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

Requirements and Guidelines for Congregations

Episcopal Diocese of Texas
November 28, 2023

This document is designed to assist Vestries, Bishop's Committees, Junior Wardens, master planning, building, finance, and capital campaign committees in dealing with matters involving their real property, buildings and facilities, construction and financing.

"Church Corp"

The Protestant Episcopal Church Council of the Diocese of Texas (see Exhibits 'A' and 'B') – also referred to internally as "Church Corp" or "PECC" – is the entity that holds title to the real property (land, buildings, and contents) of the congregations and institutions of the Diocese.

Congregations must receive permission from Church Corp prior to:

1) major remodeling involving framing, changes to roof lines, HVAC, electrical, or plumbing (regular maintenance such as replacing carpeting, painting, minor repairs, etc. is excepted);

2) repurposing existing space that involves changes to walls, HVAC, plumbing or electrical work, or general construction;

3) installation, expansion, or relocation of a new or existing cemetery, columbarium, memorial garden, or similarly purposed space, or the closing of such facilities ***(See Note 1 below)***;

4) purchase, sale, or lease of land or buildings (including "modular" or manufactured buildings);

5) demolition of buildings;

6) leasing land (including parking) or space to third parties;

7) new construction;

8) considering a "Landmark" or "Historic Building" designation for any portion of the church property; or,

9) encumbering existing property (e.g. loans or other indebtedness, grants of right-of-way, easements, temporary or permanent access for third parties, etc.)

Note 1: Operating or maintaining a cemetery, columbarium, memorial garden, or similar facility is regulated by Texas state law.

Diocesan Resources

Jonathan Blaker
Director of Treasury – jblaker@epicenter.org – (713) 353-2134

Jonathan is the primary contact in the areas of banking, financing, accounting, bylaws, incorporation and property/casualty insurance.

- Bank financing
- Appropriate uses and levels of debt
- Construction financing – including Crump Loan
- Budgeting and cash-flow management
- Financial controls and reporting
- Primary contact for property/casualty insurance claims

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

David is the staff executive for the EDOT foundations including, "Church Corp" (our internal shorthand for the Protestant Episcopal Church Council of the Diocese of Texas a/k/a "PECC"); the Episcopal Foundation of Texas; the Quin Foundation; the Great Commission Foundation; and, the Episcopal Health Foundation.

- Contact for Church Corp. presentations – securing a place on agenda.
- Planed giving information for diocesan Participating Fund (fund allows a congregation to invest major gifts, building funds, an endowment fund or other long-term investments through Diocese as part of a larger institutional fund.

Canon Joann Saylors
Canon for Mission Amplification – jsaylors@epicenter.org – (713) 353-2136

Joann 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.

Congregations are strongly encouraged to contact Joann for initial consultation and guidance early on in the leadership's conversations and consideration of these types of projects.

Michael Hilfinger
Director of Real Estate and Facilities

- Assists in all leases, sale, and donation of properties.
- Maintains a network of real estate brokers, architects, engineers, contractors, owner's representatives, and other consultants.
- Tax issues
- Appraisal requirements
- Contract negotiation

General Guidelines & Policies

<u>Real Estate Transactions</u> (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. Joann Saylors 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, a Level 1 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.

Where the transaction involves the gift of improved real estate – such as a house as a part of the distribution of an estate, it is almost always best to sell the property as soon as possible and invest the proceeds. Keeping a house with responsibility for maintenance (and property taxes if not specifically used for church purposes, (e.g. a rectory or vicarage) is generally not the best financial decision for 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.

<u>Hiring Members of the Congregation</u>

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 (e.g. office supplies, lawn care, etc.) who is a member of the congregation.

This situation puts the individual's congregational relationship and membership at risk. It is not possible to conduct an arm's length/independent third-party relationship with a member of the congregation who is also providing professional services for a fee or under a contract to the congregation. Disagreements related to the project or services can cause friction with the member and create division and discord within the congregation. If the disagreement is not amicably resolved, it often results in hard feelings and the loss of several members of the congregation.

