

Pennsylvania State System of Higher Education Facilities Manual

Volume VII-B State System Financed Projects

Facilities projects for residence halls, dining halls, student unions, recreation facilities, Guaranteed Energy Savings Act (GESAs) contracts, and other projects for which there is an identifiable revenue stream other than the annual operating budgets, may be programmed as System-financed projects where the State System will borrow the funds on behalf of the university to complete the work. The university incurs the annual debt service to repay the borrowed funds. These facilities projects are programmed according to the procedures established in Volume V.

Qualifying projects are submitted to the Board of Governors for approval based upon a feasibility study, energy audit report, or other documentation showing the feasibility of accomplishing the project. If approved, the university may proceed to design and prepare bidding documents to accomplish the work. After approval by the Board of Governors, the university may advertise and take bids for the project. Based upon the contract bid amount plus contingency, bonds are obtained to finance the project. Copies of paid invoices are submitted to the State System cash and debt manager for reimbursements from bond proceeds. The cash and debt manager monitors the cash flow based upon a standard construction cash flow schedule. Institutions should discuss the cash flow schedule before it is prepared to provide as accurate a cash flow picture for the project as possible.

Contracting for design and construction of System-financed projects must be accomplished in accordance with the State System's *Administrative Procedures for Professional Services* and *Contract Procurement for Facilities Projects* manuals, and the statutory provisions, Board of Governors policies, regulatory provisions, and applicable management directives contained in Volumes I and II of this manual.