

Capital Project for the Corps Leadership and Military Science Building

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

April 27, 2019

In November 2015, the Board of Visitors approved a \$2.1 million planning authorization for the Corps Leadership and Military Science Building project. The university subsequently initiated planning work and completed preliminary designs for the project in November 2017. The project is envisioned as an approximately 75,500 gross square foot, three full floor structure with a partial under grade floor for mechanical and service requirements in a basement level.

The building will be located in the northern portion of the Upper Quad, near Lane Hall, and will provide a centralized and consolidated home to the Corps of Cadets and ROTC programs currently dispersed in the north area of campus. The facility will include modern classroom, administrative, program, and academic office space including academic classroom space required for the cyber security initiative.

The total project cost for the current design is \$52 million, and the project has been on the university's Six-Year Capital Outlay Plan requesting state support for a portion of the project costs to match private fund raising. Because of the uncertain timing of future state support for capital outlays, the university has developed an alternative funding plan and desires authorization for the project at this time.

The proposed funding plan for the project calls for \$38 million of private funds and cash reserves and \$14 million of debt serviced by other nongeneral fund sources including future private gift revenues, internal facility use agreements for space, and a \$250 annual fee per cadet. The funding plans recognize that the amount of debt and/or the fee may require an adjustment depending on the eventual amount and timing of private gift receipts and project outflows.

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 \$52 million project authorization to complete designs and construct the Corps Leadership and Military Science Building project.

RESOLUTION FOR A CAPITAL PROJECT FOR THE CORPS LEADERSHIP AND MILITARY SCIENCE BUILDING

WHEREAS, the Board of Visitors approved a \$2.1 million planning authorization for the Corps Leadership and Military Science Building project in November 2015 and the project completed preliminary design in November 2017; and,

WHEREAS, the project is envisioned as an approximately 75,500 gross square foot, three full floor structure with a partial renovation for mechanical and service requirements in the basement level, located in the northern portion of the Upper Quad section of campus, near Lane Hall; and,

WHEREAS, the facility will provide a centralized home to the Corps of Cadets and ROTC programs currently dispersed in the north area of campus and will include modern classroom, administrative, program and academic office space, including academic space for general assignment classroom and the cyber security initiative; and,

WHEREAS, the total project budget inclusive of design, construction, equipment, and administration is \$52 million, and the university has developed an entirely nongeneral fund financing plan sufficient to support the 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 Resource Management 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 funding of nongeneral funded capital outlay projects.

NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to complete the Corps Leadership and Military Science Building 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 \$52 million authorized for the total project budget, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to complete the Corps Leadership and Military Science Building be approved.

June 3, 2019

┌
*Resolution for a
Capital Project for the
Corps Leadership and Military
Science Building*

DWIGHT SHELTON

Vice President for Finance and Chief Financial Officer

BOB BROYDEN

Associate Vice President for Capital Assets and Financial Management

JUNE 3, 2019



Corps Leadership and Military Science Building

- *Approved for a \$2.1 million planning authorization in November 2015*
- *Preliminary designs complete*
- *Provides a centralized home to the Corps of Cadets and ROTC programs including space for the cyber security initiative*



Conceptual Planning

Corps Leadership and Military Science Building

- *Total Budget is \$52 Million*
- *The funding plan calls for \$38 million of private funds and reserves, and \$14 million of debt to be serviced by other nongeneral fund sources*
- ❖ *The debt amount may need to shift depending on the timing of private gift receipts and project out flows.*



Conceptual Planning

Resolution for a Capital Project for the Corps Leadership and Military Science Building



Conceptual Planning

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to complete the Corps Leadership and Military Science Building 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 \$52 million authorized for the total project budget, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to complete the Corps Leadership and Military Science Building be approved.

JUNE 3, 2019