

Chapter 8: Building, Property and Construction Project Guidelines

Canonical Overview

As stated in the Preamble to this Handbook and, in particular, in Canons 392, 1276 and 1279, the Archbishop has a supervisory role in regard to the parishes and other public juridic persons within the Archdiocese to ascertain that they are operating in accordance with Canon law. Canon Law requires that the Archbishop establish particular law for the financial procedures under which a parish operates and has done so in the promulgation of this Handbook (Canons 1276 and 1281). In connection with this chapter of the Handbook, the Archbishop and his designees have provided guidance in the complex areas of Construction and Real Estate Projects / Transactions in order to help preserve both the resources of the Archdiocese and its faithful (Canon 495).

Purpose

Accordingly, the purpose of this chapter is to provide Archdiocesan employees and advisors, pastors, the parish building committees and parish finance councils with an understanding of the policies for capital construction projects, major remodeling and real estate transactions conducted in the Archdiocese by Parishes within its territory and other ecclesiastical related organizations. The following topics are covered: construction guidelines for capital expenditures and construction projects, construction involving liturgical design, real estate transactions, Catholic schools projects, and a description of roles and responsibilities.

8.1. Parishes and Other Ecclesiastical Organizations Planning Capital Expenditures

8.1.1. *Capital or Construction Limit - \$25,000:* A pastor of a parish has authority to spend up to \$25,000 for capital items, architectural services, construction contracts, or other expenditures (including furniture, liturgical items, artwork, office equipment and automobiles). The President or other qualified officer of a related ecclesiastical organization authorization is established pursuant to that entity's Articles of Incorporation, By-Laws or Canonical Statutes. Circumvention of this policy is not permissible by measures such as breaking the project into small components. All items that exceed the limit must have prior approval from the Moderator of the Curia, and/or CFO of the Archdiocese of Denver or, the Board of Directors of the applicable ecclesiastical organization. (Ref: Chapter 10 - Parish Guidelines of Authority – Authorization Limits – 10.1.3.)

8.1.2.. *Permission from the Archbishop:* Significant construction projects impact the Archdiocese as a whole. Accordingly, when contemplating a new facility, sizable remodeling, or land purchase needs, the pastor and/or officer of the related ecclesiastical organization must write a letter to the Archbishop describing the project and seeking the Archbishop's or the Moderator of the Curia's approval. If the pastor anticipates liturgical worship space issues, the pastor's letter should request an initial meeting with and approval from the Archbishop.

8.1.3. *Planning Elements:* The parish or related ecclesiastical organization should begin planning early to clarify how the parish sees its mission and future needs and how that mission best serves the needs of the faithful, as well as assessing realistically its resources. The parish should reflect on the proposed project, how it will contribute to the parish ministries and how it will impact the daily work and yearly budget of the parish (Ref: Chapter 10 - Guidelines of Authority: 10.1.3.).

8.1.4. *Planning for Capital Campaign:* The parish or related ecclesiastical organization must receive permission from the Moderator of the Curia for the project before conducting a capital campaign fund drive after review and approval by the Office for FAP/Management Corporation (Ref: Chapter 11 - Administrative Authority, 11.1.).

8.1.5. *Parish Guidelines*

8.1.5.1. *Broad Parish Participation:* The parish building committee should seek means to involve the parish community in the building project. Parishioners involved in the planning have a strong sense of ownership in the project and are better prepared to financially support the new building.

8.1.5.2. *Parish Building Committee:* The parish building committee is an advisory group to the pastor. Committee members should be involved and loyal in the life and work of the Church. Assignments and responsibilities of the building committee are to be defined early in the planning process.

8.1.5.3. *Parish Planning Information Gathering:* The data gathering process must be ministries driven. Understanding parish needs and the persons served is a critical goal in gathering planning information.

8.1.5.4. *Parish Profile:* The profile of the parish is a combination of information about the environment and demographics within and surrounding the parish. This includes parish membership, parish ministry, and activities with an assessment of the facilities needed to compliment the ministries of the parish.

8.1.5.5. *Concept Design:* The parish's architect reviews and analyzes the parish's needs assessment and funding capacity to determine the project scope and budget. The architect consults with the pastor and the parish building committee, and provides a preliminary feasibility evaluation of the project with particular reference to the budget constraints.

8.1.6. *Other Guidelines for Parishes and Related Ecclesiastical Organizations*

8.1.6.1. *Master Planning Building or Facility Usage:* Planning will consider the mix and juxtaposition of buildings, support facilities and land required for parish activities, ministries and growth. Planning should consider the long-term facility uses for the proposed building and the entire parish plant. The design should be flexible with the possibility of expansion or multi-use capability over the life cycle of the structure.

8.1.6.2. *Preliminary Architectural Planning and Programming:* The pastor or President of the related ecclesiastical organization may hire an architect on a fee basis for planning and programming with his parish building committee (subject to limitations of 8.1.a). The architect selected generally is the same professional who completes the entire project, but will need to be formally selected after the parish is granted approval to prepare construction documents.

8.1.6.3. *Prioritize Project Elements:* The parish or related ecclesiastical organization must prioritize the construction phases according to the results of the planning, needs assessment and advice from its architect, so that completion of the most important part(s) of the project will occur first should finances prove insufficient to fund the entire proposal.

