

# CHAPTER VI

## FACILITIES PLANNING

### SECTION I. CAPITAL OUTLAY

#### General Policy:

Each institution shall have a Capital Construction Program in accordance with its demonstrated need for physical facilities as set forth in its master plan, and shall submit annually, in accordance with law and established policies and procedures, a Capital Budget to the University of Louisiana System office for review, comment, written approval.

#### A. Definitions.

- 1) Outlay shall mean any expenditure of funds, regardless of the source of funds, for acquiring land, buildings, equipment, or other properties or for their preservation, development, or permanent improvement in accordance with R.S. 39:2(9).
- 2) Capital Construction refers to the construction of physical facilities and includes but is not limited to: the construction of new facilities, additions to existing facilities, the demolition of existing facilities, the renovation, alteration or any other improvement or modification to an existing facility.
- 3) Capital Construction Program is defined as the planned process by which the physical plant of any institution or campus is altered in any way to provide the physical facilities necessary for an institution to carry out its assigned role, scope, and mission. The process includes master planning analysis to document academic programs and student enrollment, demographic projections of future programs and enrollment, the facilities required based upon those academic programs and enrollments, the development and submittal of capital budgets for physical facilities, the acquisition of funding, oversight of facility design, construction administration, and, thereafter, the periodic preventive and major maintenance of such facilities.
- 4) Physical Facilities shall mean real estate and improvements, including land and property, buildings, fixed and movable equipment related to buildings, utilities infrastructure, communications, underground improvements, site and surface improvements, and related physical entities. (BOR 1.2.2. Definitions)

B. Funding Levels and Approvals Required for Capital Outlay Improvements.

The following identifies funding levels and required approvals for capital improvement projects:

- 1) Construction, alterations, improvements, and extensions of campus facilities exceeding \$500,000, regardless of the source of funding, must be approved by the Board of Supervisors for the University of Louisiana System, the Board of Regents and be included in the Capital Outlay Bill in accordance with R.S. 17:3383. Exceptions to legislative approval/Capital Outlay Bill include third-party projects involving non-profit, 501(c)3 corporations; and Performance-based energy efficiency contracts in accordance with R.S. 39:1484(25) and 1496.1.
- 2) Capital improvements to campus facilities costing between \$175,000 and \$500,000, regardless of the source of funds, shall have the approval of the System staff and the Board of Regents staff. These projects shall be submitted on forms provided by the Regents staff through the System staff. Institutions are permitted to proceed with small capital projects costing up to \$175,000.

C. Budget Submittals.

Each campus submits a Capital Outlay Budget Request to the System office according to the following:

- 1) Campuses prepare preliminary capital outlay budget requests and submit to UL System Office along with supporting documentation.
- 2) System staff shall conduct independent site visits and/or accompany the Board of Regents on-site visits to each campus to review each project budget request, inspects existing campus facilities and/or proposed campus improvements.
- 3) Campuses prepare and submit “eCORTS” submittals in accordance with appropriate state statutes [R.S. 39:101 and 102].

D. Board Approval.

- 1) The Facilities System staff compiles a preliminary, prioritized list of all campus projects into a System-wide capital outlay budget request in accordance with guidelines set forth by System policy, Board of Regents policy and the Division of Administration.
- 2) The final prioritized System-wide capital outlay request is reviewed by the Board’s Facilities Planning Committee and recommended to the full Board during its August meeting. The approved System-wide capital outlay budget request with supporting documentation is forwarded to the Board of Regents for approval and submittal to the Division of Administration by November 1 each year in accordance with state statute [R.S. 39.101.A(1)(c)].

## **SECTION II. REQUEST FOR DESIGNERS**

Criteria for selection of design professionals for capital projects shall be in accordance with appropriate state statutes [R.S. 38:2310 and R.S. 38:2316].

## **SECTION III. CAPITAL OUTLAY PROJECTS FUNDED THROUGH ALTERNATIVE MEANS**

Alternatively Financed Capital Improvement Projects.

