

415. Planning and Management of Facilities and Other Capital Assets

I. Overview

The Board is responsible for the overall planning and management of the physical facilities on campuses of The University of Alabama System. The Board is committed to building, preserving, and enhancing campus physical facilities in order to provide an efficient, functional, and pleasant environment for fulfilling established roles and missions. The Board is further committed to developing campuses that reflect: efficient and effective land use; a thoughtful and sensitive integration of buildings, open space, landscaping, and signage; orderly utility and service networks; and safe and accessible vehicular/pedestrian systems. Finally, the Board is committed to accomplishing these activities in a manner which ensures that public funds are expended in the most cost-effective manner and funds received from these transactions are maximized.

A. Physical Properties Committee Responsibilities

The Committee is responsible for review and recommendations to the Board, actions associated with campus planning, project planning, design and construction and preservation of campus capital assets including, but not limited to:

- Review and approval of Campus Master Plans and associated architectural design standards for each campus
- Methodologies for selecting consulting architects, engineers, construction managers and program managers
- The means and methods of pre-qualifying and selecting general contractors, construction managers, and design-builders to oversee construction on each campus
- Project and construction budget controls and monitoring through the Chancellor's office
- Review of the required ongoing evaluations by campus officials of architects/engineers, construction managers, and general contractors who are awarded contracts on each campus
- Review of criteria established by the Chancellor for annual funding commitments to reduce deferred maintenance liabilities on each campus
- Management of campus real estate resources

B. Staff Support

The Associate Vice Chancellor for Financial Affairs–Facilities and the Assistant Vice Chancellor for Financial Affairs–Construction Management shall provide staff support in conjunction with the implementation of Board Rule 415.

II. Purpose

The purpose of this Rule is to set forth policies, practices, and associated responsibilities for the planning and management of the System's capital assets. The Rule specifically provides for:

- A. Campus master planning
- B. Systematic planning for capital projects, purchase/lease of equipment, and real property acquisition/disposition
- C. The establishment of an orderly process for the accomplishment of major capital projects
- D. The selection and appointment of architects, engineers, construction managers, program managers, and other design and construction entities with primary contractual responsibilities for project delivery (See Board Rule 419 for requirements on selection and engagement of financial advisors, bond counsel, and bond underwriters.)
- E. The delegation of responsibility for the management of existing capital assets

III. Capital Asset Planning and Project Development

The primary purpose of facilities planning is to determine and prioritize the resources required to support campus goals and objectives. Effective facilities planning is dependent upon and interacts with academic and financial planning. Within The University of Alabama System, the planning for capital assets shall include the following:

A. Campus Master Plan

A comprehensive Master Plan shall be developed and maintained for each campus. Each Master Plan shall define a system for land acquisition and utilization, building/site densities, architectural design standards, choice of building materials, parking and traffic studies to support pedestrian/vehicular circulation, utility systems, campus services, landscaping, and signage, all consistent with campus long-range goals and project development.

- 1. Each campus shall have a duly appointed Campus Master Planning Committee with the responsibility for reviewing and recommending approval to the President of all additions and changes to the respective physical facilities of each campus.
- 2. Campus Master Plans shall be reviewed formally at least every five years and updated as needed on schedules established by the Chancellor's office, and they shall be submitted to the Board for review and approval.

3. Amendments to approved Campus Master Plans shall be prepared when significant physical changes are proposed which include new projects, major changes in campus pedestrian and vehicular circulation, proposed changes in architectural design standards, and other changes which will substantially impact the exterior appearance of the campus. These amendments shall be prepared and submitted to the Board for approval.

B. Five-Year Facilities Development Plan

Consistent with the Campus Master Plan, each campus shall prepare annually for presentation at the September Board meeting a Facilities Development Plan projecting, for a minimum five-year time period, space requirements to support campus academic and administrative programs. Information required in this Plan shall include a description of the project, estimated date(s) for development, estimated cost and source of funds, and the priority for each project based on documented academic or facility needs. The format for this report shall be established by the Chancellor's office. Copies of the Facilities Development Plan shall be presented to the Academic Affairs and Planning Committee and the Physical Properties Committee of the Board for review, comment, and information purposes. This program shall serve as a basis for the Annual Capital Development Plan.

C. Annual Capital Development Plan

A Capital Development Plan shall be prepared by each campus annually and presented to the Board at the September meeting. The Plan shall list all capital projects which meet the criteria established in Section III. E. 1. of this Board Rule and which are anticipated to be submitted to the Board for action or information during the fiscal year which begins October 1. These projects should be presented in the context of the campus' annual planning and budgeting process, and each campus should outline how these projects relate to and enhance the University's programs. Additional information should include: a brief description of the project's scope; preliminary cost estimates for construction/acquisition; projected annual cost for operations and maintenance of the planned space; and anticipated funding sources for the initial capital outlay and the ongoing operating costs, to be reported on forms to be developed by the Associate Vice Chancellor for Financial Affairs-Facilities and the Assistant Vice Chancellor for Financial Affairs-Construction Management. The Annual Capital Development Plan will be accompanied by a long-term capital financing report showing current long-term debt and additional liabilities (long-term debt requirements) for proposed new projects. A report showing the current status of deferred maintenance and facilities renewal liabilities on campus shall also be presented.

The Annual Capital Development Plan shall be subdivided into project categories including, but not limited to, education and general, real estate, auxiliary, infrastructure, equipment and athletics. The format for this report shall be established by the Chancellor's office.

