

**Sam Houston State University
A Member of The Texas State University System**

**Finance & Operations Procurement and Business Services Policy FO-PUR-17
Purchases with Higher Education Assistance Funds (HEAF)**

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Please note if a building has both Auxiliary and Education & General Funds the University can use HEAF Funds proportionally with the E&G Funds.

Article VII also provides that governing boards may issue bonds or notes and pledge HEAF funds for up to fifty percent of money allocated to secure payment of the principal and interest on the bonds or notes.

Acceptable HEAF Expenditures and Restrictions:

Acquisition of land with or without permanent improvements: For the purposes of HEAF expenditures, the following definitions and guidelines apply:

- a. Land: The surface or crust of the earth which can be used to support structure and which may be used to grow crops, grass, shrubs, and trees.
- b. Cost of Land may include:
 - 1. Purchase price
 - 2. Commissions
 - 3. Fees for examining and recording titles
 - 4. Surveying
 - 5. Drainage cost
 - 6. Land clearing
 - 7. Demolition of existing improvements (less salvage)
 - 8. Land filling
 - 9. Grading
 - 10. Interest on mortgages accrued at date of purchase
 - 11. Other costs incurred in acquiring the land
- c. Unless approved in advance by the Legislature, an institution cannot use these funds to acquire land for a branch campus or educational center that is not a separate degree-granting institution created by general law.

Construction and equipping of buildings or other permanent improvements, for the purposes of these guidelines, are defined as follows:

- a. Constructing and equipping: The process of erecting buildings and providing equipment that will assure that the buildings can be used for the purposes intended, and the constructing and equipping of other permanent improvements. This category includes additions to and equipping of existing buildings. It does not include consumable supplies.
- b. Buildings: Roofed structures (conventional or underground) housing operations. This category includes storage structures and additions to buildings meeting this definition.
- c. Other permanent improvements: Assets that enhance the quality of land or buildings or facilitate the use of land or buildings and that have finite but extended lives. Permanency is relative and should be interpreted in terms of the periods of usefulness. Only land can be considered permanent in any absolute sense.

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- 5. Upgrade the quality of existing facilities.
- 6. Convert these assets to more useful functions.

b. ~~POCA~~ } a^A æ A^A •^aA A !&@ ^Aa, æ^Aa aA *A~]]|a^A !A^A } A% aA !+A
construction or renovation projects. This does not792 reWBTF1 9.96 Tf1 0 0 1 377.35 746.88 Tm0 g0 G[])TB EM

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