

Funding Supplement to the Student-Athlete Performance Center Capital Project

BOARD OF VISITORS EXECUTIVE COMMITTEE

June 21, 2019

The Board of Visitors approved the Student-Athlete Performance Center project with a \$15.165 million total project cost at its March 26, 2018 meeting. The resolution included a provision to adjust the project budget up to 10 percent, or \$1.517 million, for potential new gifts designated to the project. The Athletics department committed to raise the additional private funds in June 2018 when it was determined that a budget increase to \$16.682 million was needed to meet the envisioned plan for the project. The project schedule remains on track with anticipated construction to start in summer 2019 and occupancy in late fall 2020.

Construction bids were received in June 2019 and revealed the total project costs exceed the \$16.682 million authorized budget. The university and the Athletics department have reviewed the project bids, analyzed opportunities for cost controls, and determined an additional \$3.735 million is required to deliver the necessary scope for this project. The complicated logistics required for this project, including partial occupancy during construction and football practices adjacent to the site, are the main drivers of the increased costs.

At this time, the university is requesting a \$3.735 million supplement authorization for the Student-Athlete Performance Center project. The university has developed a financing plan to support the additional \$3.735 million of costs necessary to complete the entire scope of work. The funding plan calls for additional private funds to be raised by the Athletics department. A five-year loan will be installed to be repaid with future gift receipts. Any amount not retired by gift receipts will be repaid from Athletics operating revenues.

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 \$3.735 million supplement to adjust the total authorization for the Student-Athlete Performance Center project to \$20.417 million.

**RESOLUTION FOR FUNDING SUPPLEMENT TO
THE STUDENT-ATHLETE PERFORMANCE CENTER CAPITAL PROJECT**

WHEREAS, the Board of Visitors approved the Student-Athlete Performance Center project with a \$15.165 million total project cost at its March 26, 2018 meeting; and

WHEREAS, the March 2018 resolution included a provision to adjust the project budget up to 10 percent, or \$1.517 million, for new gifts designated to the project; and

WHEREAS, Athletics committed to raise the additional private funds in June 2018 when it was determined that the budget increase to \$16.682 million was needed to meet the envisioned plan for the project; and

WHEREAS, construction bids revealed the actual total project costs exceed the \$16.682 million authorized scope; and

WHEREAS, the university and the Athletics department determined an additional \$3.735 million is required to deliver the necessary scope for this project; and

WHEREAS, the university is requesting a \$3.735 million supplement authorization for the Student-Athlete Performance Center project; and

WHEREAS, the university has developed a financing plan which calls for the use of additional private funds that will be backstopped by Athletic operating revenues to support the \$3.735 million of costs necessary to complete the entire scope of work; 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, and funding of entirely nongeneral fund capital outlay projects; and

WHEREAS, the Bylaws of the Virginia Tech Board of Visitors, Article I, Section 6a, stipulate that the Executive Committee of the Board in the interim between meetings of the Board has full power to take actions on behalf of the Board and that all such actions taken by the Executive Committee are subject to ratification by the full Board at its next meeting;

NOW, THEREFORE, BE IT RESOLVED that the Executive Committee of the Board of Visitors authorizes the university to move forward with a \$3.735 million supplement to adjust the total project authorization for the Student-Athlete Performance Center project to \$20.417 million and to complete the project.

RECOMMENDATION:

That the above resolution authorizing Virginia Tech to supplement and complete the Student-Athlete Performance Center be approved.

July 18, 2019

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Resolution for Funding Supplement to the Student-Athlete Performance Center Capital Project

BOB BROYDEN

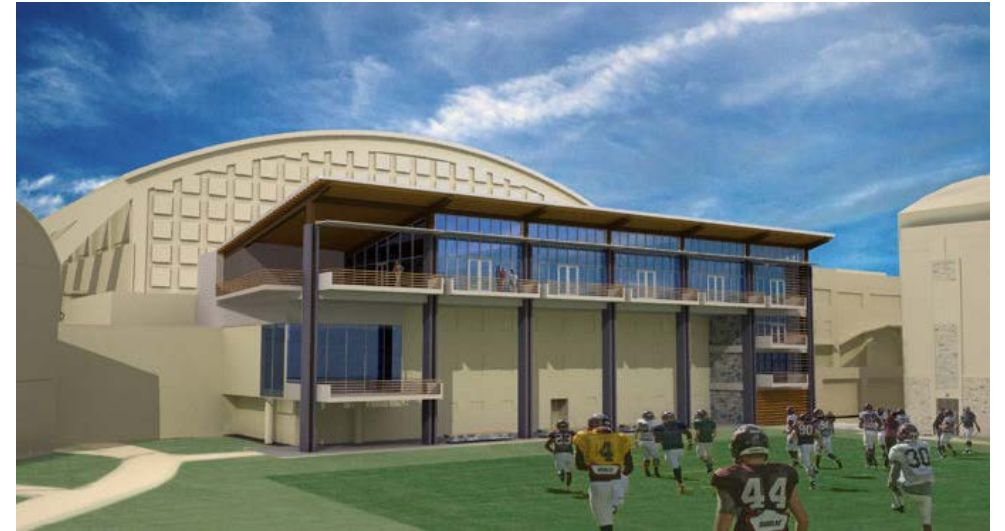
Associate Vice President for Capital Assets and Financial Management

JULY 18, 2019



Funding Supplement for the Student-Athlete Performance Center

- Approved with a \$15.165 million total project cost in March 2018
- Included a provision to adjust the project budget up to 10 percent, \$1.517 million, for new gifts
- Athletics committed to raise additional funds in June 2018 to meet the envisioned plan for an adjusted budget of \$16.682 million



Conceptual Planning

Funding Supplement for the Student-Athlete Performance Center

- Construction bids show the required budget to complete the project is **\$20.417 million**
- Complicated logistics including partial occupancy and football practices adjacent to the site are driving the cost increase



Conceptual Planning

Funding Supplement for the Student-Athlete Performance Center

- The financing plan calls for raising additional private funds that will be backstopped by Athletic operating revenues
- Schedule may stay on track with occupancy in late fall 2020 if a construction notice is issued this week



Conceptual Planning

Resolution for Funding Supplement to the Student-Athlete Performance Center Capital Project

NOW, THEREFORE BE IT RESOLVED, that the Executive Committee of the Board of Visitors authorizes the university to move forward with a \$3.735 million supplement to adjust the total project authorization for the Student-Athlete Performance Center project to \$20.417 million to complete the project.

RECOMMENDATION:

That the above resolution authorizing Virginia Tech to supplement and complete the Student-Athlete Performance Center be approved.

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