In March 2016, the Board of Visitors approved a $1.75 million planning authorization for the O'Shaughnessy Hall Renovation project. The project is in the working drawing phase and will be ready to enter the construction phase this spring. In accordance with the scope of the authorized planning project, the designed solution addresses deferred maintenance, updates the building’s interior, installs air conditioning, and converts O'Shaughnessy Hall into a living-learning format to modernize the program space.

Residence halls are a robust and foundational component of Virginia Tech’s culture where students build relationships, share ideas, and further their skills in communication and conflict resolution. O'Shaughnessy Hall was built in 1966 and is approximately 72,000 gross square feet with housing capacity for about 341 students. The residence hall has received few improvements since its original construction, does not meet student expectations, and carries a significant deferred maintenance backlog. Converting O'Shaughnessy Hall into a living-learning format will modernize the program space within the building with minimal loss of beds. The programmatic changes include the creation of a faculty principal apartment, five to seven faculty/staff offices, a classroom, and common meeting rooms for student activities. The project scope includes the addition of a new 2,062 square foot stair tower and updating the building's interior; residential rooms; bathrooms; mechanical, electrical, and plumbing systems; elevators; addressing other deferred maintenance items as needed; and installing air conditioning. With the new addition, the adjusted gross square feet would be 74,300.

The total project costs inclusive of design, construction, equipment, and administration are $21.5 million. As with all self-supporting projects, the university has developed a financing plan to support the project. This funding plan calls for the use of debt which will be serviced from Residential Programs auxiliary revenue. The total project funding is $21.5 million, and the plan is sufficient to cover this amount. Any cash designated for the project accumulated prior to the issuance of permanent debt may be used directly for project costs and to lower the total debt issuance. Temporary financing will be secured to cover project costs until permanent debt is issued.

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 $19.75 million authorization supplement for construction of the O'Shaughnessy Hall Renovation project. The total project budget will be $21.5 million.
WHEREAS, the Board of Visitors approved a $1.75 million planning authorization for the O'Shaughnessy Hall Renovation project in March 2016; and,

WHEREAS, converting O'Shaughnessy Hall into a living-learning/residential college format modernizes the program space with minimal loss of beds by creating of a faculty principal apartment, five to seven faculty/staff offices, a classroom, and common meeting rooms for student activities; and,

WHEREAS, renovating O'Shaughnessy Hall will install a new stair tower and update the building's interior; residential rooms; bathrooms; mechanical, electrical, and plumbing systems; elevators; addressing other deferred maintenance items as needed; and installing air conditioning; and,

WHEREAS, the total project budget is $21.5 million, including the previous authorization of $1.75 million plus this supplement request of $19.75 million; and,

WHEREAS, the university has developed a 100 percent Nongeneral fund resource plan for the project; 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,

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with an $19.75 million supplement authorization to complete the O'Shaughnessy Hall renovation project 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 $21.5 million total project costs, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to complete the design, construction, equipment, and administration of the O'Shaughnessy Hall renovation project be approved.

April 3, 2017