8.2. **Real Property**

Consistent with both Canon Law and appropriate civil/secular laws, parish property, is owned by the respective parish. Within the Archdiocese, all property is held in Trust by the Archdiocesan Corporation and the Archbishop for the benefit of the parishes in the territory of the Archdiocese; however, the beneficial owner of parish property is the applicable parish as set forth in the official records of the 25 different counties comprising the territory of the Archdiocese.

The purpose of this section is to highlight the norms for the purchase, sale, disposal, lease and other uses of real property of the Archdiocese, parishes and their related, schools, and other related ecclesiastical organizations.

8.2.1. *Real Property Transactions:* The Archbishop, or his designee, must approve the purchase and sale of property, property lease and/or other use agreements, easement arrangements, annexation, subdivision and zoning submittals, official site development plans and related agreements, mineral interests and water rights, and acceptance of donated property (Ref: Chapter 11 - Receiving Gifts of Real Estate: 11.5.)

8.2.2. *Initiation of Approval Process on Real Estate Transactions.* The approval process is initiated at the parish or related ecclesiastical organizational level through consultation between the pastor, the appropriate officer of the ecclesiastical organization and their respective Finance Councils. It is then the pastor's/officer's responsibility to communicate the proposal, as supported by his advisory councils. In the case of property purchase or sale proposals, the pastor or other responsible individual should provide a written request to the Archbishop that summarizes the basic terms of the proposed transaction, the rationale and planning that support the proposal, the support of the Finance Council and as much detail on financial aspects of the transaction as may be available at the time. The parish should bring all other types of real estate matters and questions to the attention of the Director of Real Estate. (Ref: Chapter 8 – Building, Property and Construction Guidelines - 8.2.7. and 8.2.10. below).

8.2.3. *Real Property Purchase Subject to the Archbishop's Final Approval:* All real property contracts involving parishes within the territory of the Archdiocese are to designate the Archdiocese of Denver, a Colorado corporation sole, as trustee for the benefit of the parish along with the applicable parish (the public juridic person and beneficial owner), as

the proper parties to the contract. All such contracts are specifically entered into subject to the Archbishop's final written approval, which may be provided by his designee for such purpose at the time the transaction is finalized. In addition, the parish should work with the Director of Real Estate to review and process the appropriate documentation for not only purchase and sale contracts, but on documents such as Letters of Intent, leasing proposals, development agreements and other types of matters affecting real property rights.

8.2.4. *50% of Real Property Purchase Amount in Cash:* The parish may borrow funds from the Irrevocable Revolving Fund Trust ("Revolving Fund") or, in unusual circumstances, through an outside financing source, when approved by the Revolving Fund Management Committee (Ref: 8.6) and/or the Archbishop and his designee. However, at least 50% of the total cost of the proposed real property purchase must be on hand in cash and deposited in either the Parish's bank or Revolving Fund account at the time of signing the purchase contract unless a specific exemption has been granted by the Archbishop or his designee. In addition, the parish should have sufficient operating cash reserves, defined generally as a sum equal to six months of budgeted operating costs, before the proposed real estate acquisition can be finalized.

8.2.5. *Real Property Due Diligence:* All real property purchases and donations are subject to review of title, current survey or improvement location certificate, environmental inspection, zoning inquiry, professional appraisal or other fair value market verification, and other inspections as may be necessary depending upon the nature of the property and its intended use. The Office for FAP will assist the parish in coordinating these due diligence tasks, and has a number of qualified consultants that the Real Estate Department can recommend for this work.

8.2.6. *Significance of Fair Market Value in the Proposed Alienation of Real Property.* The approval process requirements for proposed real property transactions are a function, in part, of the fair market value of the property at issue, and must follow and be in accordance with Canon Law and related directives as provided by the USCCB, as well as the Particular Norms of the Archdiocese of Denver. While the dollar amount levels are adjusted from time to time by the USCCB, the applicable valuation tiers of the alienation categories, effective as of January 24, 2007 (Ref: Chapter 1 – Archdiocesan Organization - 1.2.5). are summarized as follows:

8.2.6.1. *Archdiocesan and/or related ecclesiastical organizations property transactions valued below the minimum amount (currently \$547,500).* In the case of a proposed property alienation or other transactions involving fair value amounts under the \$547,500 threshold, the Director of Real Estate and/or the Executive Committee of the Project Finance and Review Committee reviews the proposal at issue and provides a recommendation for consideration to the CFO and for the approval by the Archbishop or his designee.

8.2.6.2. *Archdiocesan and/or related ecclesiastical organizations property transactions above \$547,500, but below a maximum of \$5,457,500.* Review and favorable recommendation of such transactions by the Real Estate Committee of the AFC are prerequisite for Archbishop's approval when the dollar amount or value involved exceeds \$547,500 in the case of purchases or sales, or in other transactions that may be unique or complex. The Real Estate Committee consists of individuals with professional competence

and expertise in the areas of real estate, law, transactions and finance, and also includes the CFO and Director of Real Estate. The Chairperson of the Real Estate Committee reports to the AFC on a quarterly basis.