Furthermore, if there is more than one professional in an area (e.g. architect, contractor, supplier) 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.

<u>Insurance Claims and Building Restoration</u>

If you experience any kind of loss of property whether due to theft, vandalism, fire, windstorm, hail, flood, torrential rain, or hurricane; or water damage from broken pipes or hot water heaters, etc.

1) Notify Jonathan Blaker; and 2) Contact Church Insurance to report the loss and have a claim number assigned. If the loss is due to theft or vandalism, contact the police or sheriff's department and get a copy of their report.

Once you are safely able to return to the property, the congregation is responsible for taking reasonable steps to secure the property from further damage or loss. This may include boarding up broken windows and doors, removing standing water and extracting water from carpets, taking steps to limit mold such as water extraction and dehumidification, etc.

As soon as it is safe, take detailed pictures of all damage to the structure and contents. Do not begin the cleanup or remediation process or dispose of damaged or ruined property without recording and documenting all damaged contents with details such as size, color, model and serial numbers, etc. and with pictures.

Do not assume everything that is "damaged" is a total loss and throw it out. Some items can be cleaned and restored and thus insurance will not pay to replace them. A gas range and oven is an example in a situation where the water did not damage any electronic components.

To assist in recovering losses to property (contents) and damage to or loss of structures, we recommend you:

1) Maintain a detailed Inventory of Contents with date of purchase, model number, serial number, original cost, and digital pictures and a copy of the receipt.

2) Document the structures. Take pictures of the outside and inside – showing details of finishes where applicable, e.g. nave trusses, decorative trim, light fixtures – are invaluable in filing a claim, especially in the event of a total loss from a fire or tornado.

The inventory should be updated on a regular basis for any major purchases of property, equipment, furniture, etc. For congregations that have a finance or property committee, the responsibility for maintaining an accurate inventory may be assigned to one of these committees. Remember not to store the only copy of the inventory at the church. A safe deposit box at your bank would be an excellent place to store a backup copy.

The diocese maintains lists of vendors who can assist with remediation and securing the property until repairs can be made. We also maintain a list of professionals such as architects, contractors, engineers and others for you to select from to help restore your facilities. When possible, talking with multiple firms and getting competitive bids is a good practice.

PLEASE NOTE:

In major disasters such as hurricanes or widespread flooding, we DO NOT RECOMMEND that you contract with firms you do not know.

Furthermore, we DO NOT RECOMMEND that you contract with any firms recommended by an insurance adjuster.

In major disasters, there are firms known as "storm chasers" who come in from out-of-town and try to contract for work when people are under stress and often quick to say yes. Some of these firms are no-doubt honest vendors. However, they have no track record with the diocese, no ties to your community, and are unlikely to be around if you have a warranty claim.

Church Insurance tells us their adjusters are not to make such recommendations, but the adjuster that works with you might be contracted, and not employed by Church Insurance. We have had unfortunate experiences with congregations contracting with firms that are referred by their adjuster.

In summary, reach out to the diocese for support and guidance.

Project Financing

Large capital projects such as purchasing land or buildings, new construction, or major renovation and repurposing are exciting times, help 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 15 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, energy efficiency, 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; or come to assume or expect that someone else will always step forward to fund future capital needs. In short, it would be a missed opportunity to:

- teach the theology of stewardship;
- recognize and appreciate the abundance of God's blessings among the whole congregation;
- respond with generosity;
- demonstrate our gratitude to God for His blessings; and,
- envision the potential of God's vision for your congregation with all resources deployed

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 updated regularly by the Vestry/Bishop's Committee. This policy includes a list of unmet <u>needs</u> identified by the leadership, rather than simply something someone wants to donate, but for which the church may not desire, need, or even use.

For the same reasons, the Designated Gifts Policy should also cover memorial gifts.