The Annual Capital Development Plan shall be submitted concurrently to the Academic Affairs and Planning Committee, the Physical Properties Committee, and the Finance Committee. The Academic Affairs and Planning Committee will review proposed projects to determine if they are consistent with campus mission statements and long-term academic program planning needs, and whether the proposed projects duplicate existing facilities. The Physical Properties Committee will review proposed projects in terms of: general conformance with the Campus Master Plan; review of project scope, campus priority and impact on reducing deferred maintenance/facility renewal liabilities; the appropriateness of proposed construction costs (per building square foot); and projected annual and five-year operations and maintenance costs for the planned space. The Finance Committee will review the long-term debt structure of each campus in conjunction with the proposed Annual Capital Development Plan and determine if the funding proposed for projects in the Annual Capital Development Plan is consistent with prudent financial planning and within the financial capabilities of each campus.

The inclusion of projects in the Annual Capital Development Plan shall constitute a Stage I Submittal to the Board for review and approval.

D. Annual Capital Request to the Legislature

The Annual Capital Request to the Legislature shall be submitted according to the Guidelines issued by the Chancellor for annual appropriations requests to the Legislature.

E. Guidelines for Project Development and Implementation

1. Each capital project that involves the construction, demolition, or renovation of University facilities which has a total estimated cost equal to or greater than \$750,000 shall be planned, designed, and constructed in accordance with Attachment A regardless of the funding source. In addition, for auxiliary projects, a business plan shall be prepared in the format outlined in Attachment G. For those capital projects associated with the Hospital, the review process shall include a Business Plan in the format outlined in Attachment F. All other capital projects shall require business plans in the format outlined in Attachment L.
2. Generally, capital projects with estimated costs of less than \$750,000 may be undertaken and associated contracts executed without Board

approval. However, all capital projects (regardless of cost) which substantially impact the visual appearance of the campus(es) or that involve historically significant or otherwise notable structures, as determined by the Chancellor or designee, are to be presented to the Board for review and approval.

3. Purchases or leases of individual items of equipment equal to \$500,000 or more shall be submitted to the Board for approval in accordance with Attachment C. Related equipment purchases or leases shall not be subdivided into separate actions or purchase orders of less than \$500,000 to avoid required Board consideration of such equipment purchases.
4. Equipment purchases or leases included in Capital Construction Projects which have Board approval shall not require separate Board action. Also, purchases or leases of equipment which are funded entirely by grant or contract shall not require Board approval if both of the following criteria are met:
 - a. The capital expenditure or value of the leased equipment is less than \$1 million; and
 - b. At least 75% of the operational cost associated with the equipment will be paid by the grant or contract over the estimated useful life of the asset.
5. All proposed real property acquisitions or dispositions shall be submitted to the Board for approval in accordance with Attachment D.

F. Designation of Agent for Each Campus to Make Determination of Disposition or Lease of Real Property

The Board will approve by resolution for each campus, and for the System Office, an agent who will function as designated in Attachments D and E.

IV. Facilities Management

The management of campus facilities includes the administration, operation, maintenance, and repair of existing facilities. Responsibility for these activities is delegated to each campus President.

Campuses will present Annual Reports to the Board on deferred maintenance/facilities renewal liabilities and building operations and maintenance (O&M costs). The Chancellor's office shall establish thresholds for funding commitments on an annual basis to reduce the level of deferred maintenance/facilities renewal liabilities. These reductions shall be made either through individual project(s) specifically dedicated to the removal of such liabilities, or through inclusion in major renovation projects or in conjunction with proposed building additions.

(Adopted January 21, 1981 as Rule 470; amended February 3, 1983, June 28, 1993, April 21, 1995, June 23, 1995, and September 15, 1995; renumbered December 5, 1997; amended April 20, 2001, November 9, 2001, April 18, 2003, February 4, 2005, April 8, 2011, June 15, 2012, and November 8, 2013)

Attachment A to Board Rule 415

GUIDELINES FOR PLANNING, DESIGN, AND CONSTRUCTION OF CAPITAL PROJECTS REQUIRING BOARD APPROVAL (\$750,000 OR MORE)

I. Prerequisite

Projects that have been included in an approved Campus Master Plan, Master Plan Amendment, Five-Year Facilities Development Plan or Annual Capital Development Plan have already fulfilled the requirements for a Stage I approval, as described in Step 1 below.

II. Planning of Project, Appointment of Architect/Engineer, and Approval of Budget

1. New projects (those which have not been presented to the Board) shall be presented as Stage I Submittal to the Board prior to the selection of architects/engineers. A pre-planning program statement, a pre-planning budget estimate, and other project information shall be presented on forms to be developed by the Associate Vice Chancellor for Financial Affairs-Facilities and the Assistant Vice Chancellor for Financial Affairs-Construction Management.

This is an action item for the Board.

2. In certain cases the campus administration may need the services of a design professional (Architect/Engineer [A/E]) to assist in the preparation of a program document along with schematic and/or preliminary plans (leading to a cost estimate) prior to making the decision as to whether to present the project and preliminary budget to the Board for approval. Employment of these professional services by campus administration is permissible without Board approval.
3. Submit proposed Facilities Program information in format established by the Chancellor's office to the Assistant Vice Chancellor for Financial Affairs-Construction Management for review and approval before initiation of project design.
4. Select the A/E, Construction Manager (CM) or Program Manager (PM) in accordance with Attachment B, "Selection and Approval of Architects and Engineers." Architect/Engineer Agreements on capital projects involving University facilities that require Board of Trustee approval must be between

the Architect/Engineer and the University regardless of the project's funding source.