Further review by the Archdiocesan Finance Council and the College of Consultors of the Archdiocese may proceed based on the Real Estate Committee's recommendation, with these additional bodies' approvals being taken under advisement by the Archbishop in reaching his final decision on a proposed transaction. In order to comply with the requirements of Canons 1293 and 1294, the Archdiocese has implemented the following policy:

The valuation of the property to be sold or purchased is a critical factor to be considered in real estate transactions. Therefore, when the Archdiocese, a related ecclesiastical organization or a parish within the territory of the Archdiocese, proposes the sale or alienation of an asset above the minimum amount (currently \$547,500) as defined by the USCCB, but below the maximum limits similarly defined (currently at \$5,475,000), the following are required:

- a. One certified appraisal prepared by a licensed appraiser who is a member of a firm approved by the Archdiocese. Such appraiser, at minimum, will have MAI certification among their professional qualifications; and,
- b. An independent, signed opinion of value prepared by a second qualified expert. The pertinent qualifications of such expert are dependent on the nature of the property to be alienated, i.e., residential, commercial, development, etc., but need not include professional status as a licensed appraiser in all instances.

8.2.6.3. *Parish property transactions valued below the minimum amount (currently \$27,373).* In the case of a proposed property alienation or other transactions involving fair value amounts under the \$27,373 threshold, the Director of Parish Finance and/or the Director of Real Estate, after receiving the recommendation of the pastor and his parish finance council, reviews the proposal at issue and provides a recommendation for consideration to the CFO for the approval by the Archbishop or his designee.

8.2.6.4. *Parish property transactions above \$27,373, but below a maximum of \$5,457,500.* Review and favorable recommendation of such transactions by the Executive Committee of the PFRC are prerequisite for Archbishop's approval when the dollar amount or value involved exceeds \$27,373 in the case of purchases or sales, or in other transactions that may be unique or complex.

Consistent with section 8.2.6.2., if such parish property transactions are greater than \$547,500, further review and favorable recommendation by the Real Estate Committee of the AFC, the AFC itself and the College of Consultors with these additional bodies' recommendations being taken under advisement by the Archbishop in reaching his final decision on a proposed transaction.

8.2.6.5. *Alienation of Archdiocesan property (including parishes) involving the maximum amount of \$5,547,500 and above.* When a proposed sale or alienation of an asset is valued above the maximum amount (currently \$5,475,000), two formal appraisals

prepared by firms approved by the Real Estate Department, certified by an appraiser with MAI credentials, and such other additional qualifications as may be deemed relevant to the transaction at issue are required. In addition, the approval of the Holy See is required (Canon 1292.2). Accordingly, additional time will need to be considered should the Archdiocese, a parish or a related organization contemplate alienating property at this level of value.

8.2.7. *Property Transactions of Other Kinds.* Approvals related to transactions that do not involve either the purchase or sale of real property are generally initiated through contact with the Director of Real Estate. Additional types of real property matters such as leasing agreements (see 8.2.10.), shared parking arrangements, easements, water rights, mineral interests and zoning and development issues among others, fall within this category. Given the wide range of different matters that may be involved, final approval of any given matter may be subject to varying criteria that are typically context specific. As a first step in this process, therefore, the related organization or parish must provide certain information to the Real Estate Department. Upon receipt of this data from the parish or related organization, the Real Estate Department staff will provide guidance and assistance to the parish, both as to the specifics of the contemplated transaction and as to the pertinent review and approval process. In some cases, this may include recommending that the parish retain one or more qualified consultants for additional assistance, potentially including outside legal counsel. The cost incident to these third party consultants is a parish expense, which the parish must pay directly to these vendors.

8.2.8. *Tax-Exempt Property Issues.* Church-owned real property does not automatically have tax-exempt status, nor does it retain such status (once granted upon formal application to the Colorado Division of Property Taxation), absent compliance with tax-exempt property reporting requirements on an annual basis. Such matters must be coordinated through the Real Estate Department, which will assist with the necessary processes.

8.2.9. *Donations of Real Property.* Chapter 11 specifically discusses the protocols and procedures applicable to the acceptance of charitable gifts to the Archdiocese, its ecclesiastical related organizations and parishes within its territory, including donations of real property interests. Donations of this type must be coordinated through the Director of Real Estate and adhere to the guidelines outlined under “Receiving Gifts of Real Estate” in 11.1.6.1 through 11.1.6.4.

8.2.10. *Leasing Transactions*

On November 13, 2002, the USCCB approved complementary legislation for the implementation of Canon 1297 of the Code of Canon Law for the dioceses of the United States. This action was ratified by the Holy See on May 2, 2007 and is now particular law of the Archdiocese. In accord with the provisions of Canon 1297, the following norms shall govern the leasing of Church property within the Archdiocese:

8.2.10.1. Prior to leasing of ecclesiastical goods owned by the Archdiocese, the Archbishop must hear the Archdiocesan Finance Council and the College of Consultants, when the market value of the goods to be leased exceeds \$400,000.

8.2.10.2. Prior to leasing of ecclesiastical good owned by the Archdiocese, the Archbishop must obtain the consent of the Archdiocesan Finance Council and the College of Consultors when the market value of the property to be leased exceeds \$1,000,000 or the lease is to be for three years or longer.

8.2.10.3. The valid leasing of ecclesiastical goods owned by a parish or other public juridic person subject to the governance of the Archbishop requires consent of the Archbishop when the market value of the goods to be leased exceeds \$100,000 or the lease is to be for one year or longer.

8.2.10.4. The valid leasing of ecclesiastical goods owned by a pontifical institute of consecrated life or society of apostolic life requires, in addition to the consent of the competent major superior and council, the nihil obstate of the Archbishop when the market value of the property to be leased exceeds \$1,000,000 or the lease is to be for three years or longer.

