and members of the Chamber of Commerce, nearby merchants, and the church's neighbors.
- 31) Construction begins. The Building Committee names a member of the committee to serve as Owner's Representative/Project Manager – the primary day-to-day contact with contractor's Site Superintendent, Project Manager, and the architect. The Building Committee remains ready to meet quickly, as needed, to address questions for clarification, contingencies, and change orders in order to keep project on schedule and on budget.

- 32) Construction Progress Meetings. Generally held on site every week or two with the Owner's Representative/Project Manager, Site Superintendent, contractor's Project Manager, architect, and members of the Building Committee as appropriate, available, and required. Generally, it is not necessary for the full committee to attend these meetings, but the Chair often does.
- 33) Regular Building Committee meetings continue. The Building Committee is active with the Architect reviewing Submittals from vendors and making final decisions on finishes (paint, floor covering, wall coverings, restroom tile, etc.).
- 34) Communication with the Congregation. For safety reasons, the site is not open to the building committee, church staff, or congregation except for pre-arranged supervised visits. However, it is important to keep the congregation informed. Regular updates to the congregation in weekly bulletins and newsletters, a construction section of the website, and the use of pre-positioned cameras can both document the project and allow the congregation to watch the progress.
- 35) Dedication Service. If the construction involves new worship space, a Bishop is present for the dedication and consecration of the new sacred space. For other spaces, the Bishop may also be present. The Rector or Vicar is encouraged to contact the Bishop's office well in advance to secure space on a bishop's calendar.

As a part of this service, it is appropriate for the Rector and Sr. Warden to recognize the members of the various committees who helped manage the process and make this day possible.

- 36) Community Open House. New facilities and an updated campus present a great opportunity for an Open House for your neighbors. A Sunday afternoon with activities for children, food and other refreshments, hosted tours, and other radical hospitality enables us to invite and welcome our neighbors and perhaps result in a little gentle evangelism.
- 37) Follow-on Capital Campaign. Evaluate the need – and the congregation's energy and readiness – for a follow-on campaign. Follow-on campaigns are not always appropriate, particularly if the congregation is smaller, has not grown substantially during the previous campaign, or if there is a feeling of 'capital campaign fatigue' in the congregation.

If the congregation will be carrying a substantial debt load following the end of the initial capital campaign payments (generally three years), it is important for the leadership to discuss the impact of the debt on the budget and the timing and readiness of the congregation for the next campaign. While an immediate follow-on may not be appropriate, neither is spending a large portion of the budget on long-term principal and interest payments that inhibit mission, ministry, programs and staffing year after year.

Thus, taking a break may be appropriate – but perhaps one of a planned and defined period – with a commitment to another campaign to pay down a significant portion of the principal on the debt. This campaign can also include enhancements or upgrades to existing facilities as well.

However, for healthy and growing congregations with additional facility needs and a clear desire to continue their growth, a follow-on campaign is an option. The most seamless process is a campaign that takes place during the final six months of the three-year payment period of the initial campaign.

The benefits of such a disciplined practice are:

- a. It avoids losing the momentum of the building and capital campaign and captures the organization and knowledge that is present in the congregation.

- b. It invites all those who joined the church since the last capital campaign – and who are enjoying and benefiting from the new facilities – to participate and contribute.
- c. Before donors to the first campaign finish their final pledge payment (typically 36 months), they are invited to continue to ‘Build the Kingdom’ in the next phase of the vision and mission of the congregation.

Determining which approach is the right one for your congregation is a local decision. The challenge in any organization is sustaining a clear vision, energy, and growth while not exhausting or discouraging the congregation. A capital and building campaign requires tremendous organization, energy, and effort to do well. A congregation’s ability to capture some of that energy in an immediate follow-on campaign – or a planned next campaign after a defined break – has its benefits.

While this document has addressed many of your questions, please don’t hesitate to contact Bob Biehl, David Fisher, or Bob Schorr if you have additional questions. Best wishes for a successful project!