5. Seek formal approval of A/E, Construction Manager (CM) or Program Manager (PM) from Board. Provide preliminary budget and sources of funding. (Stage II Submittal)

This is an action item for the Board.

6. Prepare and execute A/E agreement and CM/PM Agreements. All A/E agreements and construction contracts shall be prepared in accordance with established professional standards such as the American Institute of Architects, the Alabama Building Commission, or other generally recognized construction standards. Any standards used should recognize the tax-exempt status of the Board and the ultimate authority of the Board.
7. In collaboration with A/E, develop schematic design, secure approval from all applicable review and regulatory agencies, and prepare schematic design budget. Proceed with preliminary design and budget development. The exterior design of each project shall be in accordance with the architectural design standards included in approved Campus Master Plans. The Board must concur with the architectural design of a project before initiation of final construction documents and specifications. (Stage III Submittal)

This is an action item for the Board.

IMPORTANT: All capital construction projects which will substantially affect the visual appearance of the campus (such as new construction, major building additions, exterior renovations, etc.) must be presented for review and approval to the Board with realistic renderings and/or models prior to Step 8. Renderings and models are not required for interior renovations (of existing facilities), which fall within this category. In addition, information regarding line-of-sight impact, scale and massing of new construction as it relates to existing buildings in the immediate area of the new construction shall be presented to the Board prior to Step 8.

8. Proceed with preparation of construction documents and pre-bid cost estimates.
9. In accordance with the provisions of Title 39-Code of Alabama, general contractors, construction managers, and design-build firms shall be pre-qualified to submit competitive proposals on capital projects.

10. In collaboration with A/E, prepare final budget, advertise project, receive construction bids. Normally the contingency allowance should not exceed a maximum of 5% of construction cost for new projects and 10% of construction costs for renovation projects.
11. Recommend award of contract to Board. Provide summary of bid tabulations, sources of funding, and qualification statements of the successful bidder. (Stage IV Submittal)

This is an action item for the Board.

IMPORTANT: Construction contracts on Capital projects involving interior renovations (of existing facilities) may be awarded without Board approval under the following conditions:

- a. **The estimated Total Project Budget is \$10 million or less.**
- b. **The Project has received Stage I and Stage II approval from the Board of Trustees.**
- c. **The Project is advertised and bid according to the requirements and stipulations of Title 39 of The Code of Alabama 1975.**
- d. **The Assistant Vice Chancellor for Construction Management reviews the proposed contract award with the Chair of the Physical Properties Committee who provides authorization to award.**
- e. **The Assistant Vice Chancellor for Construction Management prepares a report for inclusion in the Physical Properties Committee meeting agenda summarizing the applicable project activity for the period.**

If requested by a campus and approved by Board Resolution, a campus may award trade contracts on construction management (multi-phase) projects without specific Board approval under the following conditions:

- a. Each campus submits, prior to the receipt of bids, detailed quantitative budget estimates for each trade contract.
 - b. The cumulative bid totals are equal to or less than the above-referenced trade contract estimates.
 - c. The campuses provide ongoing reports to the Chancellor's office on awarded trade contracts.
 - d. Budget overruns shall not occur without specific Board approval.
12. Prepare and execute construction contract(s).
 13. Issue Notice to Proceed. Administer construction contract, approve contract change orders in accordance with Attachment J, "Contract Change Order Procedures" within a maximum contingency allowance of 5% of

construction costs for new projects and 10% of construction costs for renovation projects. Increases to the total project budget must be presented to the Board for approval.

14. Accept project.
15. Disburse final payment to contractor.
16. Transmit Post-Construction Report to Vice Chancellor for Financial Affairs in accordance with Attachment I, "Capital Project Report" on designated construction projects.
17. At the conclusion of each project, each campus shall prepare a formal review of the design professionals' performance on issues such as timeliness, cost overruns, quality of service, etc., in a format as directed by the Chancellor's office. In addition, each campus shall prepare a formal review of each construction professional's performance on issues such as project coordination, change orders, time delays, maintaining critical schedules, etc., in a format as directed by the Chancellor's office.

The Chancellor's office shall maintain data base evaluations from each campus reflecting the performance appraisals for design and construction professionals, and this data base shall be made available to all campuses to be used in the selection of design and construction professionals and pre-qualifying general contractors, construction managers, and design-build firms.

Attachment B to Board Rule 415

SELECTION AND APPROVAL FOR ARCHITECTS, ENGINEERS, AND CONSTRUCTION PROFESSIONALS*

Note: For certain projects requiring Board approval it may be permissible to utilize internal Architects/Engineers (A/E). In such cases, campus administration shall submit justification to the Board to support its recommendation. The following procedures apply to the selection of external A/E. Details of the process shall be reported on forms developed by the Associate Vice Chancellor for Financial Affairs-Facilities and the Assistant Vice Chancellor for Financial Affairs-Construction Management.

