

**Georgia Institute of Technology
Public-Private Venture Program
Compliance & Project Expenditure Procedures
(Effective June 2017)**

The compliance and management plan outlined below has been established to comply with the terms of pre-existing Public Private Venture (“PPV”) rental agreements and the principles underlying Board of Regents (“BOR”) Policy governing all PPV financings at University System of Georgia (“USG”) institutions. This document sets forth procedures to govern financing and managing ongoing operations and maintenance at PPV facilities managed by Georgia Institute of Technology (GIT) affiliated organizations.

The following are PPV Buildings, categorized by managing GIT affiliated organization, and may require additional steps in the approval process for project expenditures:

Georgia Tech Foundation (R&R held by GTF)

- Technology Square – Scheller College of Business (College of Management)
- Technology Square – Economic Development Institute
- Technology Square – B&N Bookstore
- Technology Square – Global Learning Center
- Technology Square – Hotel Retail
- Technology Square – Parking Deck
- Campus Recreation Center and Parking

Georgia Tech Facilities, Inc.

- Molecular Science & Engineering Building (R&R held by GTFI)
- Institute for Bioengineering & Biosciences Building
- Electrical Sub-station (R&R held by GTFI)
- Carbon Neutral Energy Solutions Lab (R&R held by GTFI)
- North Avenue Apartments
- North Avenue Dining
- Academy of Medicine
- Married Family Housing
- Klaus Parking Deck

Other

- Technology Square Retail – Third-party tenants are responsible for most capital improvements
- GT Savannah (GTREP) – Landlord (TUFF) is responsible for capital repairs and improvements
- Technology Square Research Building (Yamacraw) – Landlord (TUFF) is responsible for capital repairs and improvements
- EmTech Library Service Center – (R&R held by EmTech)

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Source of Renewal and Replacement Reserve Funds

In accordance with BOR guidelines, capital lease payments associated with the USG PPV program made to Affiliate Organizations are designed, at a minimum, to support the required cooperative organization bond payment for principal and interest in addition to other costs as determined between the parties to the agreement. As of FY17, GIT structures lease agreements so that principal, interest, renewal and replacement (“R&R”) costs and other pass through expenses are sufficiently captured.

It is the policy of the BOR that rental agreements associated with the PPV program between the BOR and a cooperative organization or its affiliated limited liability company contain provisions related to routine assessments of facility conditions, funding, disbursement, and disposition of repair and replacement reserves, to enhance the long-term sustainability of PPV projects through ensuring that such reserves are used for capital repairs and replacements. (See BOR policy 9.8.5.2 – Repair and Replacement Reserves).

- In accordance with BOR policy, external **Facility Condition Assessment Reports (FCARs)** are completed on a routine basis for applicable GIT PPV projects
 - FCARs are required every two and a half years for PPV housing, precast parking decks and stadiums with metal bleachers
 - FCARs are required every five years for all other facilities
- Based on the capital improvement needs reported in individual FCARs, GIT determines the appropriate level of R&R reserves for future year requirements
 - Reserve amounts for each facility may include an additional contingency based on reasonable standard measures
 - Analysis will include and appropriately recognize existing R&R reserve funds held by external entities, including GIT affiliates
 - Amounts identified through the standard process are confirmed annually to official Capital Plans and appropriately adjusted
- Once the appropriate level of R&R reserves (by project) has been determined, amounts are reserved as appropriate:
 - Auxiliary Projects - Reserve amounts are incorporated into appropriate Auxiliary R&R reserve funds
 - Other Projects – Reserve amounts are incorporated into an R&R budget and held either at the Institute, or the Affiliated Organization, consistent with the BOR approved rental agreement.
- In all cases, capital repairs and improvements are managed and accounted for, by facility, according to the terms of existing legal rental agreements

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GIT calculates the reserve requirement for each facility using the following formula:

Structure Type:		Size Assessment	Value Assessment
<u>Complex/Technical Facilities</u> (for example: labs, computing facilities, and high use structures)	Select the higher of:	\$2/ square foot	0.5% of value
<u>Standard/Non-Technical Facilities</u> (for example: classroom and office buildings)	Select the lower of:	\$2/ square foot	0.5% of value
<u>Unimproved/Unheated Structures</u> (for example: parking decks, warehouses and other storage space)	Select the lower of:	\$1/ square foot	0.25% of value

FCARs and related expenses are reviewed each year and reserve fund amounts are adjusted according to GIT reserve fund requirements.

