

**APPROVAL OF CAPITAL PROJECT FOR THE  
VISITORS AND UNDERGRADUATE ADMISSIONS CENTER**

**VIRGINIA TECH**

**May 5, 2008**

The visitors and undergraduate admissions programs are critical elements of the University and provide benefits that extend to essentially all campus programs. The existing facilities for visitors (relocated house on Southgate Drive) and undergraduate admissions operations (Burruss Hall) are not adequate to serve the needs of the University's constituents. Thus, replacing these facilities is a high priority for the University. During the March 31, 2008 Board of Visitors' meeting, the Buildings and Grounds Committee reviewed a pre-planning study of the site, program, scope, and cost estimate for the new Visitors and Undergraduate Admissions Center project. The location of the envisioned facility is west of the Inn at Virginia Tech and will share the entrance off Prices Fork Road. The facility program includes about 21,000 gross square feet and space sufficient to accommodate the needs of both programs. The project timeline, including design and construction, is 36 months with a target opening date of fall 2011. The estimated cost for the project, inclusive of design, construction, and equipment, is \$10.5 million.

As with all self-supporting projects, the University has developed a financing plan to provide assurance regarding the financial feasibility of the project. This plan includes a combination of cash and debt funded by various sources of nongeneral fund revenues. With the scope, schedule, cost, and funding plan established, the University is ready to move the project forward. A state authorization for a Visitors and Undergraduate Admissions Center currently exists; however, this existing project is not adequate to cover the full costs of the desired program. Thus, an expanded replacement authorization is needed to move forward expediently. The units are Educational and General programs with operations and maintenance and maintenance reserve covered by the General Fund. Funding for these costs is included as part of the normal state budget process and will be coordinated with the completion date of the project.

Under the 2006 Management Agreement between the Commonwealth of Virginia and the University, the Board of Visitors has the authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral fund capital outlay projects. This request is for a design and construction authorization to move forward with the Visitors and Undergraduate Admissions Center project. If this request is approved, it may replace the existing state authorization which the University may close.

## **Resolution on Capital Project for the Visitors and Undergraduate Admissions Center**

**WHEREAS**, the visitors and undergraduate admissions programs are critical operations of the University; and,

**WHEREAS**, the existing facilities of the visitors and undergraduate admissions programs do not provide adequate space and do not meet the expectations of University constituents; and,

**WHEREAS**, a pre-planning study has established a program for a 21,000 gross square foot building located to the west side of the Inn at Virginia Tech with an estimated project cost of \$10.5 million (inclusive of design, construction, and equipment) that will address the facility needs of both programs; and,

**WHEREAS**, the University has developed a funding plan that includes a combination of cash and debt serviced by nongeneral fund revenues sufficient to support the full costs of the project; and,

**WHEREAS**, funding for operations and maintenance and maintenance reserve is included in the normal state budget process and coordinated with the completion date of the facility; and,

**WHEREAS**, under the 2006 Management Agreement between the Commonwealth of Virginia and the University, the University has the authority to issue bonds, notes or other obligations that do not constitute State tax supported debt; and

**WHEREAS**, the Finance and Audit Committee will further review and approve a financing resolution prior to securing permanent financing for the debt component of the project plus amounts needed to fund issuance costs, reserve funds, and other financing expenses; and,

**WHEREAS**, under the 2006 Management Agreement between the Commonwealth of Virginia and the University, the Board of Visitors has authority to approve the budget, size, scope, debt issuance, and overall funding of nongeneral funded major capital outlay projects; and,

**WHEREAS**, the university may address minor cost variances provided sufficient funds are available to support the full project costs;

**NOW THEREFORE BE IT RESOLVED**, that the University be authorized to move forward with design and construction of a \$10.5 million Visitors and Undergraduate Admissions Center funded with nongeneral fund revenues and to secure temporary short-term financing through any borrowing mechanism that prior to such borrowing has been approved by the Board, as applicable, in an aggregate principal amount not to exceed \$10.5 million for all or a portion of the costs of the project, plus related issuance costs and financing expenses.

### **RECOMMENDATION:**

That the above resolution authorizing Virginia Tech to enter into the design, construction, and financing of a Visitors and Undergraduate Admissions Center be approved.

June 20, 2008