8.2.10.5. The valid leasing of ecclesiastical goods by any public juridic person requires the consent of the Holy See when the market value of the goods exceeds \$5,000,000.

8.3. **Project Financing Review Committee (PFRC)**

The purpose of this section is to highlight the norms and operating procedures for the PFRC. The PFRC is comprised of individuals with professional competence and expertise in areas of parish administration, construction, and finance. The PFRC members serve in an advisory capacity in areas pertaining to parish construction, major remodeling or renovation, Catholic educational facilities, and capital fund-raising for projects exceeding \$500,000.00 in estimated costs. Except for schools, oratories, or churches, projects that are estimated to be less than \$500,000.00 in total expenditures will be reviewed solely by the Directors of Construction, Real Estate, and Parish Finance, the CFO and the Moderator of the Curia for approval in order to simplify and expedite the process. Building projects involving oratories and churches follow the guidelines in Chapter 8 – Building, Property and Construction Projects of Special Projects – Liturgical Design Procedures, 8.9. and those involving schools follow the guidelines of Catholic School Projects, 8.10.

The pastor, his parish building committee, parish finance council and parish architect will make a project presentation to the PFRC and respond to inquiries about the project's financial feasibility, estimated project cost, and parish master planning.

The Chairperson of the PFRC reports to the AFC on a quarterly basis.

8.3.1. *Purpose of PFRC:* The PFRC is an advisory committee that reviews the financial feasibility of parish construction and renovation projects with a total expenditure estimated to be over \$500,000.00. Upon deliberation of parish submittals, the PFRC will make a recommendation in writing to the Archbishop or his designee followed by a letter to the pastor. If the recommendation is favorable, the parish can proceed to the next step in design or to the Management Committee of the Irrevocable Revolving Fund Trust. The

Management Committee will recommend whether a loan can be approved either from the Irrevocable Revolving Fund Trust or outside sources. (Ref: Chapter 8 – Building, Property and Construction Guidelines - 8.6)

8.3.2. *Membership of PFRC:* The PFRC shall consist of the CFO/President of the AOD Management Corporation, the Director of Construction, the Director of Parish Finance, the Director of Real Estate, the Superintendent of Catholic Schools, a committee chair who is a member of the AFC, the Director of Liturgy, one pastor, two parish business administrators and other lay volunteers selected from time to time. Terms of the committee members other than the Archdiocesan employees will be staggered, and no one member can serve for greater than five years unless re-appointed by the Archbishop.

8.3.3. *Meetings of PFRC:* The PFRC meetings are scheduled on the fourth Wednesday of each month January through October and the third Wednesday in November and December. Special meetings of the PFRC may be called at the discretion of the Committee Chairperson or the CFO.

8.3.4. *Objectives of PFRC:* The PFRC evaluates the parish needs assessment, master plan, and financial information and serves as advisors to the pastor, the Archbishop and/or his designee.

8.3.5. *Limitations in Responsibilities:* The PFRC does not concern itself with other aspects of the pastoral life of the Archdiocese, nor does it generate any legislative actions. It is purely advisory in areas of project fiscal review.

8.3.6. *Other Duties of PFRC:* Other duties of the PFRC generally relate to:

8.3.6.1. Reviewing parish budget and financial statements, as well as other source materials needed to generate an informed recommendation.

8.3.6.2. Reviewing the adequacy of current revenues to cover current operational expenses and projected debt service, financial breakdown of the construction project, contingencies and project timetables.

8.3.6.3. Reviewing construction concept drawings and analyzing master plan goals, project phasing, economic soundness, and project long-term viability.

8.3.6.4. Recommending additional investigations or in-depth analyses related to the accuracy of the financial statements, the internal controls, or compliance with this Pastoral Handbook.

8.3.6.5. Consideration of the parish needs assessment, master plan and projected future needs.

8.3.7. *Presentation to the PFRC:* The parish wishing to raise capital funds, build new facilities, remodel existing facilities, or engage in various real property transactions, must request a presentation to the PFRC. The parish should complete the financial information forms and follow PFRC procedure.

8.3.8. *Parish Submittals in Advance of Presentation to PFRC:* The financial information forms and relevant materials must be submitted to the Director of Construction three weeks in advance of the scheduled PFRC meeting. If a parish cannot send materials in advance it will be required to reschedule.

8.4. **Financial Feasibility and Analysis**

Financial planning begins with a careful analysis of the financial resources of the parish and/or related ecclesiastical organization. A parish or related organization will not be allowed to pursue the project planning process without giving timely attention to the project's financial potential.

8.4.1. *Basis for Evaluating Feasibility:* Financial potential is determined by examining the cash available, parish budget allocations, estimated income from capital fund raising, and estimated borrowing capacity.

8.4.1.1. *Cash Available:* Cash available includes the funds accumulated in cash, savings accounts, and reserve funds set aside for the new construction. However, it excludes a reasonable reserve, generally six months of cash funds used for business operations.

8.4.1.2. *Parish Budget Allocations:* Amounts from the parish budget set aside for the building project are to include the future monthly new construction debt service payment and the increased costs to maintain a larger plant.

8.4.1.3. *Anticipated Income from a Capital-Funding Program:* The current experience in the Archdiocese is that a well-led capital fund-raising program will yield 2.5 times the annual offertory of the parish.