Exhibit ‘A’
Constitution of the Episcopal Diocese of Texas
Article 9
PROPERTY

Section 9.1 *Title to Real Property*

The title to all real estate acquired for use of the Church in this diocese, including Parishes and Missions, as well as institutions of a diocesan character, shall be held subject to control of the Church in the Diocese of Texas acting by and through the Church Corporation known as “Protestant Episcopal Church Council of the Diocese of Texas”; provided, that (a) with consent of the Bishop, the Episcopal Foundation of Texas, The Bishop Quin Foundation, the Episcopal Health Foundation, and the Great Commission Foundation may each hold title to real property and may control, convey, and encumber such property without the consent, approval, or joinder of the Church Corporation, and (b) title to certain real property and related improvements, fixtures, appurtenances, and contract rights, as determined by the Church Corporation with the consent of the Bishop, may be held by and subject to the control of one or more separate Texas nonprofit corporations to be formed by the Diocese of Texas. Subject to the foregoing, all such property hereafter acquired for use of the Church in the Diocese, including Parishes and Missions, shall be vested in the Protestant Episcopal Church Council of the Diocese of Texas.

Section 9.2 *Diocesan Property*

Except as otherwise provided in Section 9.1, all property belonging to the Diocese, as such, shall be held in the name of the Church Corporation known as “Protestant Episcopal Church Council of the Diocese of Texas”; and no conveyance or encumbrance of any kind or character, unless it relates to property vested in the name of the Episcopal Foundation of Texas, The Bishop Quin Foundation, the Episcopal Health Foundation, or the Great Commission Foundation shall be valid unless executed by such corporation and as may otherwise be provided by the Canons of the Diocese. All permanent funds of the Diocese, except those funds held by the Episcopal Foundation of Texas, The Bishop Quin Foundation, the Episcopal Health Foundation, or the Great Commission Foundation shall be held and invested by the “Protestant Episcopal Church Council of the Diocese of Texas.”

EXHIBIT 'B'

Canons of the Diocese of Texas

Title II, Canon 5

PROPERTY AND LIABILITY INSURANCE

Section 5.1 Committee to Investigate Status and Report

At each Annual Council the Bishop shall appoint a Committee of three, whose duty it shall be to inquire into the status of property and liability insurance of each Diocesan entity, as defined in Title II.5. The Committee shall make an annual report to the Executive Board showing the amounts and kind of property and liability insurance carried by each such Diocesan entity with the recommendations of the Committee. The Executive Board shall have authority to require each Diocesan entity to obtain and maintain property and liability insurance with coverage and limits established by the Executive Board, which requirements may rely in part on the recommendations of the Committee.

Section 5.2 Liability Insurance

Absent express written exception by the Bishop, each Diocesan entity, as defined in Title II.5, shall be required to (a) have general liability insurance coverage of at least one million dollars (\$1,000,000.00), and (b) have liability insurance coverage against sexual misconduct which is at least equal to the lesser of (i) the maximum coverage and limits available from the Church Insurance Corporation, or (ii) the coverage and limits required by the Executive Board.

Title III, Canon 8

PROPERTY

Section 8.1 Title to Property

The title to all real estate and other property acquired for the use of the Church in this Diocese, as well as to property conveyed to institutions of a Diocesan character or for their use, shall be vested as provided in Article 9 of the Constitution.

Section 8.2 Sale, Lease, or Other Disposition

If the particular use for which such property has been conveyed or the purpose of the trust fails and it becomes necessary to sell or lease the property, or otherwise dispose of it, the Church Corporation known as the Protestant Episcopal Church Council of the Diocese of Texas, with the consent of the Bishop or the Standing Committee or a majority of the members of that body, if there be no Bishop, is hereby authorized to execute such legal instruments as may be necessary to convey, lease, or effect such other disposition as is herein authorized.

Section 8.3 Right to Sell, Convey, or Encumber

No Rector, Wardens, or Vestry shall, by deed or otherwise, without the written consent of the Bishop or the Standing Committee or a majority of the members of that body, if there be no Bishop, alienate, convey, or in any manner dispose of any lands or real property, title to which is in them vested as aforesaid, nor charge or in any manner encumber the same for any purpose whatever. No conveyance or encumbrance of real property shall be valid unless joined in or approved by the Church Corporation.

