Construction Funding Policy
Finance Committee of the Board of Trustees

The Finance Committee of the Board of Trustees works with the Administration of the University to establish appropriate financial policies related to all aspects of financial management at the University; i.e., budgeting, capital planning, financial aid, etc.

This statement is a revision of the original Construction Funding Policy adopted by the Investment and Finance Committee of the Board of Trustees, and approved by the Trustees on October 3, 2002, and October 4, 2002 respectively; and, a revision of the Construction Funding Policy adopted by the Finance Committee of the Board of Trustees, and approved by the Trustees on April 29, 2004, and April 30, 2004 respectively.

The Finance Committee of the Board of Trustees recommends that the University consider the following benchmarks in recommending the undertaking of any elective construction projects in order to maintain the fiscal integrity of the institution. These benchmarks include:

- Firm commitments (in writing) for 100 percent of the cost of the project,
- At least 75 percent of the project costs in hand, with
- The majority of the remaining funds to be collected within five years of the start of construction.

The Executive Vice President will periodically review the funding status of each project, and upon certifying that the project has met the benchmarks, authorize the project to commence. In the case of major capital projects or projects that fail to meet benchmarks, the Executive Vice President will assess progress towards achieving these benchmarks and make recommendations to the Finance Committee of the Board of Trustees to begin construction as appropriate.

If construction bids are received in excess of estimates, and these higher bids result in a failure to meet the benchmarks, the project cannot proceed unless additional funds are secured to meet the benchmarks and/or the Finance Committee of the Board of Trustees re-approves the project.

In addition, the ongoing overhead, maintenance, and renewal costs, should continue to be planned for and added each year to the operating budget, and where appropriate, should be increasingly endowed, as part of the regular budgeting process of the University. The Finance Committee will review budget forecasts with amounts to be added not less than annually.

The Finance Committee of the Board of Trustees will review this policy on a periodic basis, and not less than annually, and make appropriate adjustments based on the national economic environment and financial position of the University at the time of the review.

Approved by the Finance Committee of the Board of Trustees on October 5, 2006 and recommended to the full Board of Trustees for approval on October 6, 2006.