

LAFAYETTE COLLEGE

Capital Project Approval and Funding Summary

The College has developed a capital project approval and funding policy to maintain the College's fiscal integrity and enhance internal controls. The approved projects will meet key feasibility criteria and be aligned with strategic priorities to ensure high-quality, cost-effective projects that enhance the College's campus and values. The policy also addresses requirements for donor funded projects in order to reduce or eliminate future financial risk to the College.

1. Capital Project Approval Process

1.1. Capital Project Request

- 1.1.1. At project ideation, a feasibility study should be performed for significant projects. For feasibility studies that cost up to \$100,000 require Executive Vice President Finance & Administration ("the EVP") approval to fund and proceed; over \$100,000 requires both EVP and President approval to fund and proceed.
 - 1.1.1.1. Appropriate Board Committees will be informed of feasibility studies and their status.
- 1.1.2. After the feasibility study is complete, a request is submitted through the capital project request page in the College's Capital Budget Planning application. The request defines the project scope, potential benefits, and estimated total project cost.
- 1.1.3. Estimated total project cost is inclusive of confirmation from Facilities, which includes:
 - 1.1.3.1. Construction, technology, equipment, furniture, software, and project contingency.
 - 1.1.3.2. Annual operating and maintenance (O&M) expenses (if applicable).
 - 1.1.3.3. Life-cycle estimates.
- 1.1.4. Identify possible funding sources (College Operations, Donor/Philanthropic, Debt, Grant).
- 1.1.5. Projects may be a combination of funding sources, but the percentage and specific department or source must be determined prior to the start of the project.

1.2. Prioritization and Review

- 1.2.1. Requests are prioritized within the Capital Budget Planning application by Department Heads and Division leaders.
- 1.2.2. Capital budget team reviews the prioritized requests compared to the available funding sources (College Operations, Endowment, Donor Opportunities, Debt, and Grants).

- 1.2.3. Senior Leadership team reviews the prioritized list with funding sources and finalizes a recommendation to share with the College Budget Planning Committee.
- 1.2.4. Recommended projects are included within the Capital Budget and shared with the Financial Policy Committee (FPC), Grounds and Building (G&B), and the Board of Trustees (BOT) for general review. The overall approval of projects occurs within the formal approval of the capital budget each May.
- 1.2.5. Projects requested outside of the annual budget cycle will follow an exception process and need appropriate approvals to proceed.

1.3. Communication and Project Management

- 1.3.1. Approved projects and associated budget as well as deferred projects are communicated to the Campus Community following approval of the Capital Budget in May.
- 1.3.2. Timing of projects will be coordinated between the requesting Division and Facilities.
- 1.3.3. Project Manager or Facilities will provide project status and updates to the Capital Budget team bi-weekly or monthly as required to help address issues or concerns as the project progresses. This applies to all projects regardless of funding source.

2. Approval Matrix for Project Requests, Scope, and Budget Changes.

2.1. Proposed projects are approved in accordance with the following matrix.

Proposed Project Budget	Finance	EVP	President	G&B and FPC Committees	Board
Feasibility					
<\$0.1 million		X		(Inform)	
>\$0.1 million			X	(Inform)	
Schematic Design through Construction					
<\$1 million	X				
\$1-3 million		X			
\$3-5 million			X	(Inform)	
>\$5 million				X	X

2.2. Scope and project changes that drive costs beyond the approved project cost may require additional approval to continue.

3. Donor/Philanthropic Funded Projects

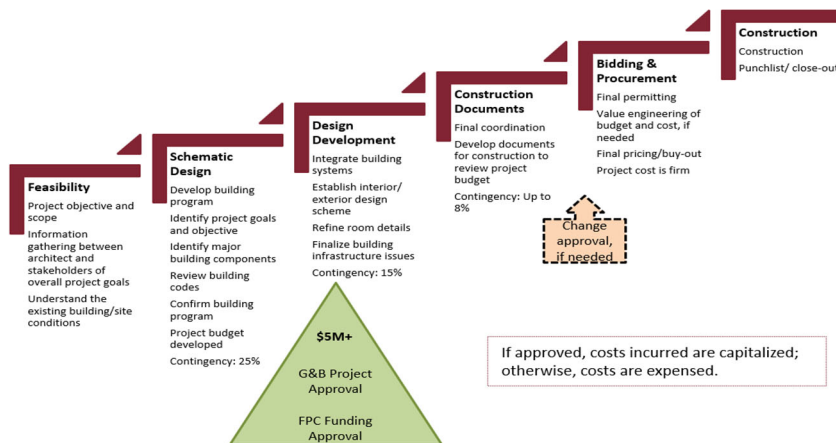
- 3.1. Projects that include philanthropic support are required to meet fundraising milestones. The fundraising milestones are percentages of gifts to be pledged or cash in hand based on the total amount anticipated to be funded by donor gifts as indicated in the project’s fundraising strategy provided by Development.
- 3.2. Each fundraising milestone requires a specific percentage of cash in hand to continue with each phase of the project. (For example, the construction phase requires 50% of the 80% total pledged to be cash in hand.)
- 3.3. The following is a requirement prior to the commencement of construction:

Phase	Fundraising Milestones		Notes
	Pledged	Cash in Hand	
Feasibility Study and Confirm Funding Strategy	-	-	Typically funded by operations, Capital Feasibility Studies, or endowment support. Funding source to be approved prior to study. Use of gift funds for study must be approved by EVP regardless of cost.
Schematic Design (SD)	15%	0%	G&B, FPC and Board approval required to start SD for \$5M or more; Fundraising strategy to be reviewed by FPC Milestone: 0% is required to be cash in hand of the 15% pledged
Design Development (DD) - Construction Documents (CD)	50%	25%	Committees and Board to be informed; Milestone: 25% is required to be cash in hand of the 50% pledged
Construction	80%	50%	Committees and Board to be informed; Milestone: 50% is required to be cash in hand of the 80% pledged

- 3.4. Any exceptions to the milestones stated above need to be approved by the EVP.

4. Life Cycle of a Construction Project

- 4.1. The capital project lifecycle is summarized in the following graphic:



5. Policy Review

- 5.1.** Finance will review the policy at a minimum of once a year to ensure the guidelines are reasonable and aligned with the College's priorities and strategic direction.

The Capital Project Approval Policy was formally approved by the Board of Trustees on February 25, 2023.