SBCTC Alternative Financing Request Instructions and Checklist

Alternative financing requests typically require both State Board review and, in some cases, legislative authorization through the capital budget as these arrangements can create long-term financial obligations that extend beyond a single biennium and may involve state-owned assets or future revenue commitments.

Under State Board policy and state law, colleges may not independently enter into certain alternative financing arrangements, such as Certificates of Participation (COPs), lease-purchase agreements, or public-private partnership structures, without State Board involvement and coordination with other state agencies.

The general approval and review process for alternative financing requests is:

1 Local Board of Trustees approval.
2 State Board review and approval.
3 Office of Financial Management (OFM) review and approval.
4 Legislative authorization.

Because these reviews and approvals may take significant time, colleges should engage the State Board as early as possible when considering an alternative financing approach. Early coordination helps identify required approvals, supporting documentation, and potential legal or budget considerations, and is important to maintaining project schedules and avoiding delays to procurement, financing, or construction activities.

The State Board's role:

- Review proposed projects for consistency with system priorities, state policy, and long-term financial and operational impacts.
- Ensure the proposed financing structure is appropriate, feasible, and in the best interest of the college and system.
- Coordinate with agencies such as OFM, Department of Enterprise Services (DES), Office of the State Treasurer (OST), and the Attorney General's Office, as needed.
- Serve as the formal state entity for requests involving state-owned property, financing authorizations, or capital budget actions.

A proposal may require legislative authorization when it:

- Commits future state or local revenues over multiple years.
- Creates long-term contractual or financing obligations.
- Involves financing instruments or delivery structures requiring statutory or budget authority.
- Affects state-owned facilities or property interests.
- Requires specific direction or authorization through the capital budget.

As part of the review process, colleges are generally asked to provide project information and supporting documentation to allow the State Board to evaluate the proposal and determine whether additional state review, approvals, or legislative action may be necessary.

Checklist

- ☐ Project narrative
- ☐ COP Financial Contract Request form (Excel)
- ☐ Expected use of bond/COP proceeds form (tax-exempt bond financing questionnaire)
- ☐ Board of Trustee resolution or minutes authorizing project and financing
- ☐ Preliminary title report (acquisition projects)
- ☐ C-100 (construction projects, over $4 million)

Project narrative

A concise overview of the proposed project and clearly explain why alternative financing is being pursued. This should be limited to one or two paragraphs and include:

- A brief description of the project scope, including the facility or infrastructure involved and the major improvements or systems being addressed.
- The problem, deficiency, or operational need the project is intended to solve.
- The anticipated outcomes or benefits, such as energy savings, deferred maintenance reduction, operational improvements, regulatory compliance, resiliency, or modernization.
- Any key delivery considerations, such as urgency, phasing, occupancy constraints, or coordination with other capital investments.

The narrative should be written at a high level and focus on clearly communicating the purpose, need, and rationale for the request.