8.4.1.4. *Estimating Borrowing Potential:* Parishes, or ecclesiastical related organizations, have access to loan funds from outside financing or the Revolving Fund. In order to acquire a loan from the Revolving Fund or seek outside financing, the parish must have a PFRC recommendation and approval from the Management Committee.

8.4.2. *Completion of Financial Information Forms:* The use of the financial information forms standardizes the process and insures that adequate information is supplied. Forms must be obtained from the Office of Parish Finance. Additional relevant financial or other information should be designated as "supplemental."

8.4.3. *Project Budget and Funding Sources:* It is important that all potential project costs and funding sources be identified during the planning and design phases of parish projects. When projects are presented before the PFRC, in addition to the major component costs such as building construction and architectural design fees, all potential costs for furniture, fixtures and equipment, including potential gifts of liturgical and religious art items, must be budgeted as "costs" to the project. Likewise, the PFRC will make inquiries as to the existence of any potential gifts of furniture, fixtures and equipment, including liturgical and religious art items as "funding sources" for the project. The "reconciliation" of costs and their related funding sources should also include proposed "in-kind-services" by

parish volunteers. Funding sources must be identified and must match or exceed project costs if parish projects are to be approved and successfully executed in a way that does not financially burden the parish.

8.4.4. *50% of Total Project Cost Held in Cash before Construction:* At least 50% of the total construction cost must be on hand in cash deposited in either the parish's Revolving Fund account or bank account prior to proceeding with actual construction unless a specific exemption is granted by the Archbishop or his designee. In addition, the parish should also have sufficient operating cash reserves, defined generally as a sum equal to 6 months of budgeted operating costs, before construction commences.

8.5. **Selection of an Architect**

8.5.1. *Prior Approval to Hire an Architect:* When the parish is ready to hire an architect for construction drawings, the pastor and his advisors must meet with the PFRC prior to interviewing, selecting, and contracting with an architect. The Director of Construction maintains a list of architects who have performed well on recently completed projects in the Archdiocese. The Director of Construction will assist the pastor with identification of architects qualified to perform architectural services.

8.5.2. *Architects:* The architect commissioned to design the project should be versed in Catholic beliefs, liturgy, rituals, ceremonies, rubrics and symbols. Liturgical guideline assistance is available from the Office of Liturgy and especially the guidance contained in the publication, Built of Living Stones – Art, Architecture and Worship, as developed and approved by the USCCB in November 2000. These guidelines, developed by the USCCB's Committee on the Liturgy, identify the designs required to be liturgically correct, aesthetically pleasing, imaginative, functional and within the constraints of a project budget.

8.5.3. *Licensed Architects:* The Archdiocese will approve only those architects who are fully professionally licensed to practice in the State of Colorado. The final selection should be made upon the basis of the architect's professional standing in the community, ability to design, competence regarding construction issues, practical efficiency, business capacity, integrity, sound professional judgment, relative experience and the ability to listen and cooperate with all those involved in the project.

8.5.4. *Architect Selection:* The parish may interview a reasonable number of architectural firms or consider the architect who has worked on its schematic drawings and early programming. The Archdiocese requires that all architects selected for parish interview must be provided with an honest and fair opportunity for selection. The selection process includes parish review, on-site investigation and interview. The parish will request information from various architectural firms and create an outline of qualifications and experience.

8.5.5. *Architect Interview:* The architect interview is conducted when 4 or 5 architectural firms are asked to make separate presentations before the pastor and his building committee. The parish building committee may rank these candidates in advance but should remain open minded. The interview is a two-way dialogue and allows the potential architect and the parish to become acquainted.

8.5.6. *Final Selection:* Final selection of an architect should follow the interview process promptly (the same day or within several days at most).

8.5.7. *Owner/Architect Agreement:* The Director of Construction, in conjunction with the pastor and the architect, will generate an owner/architect agreement on appropriate American Institute of Architects (A.I.A.) documents, as modified by the Archdiocese, for the Pastor of the parish and the Archbishop or his designee, as Trustee for the benefit of the Parish to sign.

8.6. **Irrevocable Revolving Fund Trust Management Committee**

The Archdiocese, as the Church of Northern Colorado, recognizes that it is a communion of parishes who are called to work and assist one another in the building up the Kingdom of God. An important element in this communion is the Irrevocable Revolving Fund Trust (the Revolving Fund). (Ref: Chapter 12 – Archdiocese of Denver Irrevocable Revolving Fund Trust – 12.16.) The Revolving Fund exists to provide a secure means for the parishes of Northern Colorado to support one another by investing surplus funds in the Revolving Fund and this making it possible to loan out such funds for parish renovation and building projects.

The Revolving Fund serves as the primary source of project financing to parishes and related ecclesiastical organizations within the territory of the Archdiocese at affordable rates, and will pay a competitive interest rate on surplus funds deposited in the Revolving Fund.

Accordingly, if a parish requires a loan either from the Revolving Fund or from other financing sources, the Management Corporation will make the final decision, after obtaining the recommendation of the Management Committee of the Irrevocable Revolving Fund Trust (the Management Committee).

8.6.1. *Purpose:* The purpose of the Management Committee is to facilitate the process upon which parishes can help one another financially. The Revolving Fund is a repository for surplus parish funds available for parish projects. The Revolving Fund is most effective when parishes and Archdiocesan institutions fully participate by depositing all surplus funds for intended long-term goals.

