

Capital Project for the Creativity and Innovation District Residence Hall

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

September 18, 2018

The overall instructional mission of Virginia Tech is the “education of the whole person” which recognizes that a significant and important part of student education happens outside of the classroom. A central component identified in the Campus Master Plan is the Creativity and Innovation District. This district is to be located along the eastern edge of campus with a focus on ideas of creation and commercialization. A key element of the district is a new living/learning community that incorporates studios, metal and wood workshops, creative technologies, and shared learning spaces.

The university has developed a strong conceptual design for the new residential community that includes delivery via Design-Build. Planning work on this project has progressed through bridging documents under an existing capital project authorization. The envisioned building will be approximately 203,000 square feet located adjacent to Donaldson Brown between Kent Street and Otey Street. The project scope includes a three-winged, interconnected 596 bed residential life facility that includes academic, social, research, and collaboration space to support the Creativity and Innovation District. The inclusion of academic programming and offices in living/learning communities supplement and enhance the traditional classroom learning environment. Members of the living/learning residence hall will include students with an interest in interdisciplinary creation and entrepreneurship as well as 176 student athletes.

The total project costs inclusive of design, construction, equipment, and administration are \$105.5 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 by Residential Programs auxiliary revenue, Athletics revenue, and internal lease of academic program space by E&G programs. 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.

With bridging documents complete, the project is ready to move to procurement of a Design-Build team in November 2018 with occupancy expected summer of 2021. 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 \$105.5 million project authorization for a Design-Build delivery of the Creativity and Innovation District Residence Hall project.

RESOLUTION FOR A CAPITAL PROJECT FOR THE CREATIVITY AND INNOVATION DISTRICT RESIDENCE HALL

WHEREAS, the overall instructional mission of Virginia Tech is the “education of the whole person” which recognizes that a significant and important part of student education happens outside of the classroom; and,

WHEREAS, the Creativity and Innovation District Residence Hall scope includes a three-winged, interconnected 596 bed residential life facility that includes academic, social, research, and collaboration space; and,

WHEREAS, the building will be approximately 203,000 square feet of residential and academic space located adjacent to Donaldson Brown between Kent Street and Otey Street; and,

WHEREAS, the total project costs inclusive of design, construction, equipment, and administration are \$105.5 million and the university has developed a financing plan sufficient to support 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 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 overall funding of nongeneral funded capital outlay projects.

NOW, THEREFORE, BE IT RESOLVED, that the university be authorized to complete the Creativity and Innovation District Residence Hall 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 \$105.5 million authorized for the total project budget, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to complete the Creativity and Innovation District Residence Hall project be approved.

November 5, 2018