- Campus administration appoints A/E Selection Committee for project.
 - The campus administration or the A/E Selection Committee shall provide timely and informative notifications to Alabama-based Companies and provide specific information thereto including, but not limited to:
 - the size and scope of the project
 - the type of expertise required to effectively design the project
 - the schedule for the project
 - the estimated cost of the project
 - the above-referenced notification shall be made by one or more of the following methods: public advertisements in local and statewide newspapers; posting on the University's webpage or through the internet; providing notification to architectural and engineering professional organizations in Huntsville, Birmingham, Montgomery, Tuscaloosa, and Mobile, Alabama, and through the State Building Commission
- A/E Selection Committee prepares listing of qualified A/E consultants, utilizing the following criteria:
 - General experience and competence of the firm and its principals
 - General experience of principals or staff architects, engineers, and other personnel with respect to projects of similar size, scope, and complexity
 - Licensing and approval for work within the State of Alabama
 - Review of performances on recently completed projects using a Systemwide performance evaluation data base maintained by Chancellor's office and including the following information:

- Programming and design performance
 - Completeness and timeliness of plans and specifications
 - Accuracy of pre-construction estimates
 - Qualifications to determine alternative energy sources and the ability to consider energy conservation and life-cycle cost analyses
 - The ability to design within stipulated budgets
 - Construction administration performance
 - Design errors and omissions
 - Budget overruns and change orders
 - Post-construction performance during the project guarantee period
 - Experienced staffing and the design expertise to produce design and construction documents to meet the project schedule
- Campus A/E Selection Committee interviews a minimum of three qualified A/E's and submits recommendations to campus administration for selection of project A/E in accordance with the following:
 - Architects and Engineers shall be first ranked by Architectural Selection Committee by qualifications using the guidelines in the hereinbefore listed criteria and the requirements of the Board for Registration of Architects. Engineers will also be ranked based on the hereinbefore listed criteria and any specific qualifications promulgated by the State Board for Registration of Engineers.
 - In choosing among those A/E entities that present comparable qualifications, as listed above, campus A/E selection committees shall grant a preference to Alabama-based firms and firms with a Substantial Alabama Presence, as defined in Items 1 and 2 below. Both categories of firms shall be included in the term "Alabama-based firms," as used in this Board Rule.
 1. Alabama-based Firm: Firm whose primary place of business is within the State of Alabama.
 2. Substantial Alabama Presence Firm: Firm whose headquarters or primary place of business is not in the State of Alabama, but which maintains significant ongoing business in the state. (e.g., an Alabama architecture firm of long-standing is merged with or acquired by an out-of-state firm; however, the same architects practice in the same city in Alabama after the merger. This firm would qualify as a Substantial Alabama Presence Firm).
 3. Non-Alabama-based Firm: Firm whose headquarters or primary place of business is not in Alabama and which maintains minimal or no significant presence within the state. (e.g., a 200-engineer firm in another state which has a satellite office in Alabama of three engineers would be a non-Alabama-based Firm).

- At least three finalists shall be selected and ranked by the Architectural Selection Committee utilizing those criteria listed above.
- After the Campus Selection Committee has completed the ranking of the top three firms, the ranking shall be submitted for approval to the UA System Office of the Vice Chancellor for Financial Affairs and the Chairman of the Physical Properties Committee. Once they have approved it, this information will be submitted to the Physical Properties Committee and then to the Board for review and approval (prior to any negotiations). This will constitute and be part of the Stage II Submittal to the Board.
- After the ranking of such firms is approved by the Physical Properties Committee and the Board, the Campus Financial Officers or their designees shall then negotiate with the most qualified firm seeking to secure the best fee proposal consistent with the size, scope, and complexity of the work. Campuses should evaluate methods of compensation other than a percentage-of-the-cost-of-the-work if such methodologies would be more advantageous to the University.
- The Architectural Selection Committee should notify the other firms interviewed, in writing, of the firms that have been selected for negotiations.
- In negotiating with the A/E firm designated as the most qualified for the project, Campus Finance Officers or their designees shall, to the greatest degree possible, require the following from the most qualified firm:
 - A non-Alabama-based A/E firm must associate with an Alabama-based A/E as a prerequisite to the award of a consulting contract.
 - If a non-Alabama-based Architect is declared the most qualified and is designated as the Architect of Record for a project, every effort must be made to require the use of Alabama-based and licensed civil, structural, electrical, and mechanical engineers.
 - For projects constructed for The University of Alabama System, the Owner and the selected A/E firm should agree to utilize, to the greatest degree possible, the services of Alabama-based and licensed land surveyors, geotechnical engineers, and landscape architects needed for the project.
- If the Campus Finance Officers or their designees are unable to negotiate an acceptable agreement with the most qualified firm, negotiations should be terminated in writing, and negotiations initiated with the next best-qualified firm.
- The Campus Finance Officers or their designees should proceed using this methodology until a fair and reasonable fee acceptable to the University is negotiated.

- Where Federal funds are involved and procedures have been established consistent with Federal guidelines by a particular Federal agency, the Federal guidelines will prevail on the project.
 - After negotiating a consulting agreement, campus administration submits documentation of selection process and justification to support final selection to the Vice Chancellor for Financial Affairs and Chairman of the Physical Properties Committee.
- * Campus Consultant Selection Committees shall use the above referenced A/E Selection Procedures when also contracting with Program Managers (PM) and Construction Managers (CM) and other Construction Professionals.

