

## **Capital Project for Construction of the Academic and Student Affairs Building**

### **JOINT FINANCE AND AUDIT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE**

**February 12, 2010**

This project has been on the University's plan since 2005 and is included in the first biennium as a high priority to provide instructional space, dining services, and student services on the north side of campus. To expedite the project and avoid a year of inflation associated with the normal state budget process, a \$2.72 million planning authorization was approved by the Board of Visitors in June 2007. The Dining Program, Provost Office, and Facilities have worked with the design team to establish the necessary scope for the programs, and the planning phase is nearly complete with an early site package ready for contract in April 2010.

The proposed project is envisioned as a 75,000 gross square foot, three story building, inclusive of enclosed mechanical systems, located among several academic buildings and directly between ICTAS-1 and Randolph Hall. The scope of the project is based on the need to replace about 750 dining seats on the north side of campus in anticipation of renovating Shultz Hall to instructional space from dining and the need to provide six additional large-size general assignment classrooms. The building plan includes one floor of instructional space and student service space, and two floors of dining service space. The two lower floors will be dining services with designated space for the Corps of Cadets, and the third floor will be a combination of instructional space and student support space.

This project will provide undergraduate and graduate students a convenient facility with an array of needed spaces and services. The instructional space will provide needed class and seminar space during the class day, which will double as student activity space, tutorial space, and student group-work space after hours. Several offices that serve students, for example, Services to Students with Disabilities, likely will be housed in the facility where students can gain easy access throughout the class day. The opportunity to share space with student auxiliary services will be an innovation for Virginia Tech as it works to meet student expectations.

The Dining Program, Provost Office, and Finance have worked together to develop a funding plan to support the total project costs of \$45.153 million. The funding plan calls for a debt issuance that will be serviced by revenues from dining services operations and facility use agreements with support operations. The proposed debt is included in the University's debt capacity report presented to the Board in November 2009 and is within the Management Agreement's seven percent threshold and the University's internal five percent debt management threshold.

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, and funding of nongeneral fund capital outlay projects. This request is for an authorization to move forward with the construction of the proposed \$45.153 million Academic and Student Affairs Building.

## **RESOLUTION ON CONSTRUCTION PROJECT FOR THE ACADEMIC AND STUDENT AFFAIRS BUILDING**

**WHEREAS**, the University developed a program plan to meet student expectations for improved dining services and instructional spaces on the north side of campus with a multi-purpose new construction project; and,

**WHEREAS**, design of the new facility is nearly complete under a planning authorization approved by the Board in June 2007; and,

**WHEREAS**, the Dining Program, Provost Office, and Facilities have worked together with the design team to develop a scope that meets the needs of the programs within the total project resources of \$45.153 million; and

**WHEREAS**, the proposed project is envisioned as a 75,000 gross square foot, three story building including two floors of dining services, and a floor of instructional space with shared student services programming; and

**WHEREAS**, the Dining Program, Provost Office, and Finance have worked together to develop a 100 percent nongeneral fund resource plan to support the total project costs of \$45.153 million, inclusive of design and construction; 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 the construction of an approximately 75,000 gross square foot Academic and Student Affairs Building project with a \$45.153 million total costs 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 \$45.153 million, plus related issuance costs and financing expenses.

### **RECOMMENDATION:**

That the resolution authorizing Virginia Tech to construct the Academic and Student Affairs Building be approved.

March 22, 2010