

Board Regulation 14.002 – Reserve for New Construction

Frequently Asked Questions and General Guidance

(Revised 9/14/23)

Response: The 2% reserve requirement is applicable to any new construction project of a stand-alone E&G facility where construction is initiated on or after July 1, 2022. It is important to know that the statutory 1%, effective 2019, is currently in effect.

- 2) FL Statute 1001.706(12)(C) indicates the following: “A new construction, remodeling, or renovation project that has not received an appropriation in a previous year shall not be considered on the prioritized list required by S.1013.64(4), unless:

14) What will be the reporting requirements behind the 2% escrow requirement for new construction projects?

Response: Neither statute nor regulation cite reporting requirements. For now, the only “reporting” required is the university’s expressed intent (to establish reserves) in the Capital Improvement Plan (CIP); *Form CIP3-Project Details*.

15) When does the escrow start , upon completion of construction or when the full actual cost of the building is known?

Response: When construction is complete (see #12 above), the full cost of the building should be available, facilitating the value basis determination, i.e. “*the building value should be based on total construction cost or insurable value upon construction completion, whichever is greater.*”

16) What is the definition of “construction is initiated”, as cited in paragraph (6) of Reg 14.002?

Response: When you break ground.

17) What is meant by “breaking ground” in terms of when building begins?

Response: Use common sense. For example, if there are folks working onsite, it is probably safe to say that you have ‘broken ground’.

In the Design Phase?

Response: No. Again, use common sense.

At the time of demolition of an old building that the new facility is replacing?

Response: Maybe. If it is part of the project scope and your contractor/builder is commencing construction shortly after demolition, then yes, the project is underway - i.e., you have ‘broken ground’. However, if you are razing a building in advance, and you still have to complete planning & design for the proposed project, with construction commencing months later (or maybe the following year), then no, demolition does not constitute breaking ground for regulation purposes.

When a shovel is in the ground by construction companies ?

Response: Yes, you have ‘broken ground’.

Is it when the foundation is laid?

Response: Yes, most likely before that, when site prep commences.

18) Do we have to create a separate escrow bank account?

Response: Both Statute and Regulation require “*an escrow account, specific to the project*”.

19) What are the allowed uses of the funds held in escrow? E.g. deferred maintenance, regular maintenance, extraordinary or unusual repairs.

24) If we use carry forward funding for a replacement structure that is less than