Attachment C to Board Rule 415

JUSTIFICATION AND APPROVAL OF ITEMS OF EQUIPMENT (\$500,000 OR MORE)

Purchases of individual items of equipment equal to or exceeding \$500,000 in cost, or leases of individual items of equipment equal to or exceeding \$500,000 in value, shall be submitted **to the Board for approval prior to execution** with summaries which include:

- Nature and type of equipment requested
- Location of proposed equipment
- Estimate of total cost and proposed method of financing
- Estimate of additional operational costs with respect to utilities, personnel, and maintenance
- Relationship of new equipment to current programs and/or to proposed programs at the institution
- Alternatives to proposed equipment

Attachment D to Board Rule 415

JUSTIFICATION FOR AND APPROVAL OF REAL PROPERTY ACQUISITIONS AND DISPOSITIONS

All proposed acquisitions and dispositions of real property, other than those associated with the granting of easements and rights-of-way, shall comply with the following process for campus review, advertisement, and formal Board review **and approval prior to execution**:

Dispositions

1. The campus' (or System Office's) designated agent will review each proposed disposition of real property and will make an election whether it can be economically justified and is in the best interest of the University and the State to offer the real property for sale through a duly licensed real estate broker or by negotiation after a publicly announced request for proposals is made, rather than through a public auction or sealed bids.
2. If this sale is handled through a process other than a public auction or sealed bids, this agent shall prepare a written declaration setting forth the specific reasons for the decision, and such documentation shall be retained, made a part of the campus' permanent file, and shall be open to public inspection. A copy of this written declaration shall accompany other documentation as defined herein which shall be submitted to the Board.
3. The agent (or his or her designee) will obtain an appraisal from a duly licensed appraiser in the state in which the property is located.
4. If the property is to be sold through sealed bid or public auction, the agent (or his or her designee) will advertise the proposed sale at least once a week for four weeks in advance of the date fixed for receiving bids or the date fixed for public auction. This advertisement shall appear at least once a week for four consecutive weeks in a newspaper of general circulation in the county or counties where the real property is located and at least one time in three other newspapers of general circulation throughout the State. Real property outside Alabama shall be advertised at least one time in three newspapers of general circulation throughout the State.
5. Advertisements for bid or auction must state: the address of the real property to be sold; the legal description; the dates and times when property may be inspected or the number to call for an appointment; the date, time and place of auction or opening of sealed bids; and a statement that all bids and offers may be rejected.
6. If the property is to be offered for sale through a duly licensed real estate broker, the offer must be published by the broker in accordance with customary practices.

7. These disposition items must be presented to the **Board for approval prior to execution** with the following documentation:
 - A summary including a description of the property identifying the location; acreage; improvements; value as determined by certified appraisal; reason for disposal of real property; sale price; and the party to whom property is to be sold
 - Copy of sale contract, in substantially final form
 - Copy of appraisal
 - Copy of the Declaration by the Board's Designated Agent referred to in Paragraph 2, where appropriate
8. For quitclaim deeds that are requested for quieting title purposes, the only documentation required is a summary of the request, circumstances supporting the request, and description of the property. **These do not require Board approval.**

Acquisitions

1. The campuses will submit the following information to the **Board for review and approval**:
 - A complete summary of the proposed acquisition including: the location; legal description; acreage; improvements; purchase price; method of financing; value established by appraisal; current owner of the property; estimated cost to renovate or develop; discussion of environmental assessment; estimated additional operating costs with respect to utilities, personnel, and maintenance; alternatives to the acquisition of real property; and a justification for the acquisition of real property in terms of its contribution to the stated priorities of the institution
 - Copy of purchase contract, in substantially final form
 - Copy of Phase I environmental assessment
 - Copy of appraisal

Attachment E to Board Rule 415

JUSTIFICATION FOR AND APPROVAL OF LEASES OF UNIVERSITY-OWNED REAL PROPERTY

1. All ground leases must be presented to the **Board for approval prior to execution**. For ground leases other than those covered in numbers 2 and 3 below, the following documentation must be provided:
 - A summary including: the location; legal description; improvements on the land; the value of the land as established by certified appraisal; term and reason for proposed lease; and the name of the proposed lessee.
 - Copy of the lease, in substantially final form.
2. Timber and mineral leases must be presented to the **Board for approval prior to execution**. The following documentation must be provided in the same manner prescribed for disposition in paragraphs 1 through 7 of Attachment D of this Board Rule, except that such documentation must relate to a lease rather than a sale:
 - A summary including: the location; size of property; term of lease; consideration; the name of the proposed lessee; and a discussion of the process used to advertise the lease.
 - A statement by the campus' (or System Office's) designated agent that the lease was offered in a manner that is economically justified and in the best interest of the University and the State.
3. The Board acknowledges that certain ground leases and leases of University-owned facilities to social or professional organizations, faculty members, and employees are in the best interest of the University and the State. Authority to manage these is delegated to the campus Presidents. The Board also acknowledges that other ground leases and leases of University-owned facilities for institution-related purposes which are designed to enhance the operation of the University are often in the best interest of the University and the State and **require the following information and documentation prior to approval**:
 - A summary including: the location; size of property; term of lease; consideration; and the name and relationship of the lessee.
 - A statement by the campus' (or System Office's) designated agent that such lease is in the best interest of the University and the State.

4. All leases of University-owned facilities which involve a real property interest with a value of more than \$20,000 that are not covered in Paragraphs 1, 2, or 3 above, must be handled in the same manner prescribed for dispositions in Attachment D of this Board Rule.