Title III – Parishes, Missions, and Schools
Canon 1 - Parishes and Missions

Section 1.6 *Incorporation of a Diocesan Entity*

Any Diocesan entity, as defined herein, may incorporate or exist in any corporate form upon and subject to the terms and conditions of the Constitution and Canons.

For the purpose of this Canon, the following terms shall have the meanings set forth below. The term “Diocesan entity” shall mean the Protestant Episcopal Church in the Diocese of Texas (the “Diocese”), any Parish or Mission of the Diocese, any Episcopal school of the Diocese, as defined in the Canons, and any other entity expressly identified, singularly or by category, in the Constitution and Canons as an instrumentality or entity of the Diocese. The terms “Constitution” or “Canons” shall mean the existing Constitution or Canons, respectively, of the Diocese, and any amendment thereof. The term “Act” shall mean the Texas Nonprofit Corporation Act and any amendment thereof.

Section 1.7 *Consent of the Bishop*

The Articles of Incorporation and By-Laws of each incorporated Diocesan entity, and any amendment, modification, or restatement thereof, shall at all times require the prior written consent of the Bishop. The Bishop shall have the right to require the amendment, modification, or restatement of the Articles of Incorporation, or By-Laws, or both, of each incorporated Diocesan entity at any time and from time to time as a condition to the Bishop's consent, or the continuation of such consent. If the office of Bishop is vacant, the rights and duties of the Bishop, as set forth in this Canon, shall be those of the Ecclesiastical Authority of the Diocese.

EXHIBIT 'C'

Texas Department of Licensing and Regulation

(Selected Excerpts as of May 2015)

Website: <http://www.tdlr.texas.gov/ab/abrules.htm>

68.30. Exemptions. *(Effective June 1, 1994, 19 TexReg 3485; amended effective May 6, 1998, 23 TexReg 4263; amended effective December 5, 1999, 24 TexReg 10855; amended effective June 26, 2000, 25 TexReg 6122; repealed effective November 5, 2001, 26 TexReg 8807, new rule section effective November 5, 2001, 26 TexReg 8807; amended effective February 1, 2005, 30 TexReg 382; amended effective March 1, 2007, 32 TexReg 884; amended effective March 15, 2012, 37 TexReg 677)*

The following buildings, facilities, spaces, or elements are exempt from the provisions of the Act: ...

(3) *Places Used Primarily for Religious Rituals.* An area within a building or facility of a religious organization used primarily for religious ritual as determined by the owner or occupant. To facilitate the plan review, the owner or occupant shall include a clear designation of such areas with the plans submitted for review. This exemption does not apply to common use areas. Examples of common use areas include, but are not limited to, the following: parking facilities, accessible routes, walkways, hallways, toilet facilities, entrances, public telephones, drinking fountains, and exits;

68.50. Submission of Construction Documents. *(New rule section effective November 5, 2001, 26 TexReg 8807; amended effective February 1, 2005, 30 TexReg 382; amended effective March 1, 2007, 32 TexReg 884; amended effective March 15, 2012, 37 TexReg 677)*

(a) An architect, interior designer, landscape architect, or engineer with overall responsibility for the design of a building or facility subject to §469.101 of the Act, shall mail, ship, or hand-deliver the construction documents along with a Proof of Submission form to the department, a registered accessibility specialist, or a contract provider not later than the twentieth day after the plans and specifications are issued. In computing time under this subsection, a Saturday, Sunday or legal holiday is not included.

(b) In instances when there is not a design professional with overall responsibility, the owner of a building or facility subject to §469.101 of the Act, shall mail, ship, or hand-deliver construction documents to the department, a registered accessibility specialist, or a contract provider prior to filing an application for building permit or commencement of construction.

(c) An Architectural Barriers Project Registration form or Architectural Barriers Project Registration Confirmation Page must be completed for each subject building or facility and submitted along with the applicable fees when the design professional or owner submits the construction documents.

