Capital Project Funding Plans and Agreements Policy

SUMMARY
This statement describes University policy on establishing Funding Plans (proposed) and Funding Agreements (final) for facilities-related capital projects under the purview of the Committee on Land and Buildings of the Board of Trustees.

POLICY STATEMENT
The Vice President for Land, Buildings and Real Estate determines which Capital Projects must obtain approval from the Committee on Land and Buildings of the Board of Trustees. Projects that meet any one of the following conditions require approval:

- New buildings or projects using more than 5,000 sf of GUP
- Major changes in exterior design
- Change in land use
- Projects $10 million and over

Projects seeking Concept Approval from the Board of Trustees must have an executed Funding Plan in conjunction with the project’s request for approval. Projects seeking Construction Approval (including requests for partial construction) must have a fully executed Funding Agreement. Infrastructure programs with program funding identified (e.g. the Capital Utilities Program, Stanford Infrastructure Program or GUP Entitlement Fee program) do not need separate Funding Plans and Agreements.

PROCESS/PROCEDURES
As defined in more detail in the Project Delivery Process at Stanford projects must have a Programming Report, a preliminary schedule and budget, and a proposed Funding Plan prior to requesting Concept Approval from the Board of Trustees. Projects proceeding to Construction Approval must have a completed set of Construction Documents, a Guaranteed Maximum Price (GMP) contract, a confirmed schedule, a final budget, and an executed Funding Agreement in conjunction with the project’s request for Construction Approval.

Projects may be funded from a variety of sources including but not limited to gifts, school/department reserves, institutional reserves, permanent debt and/or funding from government agencies.
The *Funding Plan* serves to document the estimated project budget and the planned funding sources in support of the budget approval that is requested from the Board of Trustees. Pledged gifts that will not be paid in full before the end of construction must identify a short-term funding source to “bridge fund” the project budget. If bridge funding is not available, the project may be delayed or terminated. If pledged gifts are not received, payment will be in accordance with [Administrative Guide 54.3, paragraph 4.d](#).

If the Provost approves a debt allocation to the project budget, the Board-approved budget will include the required finance charges. The Funding Plan will identify the payment source for debt service upon project completion.

The Funding Plan will also stipulate if a project is subject to a GUP Entitlement Fee. This fee will be assessed to the project budget if the proposed new construction or building renovation results in an increase of School/Department gross square footage. Land and Buildings will calculate the GUP Entitlement Fee based on a combination of space movements (space expanded, vacated, inherited or demolished) for review and approval by the Provost. The fee is paid on net new gross square footage by the expanding department upon the project’s receipt of Construction Approval by the Board.

The Funding Plan will include the following signatories, evidencing understanding of the Funding Plan, gift raising and other fiscal responsibilities:

- Provost
- Vice President for Land, Buildings and Real Estate
- Vice Provost for Budget and Auxiliaries Management (if debt servicing is from general funds)
- School Dean/Department Head
- Vice President – Office of Development (if gift funding is planned)
- Vice President for Business Affairs and CFO (if debt exceeds allocations established by the Capital Plan)

The *Funding Agreement* supersedes the preliminary estimates of the Funding Plan when the project returns to the Board of Trustees for Construction Approval. The Funding Agreement serves to document the final project budget, its approved funding sources and amounts, and a confirmed schedule. Funds equal to budgeted project costs must be identified in order for the project to proceed to Construction Approval (including requests for partial construction). The account numbers of the sources supplying these funds are documented in the Funding Agreement.
A final accounting of the GUP Entitlement Fee is also included. The appropriate signatories will again sign as representation of their understanding of the Funding Agreement and all related fiscal responsibilities.

AUTHORITY

This policy is approved by the Provost.

ADMINISTRATION

The Associate Vice President/Finance and Administration for Land, Buildings and Real Estate will administer this policy.