The Vestry/Bishop's Committee should 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. It could also make a foundational or transformational gift to a ministry for the congregation. Either of these would better honor the faithfulness and generosity of 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 above the principal amount provide a stream of revenues to support a particular ministry or program in perpetuity. 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 – 4 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 the Crump Fund and/or commercial banks.

The Joe and Jessie Crump Fund was founded in 1966 to support new construction of Episcopal churches in Texas and cultural research. It also endowed faculty positions at the Seminary of the Southwest in Austin, an EDOT institution.

Jones Lester Crump (also known as J.L. or Joe) and Jessie Crump were communicants of Holy Trinity Episcopal Church in Midland, TX. Joe & Jessie Crump had no children and though they kept their home in Midland, they eventually moved to the Rio Grande Valley where they owned a citrus orchard and became active in their local church. Joe Crump was considered an oilman, philanthropist and churchman at the time of his death at the age of 80.

The Crump Fund offers a *post*-construction loan of up to $500,000 at a two (2%) percent fixed interest rate on up to a twenty-year amortization. This loan is *only* for new construction – renovations, upgrades, deferred or major maintenance, etc. do not qualify. Congregations that have paid off a Crump loan may apply for another loan for a new construction project.

The Crump Foundation does not take any completion risk. The formal application may be submitted at the same time as you apply for a commercial bank loan for construction financing. If approved, the foundation will issue a Commitment Letter that is good for one year (and you may ask for it to be renewed or extended). Confirmation of a decision on the loan application is usually received within 6 weeks of the application.

Once the project is completed and the Certificate of Occupancy is received, the loan is ready for final documentation and closing. Closing and funding normally occurs within two months after the Certificate of Occupancy is received by the foundation and the closing documents are finalized.

The congregation is responsible to Crump for the payment of the loan origination fee and attorney's fee. The origination fee is one (1%) percent of the loan amount. The attorney's fee is not to exceed $2,500 for the loan agreement and closing documents. The loan origination and attorney's fees are collected at closing on the settlement statement.

Payments on the Crump loan are made annually, (fixed principal plus interest), but we highly recommend that the church set aside $2,530.00 each month (for a $500,000 loan) in a savings account to assure adequate funds are available for the annual payment. Jonathan Blaker can provide further information on the Crump Foundation loan application process.

Commercial bank loans are also available. Jonathan Blaker 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 most cases is a signatory to the loan when the property is pledged as a security interest for the loan.

If the project financing includes – or may include – a Crump Fund loan (see above), please be aware the Crump Fund requires a first lien position on title to secure their loan. This means that the commercial bank will have to agree to subordinate its loan to Crump. This can be done, and Jonathan Blaker 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 construction loan will roll into a standard commercial loan at the conclusion of the capital campaign payments.

The Diocese has developed guidelines to determine appropriate debt loads (levels) for congregations. 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 calculate debt load is:

4) **Annual Debt Service Guidance & Limits**

Debt Service is a calculated percentage:

Total Principal and Interest Payments for the year ÷ 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 x 12 months = $40,200 ÷ $425,000 = .0946 or 9.5% of the Operating Budget.

Debt Load Guidelines and Limits:

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

10% - 15% = Heavy 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 and can often negatively impact congregational vitality and growth.

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

An alternative to the 20% maximum debt load is: Debt ≤ $10,000 per pledging unit.

If a parish school or preschool is financially involved in the project, the maximum debt load for the school is: ≤ $10,000 per FTE (Full Time Equivalent) student. By way of example, for the purposes of this debt limit, a student enrolled in a three mornings per week class would count as a 0.3 FTE.

Congregations requesting approval of projects with a projected debt load in excess of 10% 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. In such instances, we encourage a meeting with the Jonathan Blaker and Joann Saylors early in the process.

Accounting for Capital Campaign Receipts, Capital Improvements, and Debt Service (Capital Improvement Loan Payments) in the Annual Parochial Report (APR)

In any year where the congregation is receiving funds for capital improvements, paying for capital improvements, or making loan payments related to a capital project, it is important to properly record these expenditures and related revenues on page 3 of the APR. The diocese uses the information on this page to calculate each congregation's Diocesan Assessment for the coming year (using the formulae approved by the Executive Board as provided in Title I – Organization, Powers, and Procedures of Council, Canon 4 – Annual Budget and Assessments, Section 4.3 – Annual Budget - Assessments.

