

**Capital Project for Planning the College of Veterinary Medicine
Instruction Addition**

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

February 12, 2010

The College of Veterinary Medicine enrolls approximately 360 Doctor of Veterinary Medicine (DVM) and 100 graduate students, employs 95 faculty, is a leading biomedical and clinical research center, and provides professional continuing education services for veterinarians practicing throughout Virginia and Maryland.

The existing classroom and office space in the College of Veterinary Medicine, constructed over twenty-five years ago, is no longer capable of meeting the needs and demands of the school's modern clinically-based teaching and learning program. The classrooms and laboratories are not sufficient to accommodate student class offerings, the building does not have adequate conference and seminar rooms available for faculty and students to develop team lesson plans and collaborative projects, and faculty are currently housed in a limited number of 64 square foot open cubicles which are far below the recommended state guideline size. The space condition is a concern to the students and a retention concern for existing faculty. Beyond the existing space constraints, the College is in the initial stage of expanding its enrollments of DVM students beyond the current 360; enrollment may grow to 520 students.

The proposed solution to the space quality and quantity constraints is to move forward with the Veterinary Medicine Instruction Facility, which is a high priority project in the University's capital outlay plan. The envisioned project is an addition that will provide new instructional classroom space, teaching laboratories, and faculty offices. The original funding plan envisioned state support to help with the costs; however, the plan to grow enrollments increases the need to provide new space more quickly than the likely timing of state funds for a project. To advance the project, the College and Finance have worked together on a funding plan using student fee revenue to support a project with nongeneral fund resources. The maximum project budget based on the resources is \$14 million, and the leadership of the College believes an acceptable facility solution may be reached within the budget. The specifics of the funding plan calls for debt that will be serviced by nongeneral fund revenues generated by the College. The actual debt amount may be adjusted downward for any revenues accumulated prior to the issuance of permanent debt.

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 a \$1.4 million planning authorization to move forward with the design of the envisioned facility not to exceed a budget of \$14 million. A subsequent request for construction may be requested after preliminary designs are underway.

RESOLUTION ON CAPITAL PROJECT FOR PLANNING THE VETERINARY MEDICINE INSTRUCTION ADDITION

WHEREAS, the College of Veterinary Medicine enrolls approximately 360 Doctor of Veterinary Medicine and 100 graduate students, employs 95 faculty, is a leading biomedical and clinical research center, and provides professional continuing education services for veterinarians practicing throughout the two states; and,

WHEREAS, the existing classroom and office space in the College of Veterinary Medicine, constructed over twenty-five years ago, is no longer capable of meeting the needs and demands of the school's expanding modern clinically-based instruction program; and,

WHEREAS, this project is included in the University's capital plan as a high priority; and,

WHEREAS, the College and Finance have worked together on a funding plan that includes debt to be serviced by nongeneral fund revenues to support a \$14 million project budget; 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 a \$1.4 million design project for a Veterinary Medicine Instruction Addition project not to exceed budget a of \$14 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 the \$1.4 million planning authorization, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to design the Veterinary Medicine Instruction Addition be approved.

March 22, 2010