

Capital Project for the New Upper Quad Residence Hall

JOINT FINANCE AND RESOURCE MANAGEMENT COMMITTEE AND BUILDINGS AND GROUNDS COMMITTEE

April 27, 2019

The Corps of Cadets has been a significant part of the university since its establishment in 1872. It is a competitive and highly desired program that currently enrolls 1,100 students and graduated 250 cadets in spring 2018. With the support of the university, the Corps plans to expand to 1,400 students. Cadets are required to live on-campus and are currently assigned to live on the Upper Quad in either Pearson Hall or New Cadet Hall. These facilities support the community of the Corps and enrich the overall cadet experience. With the planned expansion of the Corps, additional residential beds are necessary. The university has developed a solution to provide the required 300 additional beds while simultaneously replacing an underutilized and deteriorating asset.

Femoyer Hall was constructed in 1949 as a 35,500 gross square foot residence hall on the Upper Quad. It was later repurposed to house student support functions including academic advising. The facility has received few improvements since its original construction with no major renovations, carries a significant deferred maintenance backlog, and does not meet student expectations. The university has determined, because of Femoyer Hall's condition, that the facility be replaced rather than renovated.

The university's proposed solution calls for demolishing Femoyer Hall and constructing a new 300 bed residential facility on the site. The first step of the solution is to relocate the programs currently occupying Femoyer Hall. Over the next 24 months, these programs will shift to a combination of temporary swing spaces and permanent spaces according to the university's space management plan.

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 \$33 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 may be serviced from 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.

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 \$33 million authorization to raze Femoyer Hall, and then design and construct a New Upper Quad Residence Hall.

RESOLUTION FOR A CAPITAL PROJECT FOR THE NEW UPPER QUAD RESIDENCE HALL

WHEREAS, the Corps of Cadets plans to expand by 300 students to a new level of 1,400 cadets; and,

WHEREAS, additional beds on the Upper Quad are needed to house and support a Corps of Cadets expansion; and,

WHEREAS, the university's solution for expanded housing calls for demolishing Femoyer Hall because its condition is beyond reasonable repair and constructing a new 300 bed residence hall on the same site; and,

WHEREAS, the total project budget inclusive of razing Femoyer Hall, design, and construction are \$33 million, and the university has developed a 100 percent nongeneral fund 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 major capital outlay projects.

NOW, THEREFORE BE IT RESOLVED, that the university be authorized to move forward with a \$33 million authorization for the New Upper Quad Residence Hall project, including the demolition of Femoyer 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 \$33 million authorization, plus related issuance costs and financing expenses.

RECOMMENDATION:

That the resolution authorizing Virginia Tech to design and construct the New Upper Quad Hall project be approved.

June 3, 2019