1) Background -

Proper debt management is an important tool in the administration of a university. Tax-exempt debt is a financially responsible practice for project acquisition and construction within appropriate limitations and at appropriate interest rates, and with reasonable issuance costs. Furthermore, properly structured tax-exempt debt may be financially beneficial if borrowing rates are below potential investment returns of a university's cash reserves. Since debt is a limited resource of a university, the Board's goal is to structure and secure its obligations as cost-effectively as possible.

2) Purpose -

The purpose of this policy is to ensure that the process of financing projects through the issuance of traditional and/or non-traditional revenue bonds is such that the affected university and the University of Louisiana System will receive optimum value, benefit, and protection.

3) Policy on Debt Financing -

- a. Seek the most cost-effective method and financing package available.
- b. Closely scrutinize bond covenants to ensure optimum flexibility and security of university assets.
- c. Combine and coordinate, where practical, multiple small projects that can be financed in a single issuance. Bond issues of less than \$2.5 million should not be proposed without substantial justification and approval of the Board.
- d. Clearly identify the revenue source required to retire the debt.
- e. Debt financing, where applicable, should be an integral part of the University's comprehensive, long-term finance plans.
- f. The president and the chief financial officer shall exercise due diligence toward ensuring that all bond issuance fees and costs are competitive and in accordance with applicable state statutes, the Attorney General's fee schedule, and industry norms.

- g. Each proposal for a bond issuance, where applicable, shall include a capital improvement plan (scope-of-work, estimates and schedules), the project's pro forma including the financing plan, a financial and cash flow analysis, and cost-benefit analysis of funding alternatives.
- h. The university should consider refinancing a single outstanding debt issue when net savings for that refinancing, measured on a net present value basis, are positive. To the extent possible, multiple refinancing(s) should be combined into a single transaction.

4) Evaluation Criteria-

Refer to the System Guidelines for Alternatively Financed Projects (12/7/07)

Each institution shall follow this policy and the related procedures and guidelines set forth in the PPM.

#### **SECTION IV. IMMOVABLE PROPERTY**

The Board of Supervisors for the University of Louisiana System authorizes the President of each university within the University of Louisiana System to execute certain agreements and/or contracts involving Immovable Property on his/her respective campus in accordance with and pursuant to the PMM entitled Immovable Property Guidelines. Those agreements not identified in the PPM shall be submitted to the Board for its approval. (See PPM) (Revision approved 8/25/00)

#### **SECTION V. NAMING UNIVERSITY FACILITIES**

A. General Policy.

Facilities on campuses within the University of Louisiana System are named upon the recommendation of the institution president, with the approval and authority of the Board of Supervisors, in accordance with applicable statutes. "Facility" is defined as any public building, public bridge, public park, etc. [R.S. 42:267]

Additionally a facility may be named to honor the contributions and achievements of an individual. Portions of buildings including, but not limited to, classrooms, auditoria, laboratories, and lounges **may** be named after living persons, in accordance with the provisions of this policy. Naming of any facility in honor of an individual, individuals, or a private entity must be approved by the Board of Supervisors. Only the provision of functional names (e.g., Band Building, Maintenance Building, etc.) for facilities, in which the name of an individual, individuals, or private entity is not involved, is left to the discretion of the university president.

B. Criteria.

In the case of requests to name facilities in honor of an individual, the university will be guided by the following criteria. An individual for whom a facility would be named should:

- 1) Have made substantial contributions to his/her field of endeavor or to society in general;
- 2) Have had some significant connection with the university, either as a student, an alumnus, a faculty member, an administrator, a donor, or a supporter;
- 3) Have made significant contributions to the development of the university or the State of Louisiana in education, the arts, public life, or some other appropriate field of endeavor;
- 4) Be of such outstanding character and distinction that naming a facility after him/her would honor the university as well as the individual.

As indicated above, a portion of a building may be named to honor a living individual. In order to avoid any appearance of a conflict of interest in such instances, current holders of elected public office, candidates for public office, and current members of the Board of Supervisors for the University of Louisiana System are not eligible for consideration.

Universities are encouraged to name facilities only to honor exceptional individuals and should not routinely request this honor. Also, universities are encouraged to minimize requests to name portions of facilities for living persons or private entities. (Addition approved 8/27/99)