Attachment E¹ to Board Rule 415

JUSTIFICATION FOR AND APPROVAL OF LEASES OF OFF-CAMPUS PROPERTY WHERE THE UNIVERSITY IS THE LESSEE

1. All Capital Leases regardless of cumulative lease value or duration must be submitted to the Board for review and approval.
2. Operative Leases may be approved by the campus Presidents or their designated agents who are authorized to sign lease agreements on behalf of the Board of Trustees of The University of Alabama, if they meet one of the following criteria:
 - The lease has duration of one year or less
 - The lease has a cumulative lease value of \$750,000 or less
 - The lease is between the University and an affiliated institution, such as a foundation or non-profit corporation

Each campus must maintain a file on each such lease transaction, which includes the following:

- a. The executed lease document
- b. A statement from the director of the educational or administrative unit explaining the necessity of acquiring additional space
- c. A statement from the campus Designated Agent that suitable space is not available on campus
- d. A statement from the campus Designated Agent that supports the selection of the specified lease space, addressing such issues as location, building amenities and price
- e. An approval routing sheet that shows authorization from the educational or administrative unit responsible for the lease payments, the campus Designated Agent, the campus Office of Health and Safety, the campus Legal Office and the Vice President for Administration and Finance, or his or her appropriate designee

3. All operative leases that do not meet any of the listed criteria and all capital leases shall be presented to the Board of Trustees for approval prior to execution with the following documentation:

- A summary of the space to be leased identifying the location of the space, amenities, rental rate, property ownerships, etc.
- A statement from the director of the educational or administrative unit explaining the necessity of acquiring additional space
- A statement from the campus Designated Agent supporting the decision to lease the specified space
- A copy of the contract to be executed

Attachment F to Board Rule 415

FORMAT OF BUSINESS PLANS TO BE DEVELOPED FOR MAJOR CAPITAL PROJECTS * BY UNIVERSITY HOSPITAL

1. Statement of Mission and Executive Summary

- This should be a one- to three-page section that explains briefly the mission of the unit involved and a summary of the key points of the Business Plan.

2. Financial Review

The Financial Review section should include the following:

- Base year report of revenues and expenses before the proposed changes are made.
- Projections of revenues and expenses for the next five years, assuming that the proposed change is made.
- Expenses should reflect direct and indirect costs.
- Expenses should include a reserve for replacement calculated using the straight-line depreciation method or by component depreciation method with realistic lives for facilities and equipment. If the space is specialized in nature, discuss the estimated cost to convert to other uses should the program end.
- A complete listing of all assumptions and procedures used in developing the revenue and expense projections, including the rationale for anticipated growth.
- A detailed analysis of the financial implications associated with the proposed change for each part of the University or Foundation. (For example, if the proposed change has financial implications for the Hospital, School of Medicine and/or the Health Services Foundation, the financial impact for each unit should be shown.)
- Breakdown by payer class of patients using the service.
- Discussion of any limitations on reimbursements by third-party payers.

- Discussion of the expected effect of health care reform on the program for which the expenditure is being made.

3. Market Review

- Description of the market for the particular service and how the proposed change improves the University's competitive position. Describe other competitors and where they are located.
- Discussion of how the University's market position is affected if this change is made or not made.

4. Programmatic Review

- Discussion of programmatic impact of making or not making this change.
- For proposed changes which are projected to result in negative cash flow, a discussion of the value of the proposed change to the remainder of the Academic Health Center.

5. Coordination with University of Alabama Health Services Foundation

- Discussion of how the proposed change has been coordinated with The University of Alabama Health Services Foundation to ensure that services are not unnecessarily duplicated.

* Construction, renovation and additions of \$750,000 or greater and equipment purchases/leases of \$500,000 or more which are not part of a construction project.

Attachment G to Board Rule 415

FORMAT OF BUSINESS PLANS TO BE DEVELOPED FOR MAJOR CAPITAL PROJECTS * FOR AUXILIARY AND OTHER SELF-SUPPORTING ENTERPRISES

1. Statement of Mission and Executive Summary

- This should be a one- to three-page section that explains briefly the mission of the unit involved and a summary of the key points of the Business Plan.

2. Financial Review

The Financial Review section should include the following:

- Base year report of revenues and expenses for the auxiliary or other self-supporting enterprise before the proposed changes are made.
- Projections of revenues and expenses for the next five years, assuming that the proposed change is made.

Expenses should reflect direct and indirect costs.

Expenses should include a reserve for replacement calculated using the straight-line depreciation method or by component depreciation with realistic lives for facilities and equipment. If the space is specialized in nature, discuss the estimated cost to convert to other uses should the program end.

- A complete listing of all assumptions and procedures used in developing the revenue and expense projections, including the rationale for anticipated growth.
- A detailed analysis of the financial implications associated with the proposed change for other parts of the University.

3. Market Review

- Description of the market for the particular service and how the proposed change improves the University's competitive position. Describe other competitors and where they are located.
- Discussion of how the University's market position is affected if this change is made or not made.

4. Programmatic Review

- Discussion of programmatic impact of making or not making this change.

* Construction, renovation and additions of \$750,000 or greater and equipment purchases/leases of \$500,000 or more which are not part of a construction project.

Attachment H to Board Rule 415

SAMPLE RESOLUTION

WHEREAS, Board Rule 415 specifies that one individual from each campus of The University of Alabama System and from the System Office shall be appointed by The Board of Trustees of The University of Alabama to evaluate the disposition of real property and determine the method by which the property should be disposed in order to serve the best interest of the University and the State, and to determine that certain ground leases and facilities leases are in the best interest of the University and the State; and

WHEREAS, such agent shall be responsible for maintaining permanent records on their respective campus (or System Office), setting forth the reasons for the decisions made regarding the method of real property disposition; and

WHEREAS, these agents are responsible for ensuring that the documentation called for in Board Rule 415 is submitted to The Board of Trustees for approval prior to closing;

NOW, THEREFORE, BE IT RESOLVED by The Board of Trustees of The University of Alabama that effective [insert date] and until superseded by further action of this Board, the following individuals are designated as agents for these purposes: (Name) for The University of Alabama, (Name) for The University of Alabama at Birmingham, (Name) for The University of Alabama in Huntsville, and (Name) for The University of Alabama System Office.

