

APPROVAL OF CONSTRUCTION PROJECT FOR THE BASKETBALL PRACTICE FACILITY

VIRGINIA TECH

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During the March 26, 2007 Board of Visitors meeting, the Board approved a planning authorization to initiate the Basketball Practice Facility with the understanding that the University would return with a resolution for construction when program, size, and cost were validated. The project is in the schematic design phase with a program that covers the men's and women's basketball programs with an approximately 49,000 gross square foot facility located adjacent to Cassell Coliseum on the east side. The original facility concept included accommodating the Olympic sports weight training room; however, this element will be deferred to a future project because of site and cost constraints. The total project cost estimate for the Basketball Practice Facility inclusive of design, construction, equipment, and relocation of the affected tennis courts is \$20 million.

In order to address the basketball programs' needs as quickly as possible, the University has proposed a project schedule that will move to construction with an aggressive target completion of summer 2009 and an acceptable completion date of summer 2010, with the final date depending on design completion and input from our construction management firm. To reach the summer 2009 target date, the University will need to enter into a contract for construction services no later than February 2008; thus, the University is requesting construction approval at the November 2007 meeting.

As with all self-supporting projects, the University has developed a financing plan to provide assurance regarding the financial feasibility of the project. This plan calls for a combination of private gifts and debt serviced by the athletics capital assessment fee. The project resources will include \$10.6 million of cash from private gifts and \$9.4 million of debt. The fund raising program is successfully underway with about \$6.2 million pledged as of September 30, 2007, including \$3.5 million in hand. The Development Office is confident that the Athletics program has the capacity and can be successful in raising the private funds in accordance with the financing plan. The existing athletics capital assessment fee is sufficient to cover debt service on \$9.4 million and meet its other obligations. The assessment fee revenue is available to apply to this financing plan. As a result, the University is confident that the financial plan is sufficient to move forward with the construction authorization.

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 construction authorization to move forward with the Basketball Practice Facility.

Resolution on Construction Project for the Basketball Practice Facility

WHEREAS, as members of the Atlantic Coast Conference the University's men's and women's basketball programs compete at the highest level in the NCAA; and,

WHEREAS, the existing practice facilities of the basketball programs do not provide adequate training space and do not meet the expectations of the athletes or coaches; and,

WHEREAS, the proposed Basketball Practice Facility is in design and is envisioned as a 49,000 gross square foot building located adjacent to Cassell Coliseum on the east side including two practice courts, men's and women's locker rooms, and a training room for both teams; and,

WHEREAS, this project will address the critical facility needs of the men's and women's programs; and,

WHEREAS, the estimated project cost inclusive of design, construction, equipment, and relocation of affected tennis courts is \$20 million with a funding plan that includes a combination of private gifts and debt serviced by the athletics capital assessment fee; and,

WHEREAS, the University has developed a financing plan that can successfully support the development of the project; 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 nongeneral funded major capital outlay projects; 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, this request is for a construction authorization to move forward with the estimated \$20 million Basketball Practice Facility; 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 construction of a Basketball Practice Facility.

RECOMMENDATION:

That the above resolution authorizing Virginia Tech to enter into construction of a Basketball Practice Facility be approved.

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