68.51. Review of Construction Documents. *(New rule section effective November 5, 2001, 26 TexReg 8807; amended effective February 1, 2005, 30 TexReg 382; amended effective March 1, 2007, 31 TexReg 884)*

(a) After review, the owner and the person making the submission will be advised in writing of the plan review findings.

(b) Construction documents received by the department, a registered accessibility specialist, or a contract provider shall become the property of the department.

(c) Design revisions may be made by submitting to the department, a registered accessibility specialist, or a contract provider revised construction documents, change orders, addenda, and letters.

(1) Resubmittals received prior to the recorded estimated completion of construction will be reviewed. The owner and the person making the resubmittal will be advised of the findings.

(2) Resubmittals received after completion of construction, based on the recorded estimated completion of construction, may not be reviewed but will become a matter of record.

68.52. Inspections. *(New rule section effective November 5, 2001, 26 TexReg 8807; amended effective February 1, 2005, 30 TexReg 382; amended effective March 1, 2007, 32 TexReg 884)*

(a) The owner of a building or facility subject to §469.101 of the Act shall obtain an inspection from the department, a registered accessibility specialist, or a contract provider not later than the first anniversary of the completion of construction. Request for inspection shall be made by completing the Request for Inspection form and submitting it to the department, a registered accessibility specialist, or contract provider not later than 30 calendar days after the completion of construction. If the Request for Inspection form is submitted to the Department, the form must be accompanied by the applicable inspection fee in §68.80(a).

(b) The department, a registered accessibility specialist, or a contract provider shall receive the Request for Inspection form prior to proceeding with the inspection.

(c) The owner shall be advised in writing of the results of each inspection.

68.53. Corrective Modifications Following Inspection. *(New rule section effective November 5, 2001, 26 TexReg 8807; amended effective February 1, 2005, 30 TexReg 382; amended effective March 1, 2007, 32 TexReg 884)*

(a) When corrective modifications are required to achieve compliance, the department, a registered accessibility specialist, or a contract provider shall:

(1) provide the owner a list of deficiencies and a deadline for completing modifications; and

(2) grant an extension, consistent with established procedures, if satisfactory evidence is presented showing that the time period specified is inadequate to perform the necessary corrections.

(b) When corrective modifications are required to achieve compliance, the owner shall provide written verification of the corrective modifications to the department, a registered accessibility specialist, or a contract provider.

68.54. Review and Inspection of Buildings and Facilities with an Estimated Construction Cost of Less than \$50,000 or Not Subject to the Act. *(New rule section effective March 1, 2007, 32 TexReg 884)*

(a) When construction documents for projects with an estimated construction cost of less than \$50,000 are mailed, shipped or hand-delivered with an Architectural Barriers Special Registration Form to the department along with the applicable fees in §68.80(b), after review, the owner and the person making the submission will be advised in writing of the findings. A request for inspection is not considered complete until the department receives the applicable inspection fee in §68.80(b). The owner shall be advised in writing of the results of each inspection.

(b) When construction documents for projects not subject to §469.003 of the Act are mailed, shipped or hand-delivered with an Architectural Barriers Special Registration Form to the department along with the applicable fees in §68.80(c), after review, the owner and the person making the submission will be advised in writing of the findings. A request for inspection is not considered complete until the department receives the applicable inspection fee in §68.80(c). The owner shall be advised in writing of the results of each inspection.

68.55. Preliminary Plan Reviews. *(New rule section effective March 1, 2007, 32 TexReg 884)*

When preliminary construction documents are mailed, shipped or hand-delivered with an Architectural Barriers Special Registration Form to the department along with the applicable fee in §68.80(d), after review, the owner and the person making the submission will be advised in writing of the findings.

68.60. Notice of Substantial Compliance. *(New rule section effective March 1, 2007, 32 TexReg 884)*

The Department shall provide a Notice of Substantial Compliance to the owner, at the owner's request through submission of a Notice of Substantial Compliance Request Form, after a newly constructed building or facility has had a satisfactory inspection or verification of corrective modifications has been submitted.