Attachment I to Board Rule 415

CAPITAL PROJECT REPORT /1

Date

TO: Vice Chancellor for Financial Affairs

FROM: (Name)
(Name of campus) Vice President for Financial Affairs

SUBJECT: Construction Contract Completion Report

Project Name: _____

Project Address: _____

New Construction _____ Renovations _____

Date Board Approved Contract Award: _____

Date of Substantial Completion: _____

- | | | |
|----|--|----------|
| A. | Board Approved Contract Amount | \$ _____ |
| B. | Board Approved Project Budget | \$ _____ |
| C. | Board Approved Construction Contingency /2 | \$ _____ |
| D. | Construction Contract Changes (Actual) | \$ _____ |
| E. | Total Revised Construction Contract (Actual) | \$ _____ |
| F. | Total Revised Project Budget (Actual) | \$ _____ |
| G. | Percentage (%) Changes Via Change Order | \$ _____ |

/1 This Report shall be filed with the Office of the Vice Chancellor for Financial Affairs, The University of Alabama System no later than ninety (90) days from the date of substantial completion for all Capital Project Construction Awards approved by the Board of Trustees after November 2001.

/2 Contract Change Order Procedures with a maximum of 5% of construction costs for new projects and 10% of construction costs for renovation projects.

Attachment J to Board Rule 415

CONTRACT CHANGE ORDER PROCEDURES

- A. Change Orders (basically as promulgated by the State Building Commission and Attorney General's Office) may be used to facilitate the following:
1. Minor changes for a monetary value less than required for competitive bidding (i.e., less than \$50,000).
 2. Changes for matters relatively minor and incidental to the original contract necessitated by unforeseeable circumstances arising during the course of the work.
 3. Emergencies arising during the course of the work of the contract.
 4. Bid Alternates provided for in the original bidding where there is no difference in price of the change order from the original best bid on the alternate.
 5. Changes are relatively minor items not contemplated when the plans and specifications were prepared and the project was bid which are in the public interest.
- B. The above State Guidelines are amended as follows:
1. The maximum project contingency (for construction change orders) shall not exceed 10% of low bids on renovation projects and 5% of low bids on new construction projects.
 2. Program changes exceeding \$100,000 in costs must be submitted to the Vice Chancellor for Financial Affairs for final review and approval after consultation with the Chancellor and the Physical Properties Committee Chairman.
 3. Change orders cannot be approved at the campus level which will cause an overrun in the total project contingency approved by the Physical Properties Committee and the Board. In the event those costs are exceeded, the Vice Chancellor for Financial Affairs, after consultation with the Chancellor and the Physical Properties Committee Chairman, must approve any variances thereover.

4. In addition to the above, each campus shall provide a report no later than 90 days from the date of substantial completion for all Capital Projects approved in accordance with Board Rule 415 to the Vice Chancellor for Financial Affairs. The report should also reflect the percentage change in the original contract amount as a result of change orders.

5. Furthermore, the approved programs and scope of work for capital projects should not be changed or extended via the change order process beyond that approved by the Physical Properties Committee and the Board. Otherwise, change orders that fall within the “general scope of the work” as approved for the project and do not exceed the established contingency amount shall be allowable at the campus level utilizing these guidelines, and when approved by the Campus Legal Counsel(s). When favorable bids are obtained, the savings may be applied to previously identified alternatives.

Attachment K to Board Rule 415

**Supplemental Project Information Worksheet
Annual Capital Development Plan**

FY: _____

Project Name/Category:

Campus:

1. Will this Project increase the current space inventory on campus or replace existing space?

- | | | |
|--|---------------------|-----------|
| <input type="checkbox"/> increase space inventory | _____ % increase | _____ GSF |
| <input type="checkbox"/> replace space inventory | _____ % replacement | _____ GSF |
| <input type="checkbox"/> renovation of existing space only | | _____ GSF |

2. If this Project will replace existing space inventory, how will vacated space be utilized or assigned after this Project is completed?

Comments:

3. Proposed Project location is consistent with the Campus Master Plan and University Design Standards and the principles contained there?

Yes _____ Campus Master Plan Amendment Required

If Campus Master Plan amendment required, explain:

4. Provide information on classification of new space provided by this Project and latest utilization data on similar type spaces on campus.

| Proposed New Space/Facilities | | | | Utilization Data FY: _____ /1 |
|-----------------------------------|----------------|--------------------|------------|---------------------------------|
| Classification | Number (Units) | Capacity (Persons) | Area (GSF) | % of available scheduled hrs /2 |
| 1. Instruction: | | | | |
| a. Seminar Rooms /3 | | | | |
| b. Class Rooms /4 | | | | |
| c. Lecture /5 | | | | |
| d. Laboratories /6 | | | | |
| 2. Office/Support: | | | | |
| a. Faculty | | | | |
| b. Administration | | | | |
| c. Research | | | | |
| d. Other | | | | |
| 3. Campus Recreation | | | | |
| 4. Intercollegiate Athletics | | | | |
| 5. Libraries | | | | |
| 6. Residence Halls | | | | |
| 7. Performing/Arts | | | | |
| 8. Special Laboratories/Studies/5 | | | | |
| 9. Research Laboratories | | | | |
| 10. Other | | | | |

Comments:

- /1 Latest Fiscal Year Data Available
- /2 Utilization Factor based on Scheduled Operating Hours on Campus
- /3 10-20 person capacity
- /4 20-125 person capacity
- /5 125 person capacity and above
- /6 Sculpture, art, broadcast studios and seminar areas

5. How will this Project enhance existing/new programs and undergraduate/graduate enrollments?

Estimated new Funds from Tuition/Programs \$ NA Yr.