8.6.2. *Membership:* The Revolving Fund is administered and managed by the Management Committee. The membership of the Management Committee includes:

8.6.2.1. CFO of the Archdiocese and the President of the Management Corporation, four pastors of parishes within the territory of the Archdiocese

8.6.2.2. Other participants of the Management Committee, who are employees of the Management Corporation include:

- a. Controller
- b. Director of Parish Finance

8.6.3. *Authority:* The Management Committee is to:

8.6.3.1. Administer and manage the overall direction of parish lending.

8.6.3.2. Advise the Board of the Management Corporation on the activity and overall status of the Revolving Fund.

8.6.3.3. Recommend approval or denial of parish borrowing requests either from the Revolving Fund and/or outside banks.

8.6.3.4. Set and manage interest rate policies.

8.6.3.5. Set and manage deposit and withdrawal policies.

8.6.3.6. Solicit funds and educate parishes and Catholic institutions about the merits of the Revolving Fund.

8.6.4. *Direction of Revolving Fund Lending:* The Management Committee determines the rates of interest to be charged on loans made from the Revolving Fund and interest to be paid on deposits to the Revolving Fund. The Committee reviews the Revolving Fund's monthly activity and sets procedures or policies to ensure that the Revolving Fund achieves, at minimum, a break-even result.

8.6.5. *Interest Rates:* Funds deposited into the Revolving Fund will earn interest at a rate determined by the Management Committee in relation to the current bank prime lending rate as published in the Wall Street Journal. Funds borrowed from the Revolving Fund will be loaned at a rate determined by the Management Committee in relation to the bank prime lending rate as published in the Wall Street Journal, adjusted and compounded monthly on the first day of each month.

8.6.6. *Deposits and Withdrawals:* The Revolving Fund is not intended to be an operating checking account. A separate account will be established for funds that the parish specifies are intended to be deposited on a short-term basis. Withdrawals from the Revolving Fund are transacted by completing a withdrawal slip, signed by the pastor, and delivered or mailed to the Management Corporation. Upon authorized written request, funds may be wire transferred pursuant to depositor's instructions. Checks and funds by wire transfer will be issued to the account holder only. Upon request, checks to third-party vendors or contractors may be written in connection with construction payments for projects specifically approved and financed through the Revolving Fund.

8.6.7. Application to borrow from the Revolving Fund will be coordinated by the Director of Parish Finance with information obtained through the PFRC review process. Applications will be presented to the Management Committee at its regularly scheduled meetings. The Management Committee will review the application and make final recommendations. These recommendations and applicable approval documents will be delivered to the Management Corporation for final deliberation. A complete and full disclosure of all parish/institution financial information, as described below, must

accompany the application in order for it to receive consideration:

8.6.7.1. Written request signed by the pastor acknowledging Canon 1284§5 which states that the parish administrator must, at the proper time, pay interest which is due by reason of loan and take care that in due time, the loan is repaid.

8.6.7.2. Current parish investment and indebtedness reports, signed by the pastor

8.6.7.3. Reason for request, e.g., new church construction, renovation, temporary deficit in operational funds, etc.

8.6.7.4. Exact amount of money needed

8.6.7.5. Anticipated duration of loan based on desired monthly payments

8.6.7.6. Date(s) when money is needed

8.6.7.7. Financial history (e.g. balance sheet and income statement) for the last three years

8.6.7.8. Five-year cash flow projection for the parish which includes the impact of the amount of loan requested.

8.7. **Archdiocesan Building Commission**

8.7.1. *Archdiocesan Building Commission:* The pastor must request a scheduled meeting with the Archdiocesan Building Commission to present the schematic design/drawings. The architect, representing the parish, is to prepare and submit a complete set of the documents to each member of the Building Commission. These documents must be delivered to the members ten working days prior to the scheduled Building Commission meeting.

8.7.2. *Requirements for Schematic Design:* The architect must prepare schematic design documents consisting of preliminary drawings and introductory specifications that fully illustrate the scope of the project. The architect must also include an itemized statement of estimated construction costs.

8.7.3. *Commission Presentation:* The pastor, his parish building committee representative(s) and the architect should be prepared to make a schematic project presentation and respond to inquiries about the project's schematic design details.

8.7.4. *Commission Review of Construction Documents:* When construction documents are developed, the parish and its architect will prepare an additional presentation to the Commission and respond to inquires about the project's architectural and engineering design details. These documents must be delivered to the Building Commission members twenty working days prior to the scheduled meeting.

8.8. Selection of a Contractor

8.8.1. *Director of Construction:* The pastor must contact the Director of Construction before selecting a general contractor to provide construction services. The Director of Construction maintains a list of general contractors that have performed well on recently completed projects in the Archdiocese, and will assist the pastor with the identification of contractors qualified to perform construction services.

8.8.2. *Selection of a Contractor:* As a general rule, construction services providers (general contractors) are selected on the basis of competitive bidding by the Pastor of the Parish, after consultation with the Director of Construction. However, the selection of a contractor that has provided pre-construction services during design leading to contract for construction services on a “negotiated fee” guaranteed maximum price basis is potentially an acceptable alternative. After a general contractor has been identified based on competitive price methodologies, the architect will prepare the A.I.A. documents as amended by the Archdiocese.

