

ITEM 7.9: Request to Approve Individual Project and Financing for Athletics Deferred Maintenance and Infrastructure Upgrades for the University of Arizona

Requested Action: The University of Arizona (U of A) asks the board for individual project and financing approval of the Athletics Deferred Maintenance and Infrastructure Upgrade Project, as described in this executive summary. The \$50,000,000 major capital project will be financed with SPEED Revenue Bonds. The debt service will be paid over 25 years from State Lottery funds and retained tuition, as described in this executive summary.

Committee Review and Recommendation

The University Governance and Operations committee reviewed this item at its September 11, 2025, meeting and recommended forwarding the item to the board for approval with no changes.

Background/History of Previous Board Action

- No previous board action has been taken. This project has been included as a first-year project in the FY 2027 – 2030 Capital Improvement Plan (CIP) and in the Annual Capital Plan (ACP) submittal at this meeting. As part of its ACP submittal, U of A is requesting a waiver of ABOR Policy 7-102.B.2.a.(1) requiring prior CIP approval.

Project Justification/Description/Scope

- Addressing Deferred Maintenance needs and aging building infrastructure is part of the University's Capital Plan. In addition, analyzing and addressing the Deferred Maintenance prioritized needs of all mechanical, electrical, plumbing, and life and safety items allow for the continuity of operations at the University of Arizona. The renovations will all last 25-30 plus years before needing to be replaced.
- The age of replacement for HVAC upgrades, building auto systems, plumbing, elevator, and roofs ranges at least 30 plus years. Maintenance has been performed on all mechanical, electrical, plumbing, and life safety equipment on a daily, monthly, and annual basis. Routine repairs are completed as needed and annual preventative maintenance also takes place on all equipment. These deferred maintenance projects are addressing mechanical/electrical/plumbing/life and safety and not addressing complete building replacement. In essence by replacing, we are extending the life of the buildings for decades.
- Investments in Arizona Stadium, McKale Center and other sports facilities are prioritized as high-profile athletic buildings in need of significant infrastructure and deferred maintenance improvements. Work includes electrical, lighting, seating, and restroom upgrades to enhance safety and gameday experience.

Contact Information:

Richard Cate, U of A

rcate1@arizona.edu

520-621-5977

Project Delivery Method and Process

- All projects will follow State contracts that have been competitively bid. As well as National or governmental request for proposals with the lowest cost being one of the evaluation components. In-house Facility Management Project Managers or Supervisors have been overseeing all projects. CSC has been used for design professionals as needed.

Project Status and Schedule

- Project construction is scheduled to commence during September 2025 and will be completed during June 2026.

Project Cost

- The construction cost for this project is \$42,500,000 and the total project cost is \$50,000,000.
- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
HVAC	University of Arizona	\$18,700,000	650,917	\$28.73	\$24.62
Fire Safety	University of Arizona	\$6,402,025	189,608	\$33.76	\$28.94
Building Automation	University of Arizona	\$1,600,000	574,733	\$2.78	\$2.39
Elevator	University of Arizona	\$872,500	331,674	\$2.63	\$2.25
ADA Compliance	University of Arizona	\$299,000			
Generators	University of Arizona	\$745,000	342,620	\$2.17	\$1.86
Roof	University of Arizona	\$860,000	133,686	\$6.43	\$5.51
Plumbing	University of Arizona	\$899,600	401,582	\$2.24	\$1.92
Electrical Code	University of Arizona	\$842,500	18,074	\$46.61	\$39.95
Flooring	University of Arizona	\$260,000	129,785	\$2.00	\$1.72
Athletics Safety Upgrades	University of Arizona	\$1,200,000	34,177	\$35.11	\$30.10

Fiscal Impact and Financing Plan

- U of A plans to finance \$50,000,000 for the project using SPEED Revenue Bonds (SPEED). The annual debt service on the SPEED is estimated to be \$3,600,000 based on a conservative budget of 5 percent interest rate for a 25-year maturity. Up to 80% of the SPEED debt service is planned to be paid using State Lottery Proceeds and not less than 20% is planned to be paid from retained tuition. These sources fund debt service on other capital projects and have existing capacity to cover this project.
- The Operations and Maintenance (O&M) cost for the project is already included in the University's current budget.

- U of A will:
 - (a) issue one or more series of SPEED revenue bonds to finance the project, costs of issuance and payments to a bond insurer or other credit enhancer, provided such payments result in a benefit that exceeds the amount of such payments;
 - (b) issue bonds at a price at, above or below par, on a tax-exempt or taxable basis, in one or more series, at a fixed or variable rate of interest;
 - (c) enter into necessary agreements, including those related to bond insurance or other credit enhancement agreements; and
 - (d) utilize a financial advisor, bond counsel, and bond trustee for the financing. The SPEED Revenue Bonds will be marketed and issued on a negotiated basis, either to one or more investment banking firms currently in a pool of bond underwriters procured by the three state universities or by the State of Arizona or by a direct sale to a bank or banks or other financial institutions.

Debt Ratio Impact

- The estimated annual debt service of \$3,600,000 on this project's SRBs would increase the U of A debt ratio by .12 percent. The projected highest debt ratio is 3.7 percent, excluding SPEED revenue bonds, and 4.9 percent if including SPEED revenue bonds. This remains well below the 8.0 percent debt ratio limit established by ABOR policy and state statute.

Occupancy Plan

- Work will be coordinated with building managers and there will be no displacement.

