

Section IV

CAPITAL PROJECTS

AND

CAMPAIGN PLANNING

Guidelines and Procedures for Review of Congregational Capital Development

I. When a PGV CHURCH WISHES to

- A. Purchase property without encumbrance or borrowing
- B. Refinance and/or extend any existing mortgage or loan not involving new borrowing (except as may be required for closing costs)
- C. Grant an easement of property involving not more than 10% of the land area of the church property
- D. Lease property and/or building space (not used for purposes of worship) involving less than 50% of land area or usable building floor for a term of more than one (1) year, but less than five (5) years
- E. Improve, renovate or repair church property (roof replacement, furnace work, redecorating, structural repairs) where the cost of such changes will be 25% or more of last year's operating budget

II. WHAT to do and WHEN to do it BEFORE meeting with the Presbytery's Board of Trustees:

Essentially the following will be required for any of the above major projects. (These are listed in the order they should be followed.)

1. Develop project goals, procedures, time frames, financial plan and requirements.
2. Contact your Trustee liaison (see [Board of Trustees Liaisons to Churches](#)) four to five months ahead of intended project start date if you want advice regarding any phase of project or the procedures to follow.
3. Get Session/Trustee approval.
4. Get congregational approval (required for A-D and suggested for E).

The Board of Trustees will review proposed project. (The Trustees look at technical aspects of the project: the financing, legal issues, construction details, etc., and how these will impact the overall financial health of the church.) Upon approval by the Trustees, most of the above cases will require Presbytery approval (or Council in special circumstances).

III. If you are conducting a CAPITAL PROJECT or you are contemplating conducting a CAPITAL CAMPAIGN, the following materials will be needed by the Trustees:

- A. Legal description of any of the property involved
- B. Previous two (2) Annual Reports
- C. A current, no more than five (5) years old, mission or ministry statement for your church.
- D. An analysis of demographic trends, an analysis of congregational capabilities, and specific plans for the mission and ministry objectives. (No mission or ministry component is necessary when addressing repairs and maintenance issues.)
- E. Description of your PROJECT TYPE Sale, Purchase, Lease, Emergency Repair, Renovation,

Construction, Borrowing, or Capital Drive?

IV. Provide copies of the following documents AS APPROPRIATE:

1. **Renovations:** Description of property to be renovated, reason for renovation, cost of renovation, source of funds, terms of repayment, copies of a minimum of two (2) bids.
2. **New Construction:** Reason for building, needs analysis, cost, source of funding, copies of a minimum of two (2) bids.
3. **Emergency Repairs:** No mission component on Repairs & Maintenance.
4. **Mortgage:** Terms of payment, copy of lender(s) commitment, mortgage repayment plan.
5. **Capital Fund Drive:** What is the reason for the drive, amount of funds to be raised, if loans are involved, what are the terms of repayment?
6. **Borrowing Funds Where No Mortgage is Involved:** Describe the purpose of borrowing, the amount of loan needed, sources of borrowing including terms and repayment plan, NOTE: Requests to borrow from sources such as capital fund drives, endowment funds, local banks, etc., need to be presented at this time.
7. **Sale and Purchase of Church Property:** Reason for transaction, source of funds for purchase or use of sale proceeds, copies of purchase/sale contracts and any actions taken by church trustees and/or congregation approving the purchase/sale; if a private sale is proposed, e.g., not multiple listed, then two (2) independent appraisals or market value opinions.
8. **Lease/Easements:** Reason for lease or easement and a copy of proposed document, if there are proceeds from transaction, a statement as to the proposed use of proceeds.
9. **Revolving Loan Fund:** Available to PGV churches when other sources of funds are not available.
10. What percent of the church's operating budget income is contributed to the mission causes of the denomination? [Ten percent (10%), or a plan for reaching that level, is required in any loan or funding request to Synod or General Assembly.]
11. Do you have a plan for contributing a percentage of the new funds raised to Presbytery mission?
12. How will the church repay all loans and still maintain an adequate level of staff, mission, and program support? A cash flow financial plan covering each year of anticipated indebtedness should be prepared.

The Trustees can assist you, on request, with any of the following:

- Consultation on loan renegotiations
- Questions relating to financing
- Advisability of sale/purchase of properties
- Questions relating to the investment of funds
- Church insurance
- Property tax exemption
- Management of church property
- Audit requirements and techniques
- Simple procedures manual

We encourage you to take advantage of their expertise.

CONSIDER THE CALENDAR! Please allow several months for all the necessary steps to take place (at least two months for Presbytery-related steps).