8.8.3. *Construction Contract:* The Director of Construction, the CFO, the Moderator of the Curia and/or the Archbishop will review and approve the contractor and related construction documents for parish construction and renovation projects greater than \$25,000. The Pastor of the Parish will sign the documents and the Archbishop or his designee, as Trustee for the benefit of the Parish, will also sign the appropriate documents.

8.8.4. *Construction Administration:* The actual construction will commence following the signing between the owner and contractor of the A.I.A. documents as amended to comport with each project’s specifications. The general contractor, under this agreement, is to execute the construction work according to the plans, specifications, and contract terms and to use the highest degree of professional skill to complete the project. In addition, the general contractor agrees to cooperate with the architect and the Director of Construction in their observation responsibilities during the course of the entire project. The contractor is to provide sufficient on-site superintendence of the construction in progress, paying particular attention to the employment of skilled subcontractors. In addition, the contractor is to maintain the appropriate insurance coverage as specified by the Office of Risk Management.

8.8.5. *Use of Volunteers:* As a general rule, the use of parishioner volunteers performing construction services is discouraged. Personal safety as well as worker qualification issues are a significant concern. Additionally, volunteer worker availability cannot be readily integrated into contractor scheduling. While the use of parishioner volunteers is not absolutely forbidden, requests for the use of volunteers must be submitted to and approved by the Director of Construction and the Risk Manager before volunteers can be utilized on any parish construction project, preferably when the project is presented to the PFRC for approval.

8.8.6. *Budget Monitoring and Administration:* The components of project budgets generally consist of the following: 1) Construction Costs; 2) Construction Contingency; 3) Architect’s Fees; 4) Furniture, Fixtures & Equipment (FF&E), and 5) Miscellaneous Costs. As a general rule, budget monitoring and compliance of Construction Costs, Construction

Contingency and Architect's Fees are relatively easy to accomplish because it is performed by the Construction Office and are based on well-defined contract terms. Budget monitoring and compliance of FF&E and Miscellaneous Costs have proven to be a challenge on parish projects. This is an important issue because failure to control these costs can cause the total budget to be exceeded, resulting in project cost overages which cannot be funded by the parish. Accordingly pastors sponsoring construction projects must designate a competent staff person or parish volunteer whose duty will be to monitor budgeted project expenditures, particularly the FF&E and Miscellaneous Costs. The person is to coordinate these efforts with the Director of Construction, including the submission of monthly project expenditures and budget performance reports to the Construction Office.

8.8.7. *Budget Overages:* With respect to any contract price revision, all change order claims shall be processed in accordance with the terms of the agreement between the parish and the contractor and shall be submitted for consideration and approval to the Director of Construction, the CFO, and the Archbishop's designee. Additionally, with respect to project capital budget expenditures authorized by the Archbishop's designee via the PFRC project approval process, if it is determined that budget overages will occur, all transactions resulting in such overages shall be provided to the Director of Construction for submission to the CFO and/or Moderator of the Curia for further action, including potential re-consideration via the PFRC process.

8.9. **Special Projects – Liturgical Design Procedure**

8.9.1. *Design and Approval of New Church Buildings and Renovations:* The following protocol is provided for pastors who wish to build or renovate churches, in whole or in part, in the Archdiocese.

8.9.2. *Purpose:* The protocol provides a framework for the Archbishop and a pastor to better collaborate in building or renovating churches. The protocol also enables the Office of Liturgy to provide and explain to pastors and their communities, the guidelines of the Archdiocese for such projects and to aid them from the first stages of their construction planning. It further allows the Office of Liturgy to review submitted material in order to identify areas of concern or make recommendations. Finally, the protocol provides an opportunity to resolve issues as early as possible in an open and deliberate forum.

8.9.3. *Protocol Process:* Pastors must consult the Archbishop and notify the Office of Liturgy whenever there is a change of plans or new information that has bearing on resolutions already agreed upon.

8.9.3.1. When the pastor has decided to begin a building or renovation project, he must communicate his intentions to the Archbishop.

8.9.3.2. The pastor informs the Office of Liturgy that he wants to build or renovate church/oratory space and the liturgy staff should ordinarily meet with the pastor at this time.

8.9.3.3. The Office of Liturgy presents Built of Living Stones to the pastor (Ref: Chapter 8 – Building, Property and Construction Project Guidelines - 8.5. (b)).

8.9.3.4. The parish develops schematic design and submits it to the Director of Construction.

8.9.3.5. The Director of Construction submits design drawings to the Office of Liturgy for review.

8.9.3.6. The Office of Liturgy submits its review to the Archbishop for his comments.

8.9.3.7. The Archbishop may meet with the pastor to discuss possible liturgical issues.

8.9.3.8. The Archbishop informs the Office of Liturgy concerning the status of any liturgical issues.

8.9.3.9. The Office of Liturgy participates in the PFRC and the Building Commission meetings with the pastor and informs the Archbishop as to the outcome.

8.9.3.10. The Office of Liturgy and the pastor remain in contact with the Director of Construction, as well as the Building Commission until the project is completed.

8.9.4. *Built of Living Stones Provisional Guidelines:* Built of Living Stones is the guiding document for the building and renovation of churches. Designs should be measured against the patrimony of sacred architecture and this requires study and prayer. The design should be beautiful, noble and balanced. Minimal and merely functional designs should be avoided; designs that are ostentatious and overly elaborate are also to be avoided.