The key is properly distinguishing ***non-operating*** revenue and expenses and listing them separately from ***operating*** revenues and expenses.

Examples of non-operating revenues include:

- Receipts from capital campaign pledges or gifts
- Restricted gifts for new construction, major maintenance, or for the corpus of an endowment fund
- Receipts from a special fundraiser for capital improvement, e.g. to resurface and restripe the parking lot
- Distributions from endowments or restricted funds used for new construction, major renovation, or capital improvements
- Funds (revenues) used to repay the principal of a capital loan, e.g. Crump Fund or commercial bank loan. This would include unrestricted pledge and plate receipts when they are "reclassified" and used to make principal payments on a capital loan.
- Insurance receipts on claims for structural damage or damage to capital equipment such as HVAC, electrical systems, major appliance, organs, pianos

Any receipts from whatever source that are used to pay operating expenses (salaries and benefits, utilities, program expenses, normal maintenance such as cleaning, lightbulb replacement, minor repairs, carpet cleaning, painting, etc.) are not "non-operating" revenues. These should be considered operating revenues.

Examples of non-operating expenses include:

- Fees to architects and engineers for design and specifications for a Master Plan, addition, or major renovation, or replacement of major mechanical systems
- Payments to general contractors, demolition contractors, or vendors for new construction, demolition, major renovation, and replacements or upgrades to mechanical and electrical systems
- Purchases of furnishings and property damaged or destroyed in a casualty loss that are being covered by insurance

Expense for salaries and benefits, utilities, program expenses, normal maintenance such as cleaning, lightbulb replacement, minor repairs, carpet cleaning, painting, etc.) or repayment of a Line of Credit used to manage cash flow for operating expenses are not "non-operating" expenses. These should be considered operating expenses.

Principal payments on loans are not an expense. Loans are recorded on the Balance Sheet. Interest payments on lines of credit, Crump Fund loans or commercial bank loans *are* an operating expense.

Questions: While the diocese cannot serve as your accountant, the finance division can assist in answering questions related to the types of revenues and expenses that should be considered "non-operating" for the purposes of the Annual Parochial Report. Contact: Brad Elgin, Controller, at belgin@epicenter.org or (713) 353-2139.

Outreach, 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 a capital campaign. These practices can help strengthen stewardship generally, help us keep an appropriate balance between providing for ourselves and serving the needs of others, provide for the ongoing stewardship of the church campus, and inspire and engage those in the congregation that may be more concerned about outreach and sustainability than new or remodeled facilities.

Tithing to Outreach:

In teachings and discussions around stewardship – particularly the annual operating campaign – we often refer to "first fruits". We invite the congregation to make a pledge of their 'first fruits' to the support of the work of the congregation. It is important that the vestry or bishop's committee model that same behavior in setting the annual operating budget. That is, funding the outreach and service ministry of the congregation as the 'first fruits' of the budget. This is best done by establishing a percentage of the revenues in advance of the campaign. This allows the commitment to be communicated during the campaign to inform the donors and help hold the leadership accountable. By stating the commitment as a percentage, it can be adjusted over time to reach the level of a tithe.

A capital campaign provides the same opportunity for a congregation to give of their first fruits. This is accomplished by setting a commitment of the percent of the monies raised in the capital campaign that will be given outside the church as a part of its outreach ministry. These funds are *in addition to* any monies in the annual operating budget and thus expand – or leverage – the congregation's impact in service to the community. The recipients of these funds can be identified at the start of the campaign *or* the entire amount can be added to the corpus of an Outreach Endowment that creates additional capacity for service in perpetuity.