Comments:

6. Facility user group established to provide input for planning, programming, and design purposes? Yes In-Progress

If yes, list key members of user group:

7. Source(s) of funding for Total Project Development Costs.

| Source(s) | New Funds (FY _____) | Reserves | Status /7 |
|---|-------------------------|----------|-----------|
| Tuition | | | |
| Student Fees | | | |
| Investment Income | | | |
| Auxiliary Income <ul style="list-style-type: none"> • External • Internal | | | |
| Education Sales/Services <ul style="list-style-type: none"> • External • Internal | | | |
| Direct Grants | | | |
| Gifts | | | |
| Bonds | | | |
| Existing Net Assets | | | |
| Other | | | |
| Totals | | | |

/7 Approved, allocated, pending

Comments:

8. **Estimate of operations and maintenance (O&M) costs for the initial occupancy year and projections for succeeding five (5) year period.**

| Operations and Maintenance (O&M) Annual Costs Projections | | | |
|--|----------------------------------|---|--|
| Expense | FY 2014-2015 Base Data /8 | First Full /YR Occupancy FY_____ | Successive Five (5) Year Projections /9 |
| Maintenance | | | |
| Elevator Service | | | |
| Building Repairs | | | |
| Building Services | | | |
| Electric, Natural Gas, Steam | | | |
| Chilled Water | | | |
| Water and Sewer | | | |
| Insurance | | | |
| Safety Support | | | |
| Operations Staff Support Funding | | | |
| Other – Supply Store expenses | | | |
| Totals | | | |

/8 Latest Fiscal Year Data used as Base Year for Projections

/9 Combined Costs for next Five (5) Years of Occupancy

Comments:

9. Source of funds for projected ongoing operations and maintenance (O&M)
Attachment K to Board Rule 415

| Source(s) | Occupancy Yr /9 (FY _____) | Future Years /10 | Status /7 |
|---|-------------------------------|---------------------|-----------|
| Tuition | | | |
| Student Fees | | | |
| Investment Income | | | |
| Auxiliary Income <ul style="list-style-type: none"> • External • Internal | | | |
| Educational Sales & Services <ul style="list-style-type: none"> • External • Internal | | | |
| Direct Grant(s) | | | |
| Reallocated Funds /11 | | | |
| Gifts | | | |
| Other | | | |
| Total/YR | | | |

- /9 Initial Full Yr of Occupancy
- /10 Next Five (5) Yrs Occupancy
- /11 Funds Reallocated from other sources
- /7 Approved, allocated, pending

Comments:

10. Development expenditures for this Project being used to reduce the current deferred maintenance/facilities renewal liabilities for the Campus?

\$ _____ % of Total Development Costs

Comments:

11. What other development alternatives were considered in the planning process

Attachment K to Board Rule 415

Page 6

Comments:

/13 Renovation vs. new construction, adaptive reuse of underutilized buildings, etc.

12. Explain how the project will promote adequacy of campus facilities in relation to the University's Mission and scope of programs and/or services:

13. How does the project correlate to the University's strategic goals?

14. What would be the immediate impact on campus programs and enrollment if this project is not approved?

Comments:

Attachment L to Board Rule 415

BUSINESS PLAN FOR NON-HOSPITAL RELA

Attachment K to Board Rule 415

Campus:

Building:

| | Years | | | | | | | | | | | | | | | |
|-------------------------|-------|---|---|---|---|---|---|---|---|----|----|----|----|----|----|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16-20 |
| Source of Funds | | | | | | | | | | | | | | | | |
| E&G | | | | | | | | | | | | | | | | |
| Departmental | | | | | | | | | | | | | | | | |
| Research | | | | | | | | | | | | | | | | |
| Auxiliary | | | | | | | | | | | | | | | | |
| Athletics | | | | | | | | | | | | | | | | |
| Gift | | | | | | | | | | | | | | | | |
| Other (Please Define) | | | | | | | | | | | | | | | | |
| TOTAL | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Expenses | | | | | | | | | | | | | | | | |
| Utilities | | | | | | | | | | | | | | | | |
| Electricity | | | | | | | | | | | | | | | | |
| Water | | | | | | | | | | | | | | | | |
| Steam | | | | | | | | | | | | | | | | |
| Chill Water | | | | | | | | | | | | | | | | |
| Natural Gas | | | | | | | | | | | | | | | | |
| Insurance | | | | | | | | | | | | | | | | |
| Janitorial | | | | | | | | | | | | | | | | |
| Employee Cost | | | | | | | | | | | | | | | | |
| Supplies | | | | | | | | | | | | | | | | |
| Contract Services | | | | | | | | | | | | | | | | |
| Maintenance | | | | | | | | | | | | | | | | |
| Fixed Equipment | | | | | | | | | | | | | | | | |
| Structural | | | | | | | | | | | | | | | | |
| Interior Surfaces | | | | | | | | | | | | | | | | |
| Exterior Surfaces | | | | | | | | | | | | | | | | |
| Landscape & Grounds | | | | | | | | | | | | | | | | |
| Administrative Overhead | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | |
|--------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Deferred Maintenance Sinking Fund | | | | | | | | | | | | | | | | |
| TOTAL OPERATING COSTS | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| Debt Service | | | | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | | | | |
| Interest | | | | | | | | | | | | | | | | |
| Lease Payments | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| TOTAL COST | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| SURPLUS/DEFICIT | | | | | | | | | | | | | | | | |