8.9.4.1. *The Altar:* The altar should be placed in the central axis of the sanctuary in the most prominent place of all. It should be beautiful, immovable and constructed of noble materials.

8.9.4.2. *The Ambo:* The ambo should be suitably placed for the proclamation of the Word in a location that serves as a natural focal point for the Eucharistic assembly. It should be immovable. To show the close relationship between the Liturgy of the Word and the Liturgy of the Eucharist, the ambo can be constructed out of the same materials and crafted in a fashion similar to the altar.

8.9.4.3. *The Celebrant's Chair:* The celebrant's chair should be conspicuously placed in the sanctuary so that it is visible to the whole nave. It should not appear to be a throne.

8.9.4.4. *The Tabernacle:* The tabernacle should be placed in the sanctuary or at least adjacent to it in a prominent, secure, immovable and conspicuous manner. It should be visible from the nave and closely associated with the altar and the ambo. The craftsmanship of the tabernacle should be consistent with the craftsmanship of the altar so that the faithful can draw the connection between the Blessed Sacrament offered on the altar and the Blessed Sacrament reserved in the tabernacle. To facilitate adoration in parishes where there are large numbers of marriages and funerals, a chapel of reservation can be

incorporated.

8.9.4.5. *Crucifix*: There should be a crucifix in the sanctuary and visible from the nave. According to our own local custom, a crucifix displaying the corpus of Christ crucified is preferred. The processional cross can fulfill this requirement provided that it is displayed in the sanctuary, especially during the liturgy.

8.9.4.6. *Baptismal Font*: The baptismal font should be suitable for both adults and children. Consideration given to its size, placement and design should include the care of the holy water.

8.9.4.7. *Confessionals*: The confessionals should be provided in an open and prayerful part of the Church, preferably the nave. At least one should have both a screen and an arrangement to facilitate face-to-face confessions.

8.9.4.8. *Sacristy*: Sacristies should be provided which are prayerful places to prepare for liturgy. Provisions should be made for the reverent care, purification and storage of sacred vessels, as well as vestments and other articles for the liturgy. Thus, a sacristy should have suitable closets, counter tops, drawers, cabinets, a sink and a sacrarium.

8.9.4.9. *Musicians*: Musicians, both choir and instrumentalists, are a part of the Eucharistic assembly with a special liturgical function. They should be placed in a location that assists their ministry. This location should not distract from the liturgical actions at the altar nor appear as a performance.

8.9.4.10. *Image and symbol*: Beautiful images of Christ, Our Lady, the saints, as well as symbols and other liturgical art should adorn the church in such a way that they prepare the faithful for Mass, aid their participation in the liturgy, and foster a spirit of adoration and mission after liturgy.

8.9.4.11. *Kneelers*: In order that the Eucharistic assembly may kneel at the appropriate times, there must be kneelers provided with the seating in the nave and for the musicians.

8.9.4.12. *Exterior of the Church*: The exterior of the church should be identifiable as a church. Incorporating a large, recognizable cross on the exterior is suggested.

8.9.5. If there are occasions in which a significant change in the design is proposed either prior to or during construction, the Director of the Liturgy Office is to be notified by the Director of Construction and given an opportunity to evaluate the effect of the change on the overall project and the liturgical design.

8.9.6. The dedication or blessing of an edifice or altar that will be used to worship God whether permanently or temporarily is integral to the building process. The nature of this liturgy is decided upon in conjunction with the Office of Liturgy before the date of its celebration is scheduled (GIRM 290 and BLS 118ff).

8.10. **Catholic School Projects**

In all Archdiocesan pre-schools, elementary and middle schools, capital expenditures in excess of \$25,000.00 must be submitted to the Superintendent of Catholic Schools for approval and awareness prior to the Director of Construction commencing procedures. For Archdiocesan high schools, capital expenditures in excess of \$20,000 must be recommended by the respective school's Board of Trustees and then approved by the Board of Members. If approved by the Board of Members, the proposed project must be submitted to the PFRC for review and approval(s) pursuant to the guidelines contained in this Chapter. In Archdiocesan preschools and elementary schools, expenditures in excess of \$500.00 require the written approval of the pastor or his designee.

8.10.1. Any group wishing to open a Catholic school must first comply with the following procedures:

8.10.1.1. Discuss the proposal with the Superintendent of Catholic Schools and obtain approval before initiating any formal steps in the process of opening such a school.

8.10.1.2. Submit to the Superintendent of Catholic Schools a written proposal, which includes a professional feasibility study estimating support, projected enrollment, financial resources, and other pertinent information that may be requested.

8.10.2. If, after reviewing the proposal and supporting data, the Superintendent of Catholic Schools determines that the proposal has sufficient merit, the Superintendent of Catholic Schools will recommend to the Archbishop that he approve the request to establish such a school. Only with the approval of the Archbishop may a school call itself "Catholic" or use the term "Catholic" in its title or communication with the public.

8.10.3. The Superintendent of Catholic Schools, with the Director of Construction, is to review school projects at critical phases of design, expansion, development or other significant change of use in order to evaluate the impact upon the school.

8.10.4. If there are occasions in which a significant change in the design is proposed either prior to or during construction, the Superintendent of Catholic Schools is to be notified by the Director of Construction and given an opportunity to evaluate the effect of the change on the overall project and the serviceability of the school.