Legacy and Sustainability:

It is common for schools, universities, hospitals, and other public and non-profit institutions to include an amount a capital construction 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 (e.g. transformers, HVAC equipment), major updating of restrooms, lighting and sound systems, replacement of 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 and ministry of the church.

Including a Major Maintenance Endowment – or an additional contribution to an existing endowment 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 to 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.

<u>Furnishings</u>

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, office furniture, 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.

<u>Contingency Fund</u>

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 that you thought was not in the way 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 newfound "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). 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.

<u>Maintenance Endowment</u>

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) surfaces 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). This helps frame the discussion of new facilities to those that support and further the mission and ministry of the congregation (needs vs. wants).

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 will likely be required.

   To complete this step, identify internal funding (within the congregation) for planning and initial design work. Joann Saylors can assist in estimating the cost for this phase.

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. (See also Step 27) and Exhibit 'C'.

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 you have 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, lighting, 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 guided by the committee. This usually requires about 4 months to complete, including specific opportunities for input from the congregation and other constituencies (e.g. school) 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 within an approved budget.

9) Informational meeting with Diocesan Resource Team (Blaker, Fisher and Saylors) 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 the Schematic Design phase of the project.

11) Engage a 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.

a. The most common form of contract for general contractors uses the AIA (American Institute of Architects) standard contract for a (GMP) guaranteed maximum price contract, also referred to as CM at Risk (Construction Manager) as the base contract.

b. The general contractor will provide pre-construction services that should be stipulated in the contract and costs/prices assigned. However, you should ask that these costs be included in their general fee for the project and payable only if: A) the project does not go forward within a set period of time, e.g. 30 months from the date of the contract; or, B) you choose a different contractor to build the project.

c. Preconstruction services include such services as general consultation on plans and designs regarding suitability of materials, timing, buildability, cost advantages of one method or material vs. another, and cost estimates at key point along the way, e.g. after SD (Schematic Design), DD (Design Development).

12) It is strongly recommended that each phase of new construction includes 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 lot resurfacing, restriping and lighting, landscaping, general 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, increased operating costs, 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 Development.

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).

    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, but most 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.

    Mission Amplification maintains a network of capital campaign professionals and can consult and refer firms for interviewing and selection by the congregation.

16) The Vestry appoints an ad hoc committee to interview and recommend a Capital Campaign Consulting firm. This often ***is not*** the final "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 (talent and financial) would be valuable to the campaign. Other skill/experience areas that would be helpful on the ad hoc committee include communications/marketing, finance, and stewardship. However, the final 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.

    The Rector or Vicar has is a key participant in the selection of the consultant. She or he should personally make the reference checks to the senior pastor of reference congregations. This does not replace the work of the committee. Given the important role of the Rector/Vicar in a campaign, you will want to reference check with both the senior pastor as well as the campaign leadership.

17) Feasibility Study/Readiness Assessment. The first step for the capital stewardship consultant is to review the Vision Document, purpose and plans for the new construction or renovation, and the congregation's financial reports. Working with the Building Committee, Vestry/Bishop's Committee, and initial Capital Campaign 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 depending on the consultant you chose to engage.

    As a rule of thumb, a campaign in 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. These higher amounts are also related to the style of campaign and the firm selected (and at a somewhat higher cost).

18) Capital Campaign Committee. In consultation with the consultant (structure and positions required), 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, Design Development phase and the updated Cost Estimate, and any identified need for debt capacity.

20) Vestry/Bishop's Committee approves capital campaign goal ($); approves the campaign budget (including communications); 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 begin to develop Construction Drawings.

23) Check in with Church Corp. Contact David Fisher to update your schedule and look at possible dates for presentation to Church Corp. Initial discussion with David on the information to present and advance information packet that will go to the trustees in advance of the meeting.

24) Capital campaign concluded. Vestry/Bishop's Committee reviews campaign results, Finance Committee recommendations on financing (campaign proceeds and debt), and updated Project cost estimate.

25) Vestry/Bishop's Committee approves final project scope and budget.

26) Building Committee finalizes Construction Drawings with architect and contractor.

