

**Capital Project for the
Global Business and Analytics Complex Residence Halls**

**JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE
AND BUILDINGS AND GROUNDS COMMITTEE**

April 27, 2019

The Campus Master Plan and the Six-Year Capital Outlay Plan include the Global Business and Analytics Complex (GBAC) as a high priority item to address in the near term. This complex is to be located in the northwest corner of campus and envisions four new facilities including the Data and Decision Sciences Building, a new building for the Pamplin College of Business, and two residence halls. During the 2019 General Assembly Session, the state appropriated full funding for the Data and Decision Sciences Building with an effective date of July 1, 2019. With the first academic facility of the complex getting underway, advancing the residence halls are the natural next step towards the full development of the complex.

The proposed residence halls will include living-learning communities that supplement and enhance the traditional classroom learning environment and are important for supporting the experience for students as part of the GBAC program. Key features include entrepreneurship laboratories, shared learning spaces, faculty-in-residence apartments, and space for the Cranwell International Center. The two residence halls will house 700 students in total, and the living-learning communities will support students with a shared interest in analytical problem solving, global business, and international affairs.

The residential program is an auxiliary enterprise and as such may not be subsidized by the Educational and General budget of the university. Resources for residential space in capital projects are generated through user fees of students living in the residential facilities. Based on the new beds this project will add to the overall residential inventory and the marketable price point of the beds in this facility, the total project budget is \$84 million inclusive of design, construction, equipment, and administration. 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. 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.

The project is ready to enter into the formal design phase this summer with occupancy desired no later than summer 2023. 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 an \$84 million authorization to design and construct the Global Business and Analytics Complex Residence Halls project.

**RESOLUTION FOR A CAPITAL PROJECT FOR
THE GLOBAL BUSINESS AND ANALYTICS COMPLEX RESIDENCE HALLS**

WHEREAS, the Campus Master Plan and the Six-Year Capital Outlay Plan include the Global Business and Analytics Complex (GBAC) as a high priority item; and,

WHEREAS, the university is prepared to move forward with the residential components of the complex; and,

WHEREAS, the residential components include two residence halls programmed as living learning communities with 700 total beds; and,

WHEREAS, the university has developed a financing plan sufficient to support a total project budget of \$84 million inclusive of design, construction, equipment, and administration; 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 Global Business and Analytics Complex Residence Halls 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 \$84 million authorized for the total project budget, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to complete the Global Business and Analytics Complex Residence Halls project be approved.

June 3, 2019