Project Expenditure Request Process

To facilitate the payment of maintenance and repairs in PPV facilities, project/facility managers are required to use the [Checklist for Projects in Restricted PPV Buildings \(R&R Project Checklist\)](#).

Utilizing the R&R Project Checklist, expenditure requests should be made by the project or facility manager designated with such authority. To request payment of new project expenditure requests in PPV facilities for all planned and known expenditures, **please forward all invoices to ppv@gatech.edu for approval.**

The following facilities are Restricted PPV facilities and require the additional steps as outlined on the R&R Project Checklist to appropriately process payments for renewal, repair and maintenance expenses:

- Academy of Medicine
- Carbon Neutral Energy Solutions Lab
- Electrical Substation
- EmTech Library Service Center
- Molecular Science & Engineering (MSE)
- North Avenue Apartments
- North Avenue Dining
- North Avenue Parking – North Deck

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- North Avenue Parking – South Deck
- Tech Square Research Building (TSRB)

Checklist Instructions for Facility Project Managers

1. Upon receipt of the Checklist for Project Requests in Restricted PPV Buildings:
 - a. Ensure that the form is fully completed,
 - b. Ensure that a Purchase Request Form (PRF) is properly included, and
 - c. Determine if a CR6 was needed and included.
2. Review the Checklist for:
 - a. Project amounts over \$100k,
 - b. Projects that extend life of building,
 - c. Project that increase value of building, or
 - d. Items 5 or 6 are completed on the form.
3. For any project that qualifies for as yes for 2a, 2b, or 2c, or have items 5 or 6 completed – **route to Treasurer of GTFI at ppv@gatech.edu for review and approval.**
4. For projects that do not qualify as yes for 2a, 2b, or 2c and have no information in items 5 or 6 – **please forward to ppv@gatech.edu for documentation/record retention purposes – no GTFI PPV project management is necessary.**
5. After confirmation of expected budget with facilities:
 - a. Determine if PPV has reserves (of any amount)
 - b. Determine if expenses should be paid from reserves with the Institute Budget Office and/or the Institute Chief Business Officer.
 - c. Determine if expenses will be in part or full paid from cash.
 - d. If cash is utilized, determine with approval of GTFI Treasurer, if project will be:
 - i. Paid in advance and invoiced back to the Institute monthly, or
 - ii. Billed to the Institute in advance due to the size of the project expenditures, or GTFI cash position.
6. Process and pay expenses as invoices are presented. **Include GTFI administrative fee of 0.75% when appropriate.** Maintain detailed records of project budgets and drawn balances (updated information will be presented to GTFI Board at all meetings.)
7. If expenses are to be paid from Affiliate reserves, make sure proper accounting is applied and reserves are drawn down, and reserve balances are monitored.
8. If project is projected to go over budget, contact facilities and GTFI Treasurer to approve amended budget – BEFORE paying any additional invoices.
9. At conclusion of the project, approve final invoice being sent to GIT and inform GTFI Treasurer of conclusion of the project.

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10. Projects deemed an emergency “Life Safety” project related to the repair of existing mechanical, electrical, plumbing, fire control, or other system needed to protect the life and safety of GIT occupants should be described per **Step 3** on the [Checklist for Projects in Restricted PPV Buildings](#) and routed to the GTFI Treasurer at ppv@gatech.edu. The designated project/facility manager may authorize payment without GTFI prior-approval.

Project Payment Invoicing and Expenditure Tracking

- Once a facility is determined to be on the restricted PPV building list and the appropriate approvals are granted, if required, the Project Manager should review each invoice for accuracy and **submit all invoices to the Capital Financing and Compliance Manager at ppv@gatech.edu.**
- Upon review for accuracy, applicability to the project described, and confirmation of appropriate approvals, the Capital Financing and Compliance Manager will forward invoices to GTFI for payment.
- Invoices will be paid by GTFI and drawn down from reserves on facilities in which reserve funds are held by GTFI.
- Expenses for invoices in which there are no reserves held by GTFI, or in which reserves are inadequate to pay the invoice submitted, the expense will be accumulated and GTFI reimbursed by rental charges passed on to the Institute, billed quarterly.
- All expenditures are recorded, tracked against reserve balances for each project by the Capital Financing and Compliance Manager and reviewed periodically as appropriate to ensure compliance with BOR and GIT guidelines.

For any questions related to PPV program procedures and compliance, please reply to ppv@gatech.edu.