27) File plans and "stamped" construction drawings with TDLR (Texas Department of Licensing and Regulation) for Architectural Barriers and 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 2017, and are included for information only. You should rely on an experienced architect to provide guidance during design and to coordinate this process.

28) 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 sub-contractors for each aspect of the project, e.g. framing, concrete, masonry, electrical, plumbing, roofing, millwork, hardware, etc.

29) Building Committee reviews bids with Contractor and Architect, makes selections, and the Contractor prepares the GMP (Guaranteed Maximum Price) contract. This is also known as CM at Risk (Construction Manager at Risk).

30) 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 about 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.

31) Church Corp Approval. Once received, the Building and Finance Committees are ready to finalize financing and construction contracts.

32) 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 demolition or 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 enables, and for involving the local community in the growing life and ministry of the congregation. It is common to invite local elected officials, officials and board members of the school district, the principal of your neighboring school, clergy from nearby churches, and members of the Chamber of Commerce, nearby merchants, and the church's neighbors.

c. The service is another opportunity to involve members of the congregation (and school, if applicable) in the overall project. There is usually food and fellowship associated with the groundbreaking. This can also be an opportunity for specific sacramental participation – such as placing prayers under where the new building will be.

33) 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.

34) 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 (nor advisable) for the full committee to attend these meetings, but the Chair often does.

35) 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, fixtures, restroom tile, etc.).

36) 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 coordinated with the Contractor. 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.

37) 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 of 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.

38) 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 we invite and welcome our neighbors and engage in a little subtle evangelism.

39) 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 (relatively short) 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. Capital and building campaigns require 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 it benefits.

While this document has addressed many of your questions, please don't hesitate to contact Jonathan Blaker, David Fisher or Joann Saylors for additional information. 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 9 – Incorporation of a Diocesan Entity

Section 9.1 *Authority to Incorporate*

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 9.2 *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

For General Information Only

(Selected Excerpts as of May 2017)

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; amended effective May 15, 2017, 42 TexReg 2333)*

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

(2) *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 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; amended effective May 15, 2017, 42 TexReg 2333)*

(a) All plans and specifications for the construction of or alteration to a building or facility subject to §469.101 of the Act must be submitted to a registered accessibility specialist or contract provider for review if the estimated construction cost is at least $50,000. All plans may be submitted in electronic format.

(b) An architect, registered 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, provide electronically, or hand-deliver the construction documents along with a Proof of Submission form to 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.

(c) 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, provide electronically, or hand-deliver construction documents to a registered accessibility specialist, or a contract provider prior to filing an application for building permit or commencement of construction.

(d) An Architectural Barriers Project Registration form or Architectural Barriers Project Registration Confirmation Page must be submitted for each subject building or facility and submitted along with the project filing fee when the design professional or owner registers the construction project.

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; amended effective May 15, 2017, 42 TexReg 2333)*

(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 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; amended effective May 15, 2017, 42 TexReg 2333)*

(a) The owner of a building or facility subject to §469.101 of the Act shall obtain an inspection from a registered accessibility specialist, or a contract provider not later than the first anniversary of the completion of construction.

(b) 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; amended effective May 15, 2017, 42 TexReg 2333)*

(a) When corrective modifications are required to achieve compliance, 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 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; amended effective May 15, 2017, 42 TexReg 2333)*

(a) When construction documents for projects with an estimated construction cost of less than $50,000 are mailed, shipped, provided electronically, or hand-delivered with an Architectural Barriers Special Registration Form after review, the owner and the person making the submission will be advised in writing, which may be provided electronically, of the findings. 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, provide electronically or hand-delivered with an Architectural Barriers Special Registration Form after review, the owner and the person making the submission will be advised in writing, which may be provided electronically, of the findings. The owner shall be advised in writing of the results of each inspection.

68.60. Notice of Substantial Compliance. *(New rule section effective March 1, 2007, 32 TexReg 884; amended effective May 15, 2017, 42 TexReg 2333)*

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