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.4, each university shall submit an individual project and financing plan.
- Individual project and financing plans are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the individual project and financing plan authorizes the university to proceed with financing and execution of construction contracts for the project.

U of A
Capital Project Information Summary
Athletics Deferred Maintenance and Infrastructure Upgrades

Project Description / Location:

This project will address deferred maintenance needs of the buildings located at multiple athletic facilities on campus.

	<u>FY 2026 Annual Capital Plan Sept 2025</u>	<u>Individual Project Financing Report Sept 2025</u>
<u>Project Schedule (Beginning Month/Year):</u>		
Planning	N/A	N/A
Design	N/A	N/A
Construction	Sept 2025	Sept 2025
Occupancy	June 2026	June 2026
<u>Project Budget:</u>		
Total Project Cost	\$ 50,000,000	\$ 50,000,000
Direct Construction Cost - Renovation	\$ 42,500,000	\$ 42,500,000
Change in Annual Oper./Maint. Cost	N/A	N/A

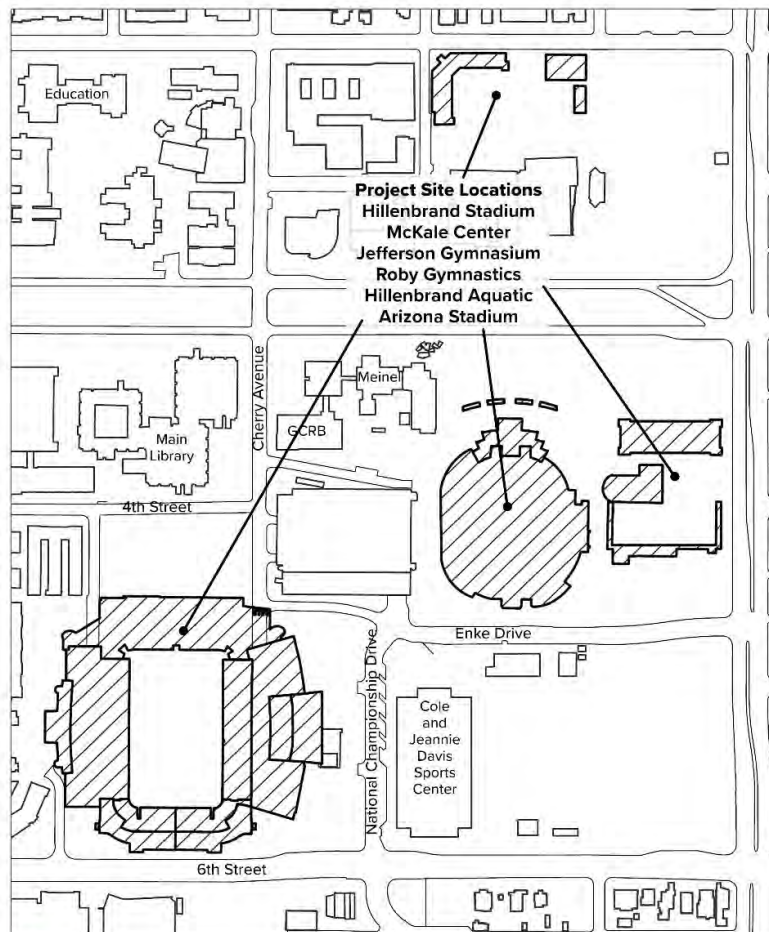
Funding Sources:

Capital:		
• SPEED Revenue Bonds	\$ 50,000,000	\$50,000,000
Operation/Maintenance:	N/A	N/A

University of Arizona
Capital Project Budget Summary
Athletics Deferred Maintenance and Infrastructure Upgrades

<u>Date of Budget Estimate</u>	<u>FY 2026 Annual Capital Plan</u> <u>Sept 2025</u>	<u>Individual Project Financing Report</u> <u>Sept 2025</u>
1. Land	\$	\$
2. Construction Cost		
A. New Construction	\$	\$
B. Renovation	\$ 42,500,000	\$ 42,500,000
C. Fixed Equipment	\$	\$
D. Site Development (exclude 2.E.)	\$	\$
E. Parking & Landscaping	\$	\$
F. Utilities Extensions	\$	\$
G. Other (asbestos only)	\$	\$
Subtotal Construction Cost	\$ 42,500,000	\$ 42,500,000
3. Consultant Fees		
A. Construction Manager	\$ 200,000	\$ 200,000
B. Architect/Engineering Fees	\$ 2,000,000	\$ 2,000,000
C. Other (Programming, Special Consult.)	\$	\$
Subtotal Consultant Fees	\$ 2,200,000	\$ 2,200,000
4. Furniture Fixtures and Equipment	\$ 1,500,000	\$ 1,500,000
5. Contingency, Design Phase	\$ 500,000	\$ 500,000
6. Contingency, Construction Phase	\$ 1,700,000	\$ 1,700,000
7. Parking Reserve	\$	\$
8. Telecommunications Equipment	\$ 1,200,000	\$ 1,200,000
Subtotal Items 4-8	\$ 4,900,000	\$ 4,900,000
9. Additional University Costs		
A. Surveys and Tests	\$	\$
B. Move-in Costs	\$	\$
C. Public Art	\$	\$
D. Printing/Advertisement	\$	\$
E. Univ. Facilities & Project Management	\$ 200,000	\$ 200,000
F. State Risk Mgt. Ins	\$ 200,000	\$ 200,000
Subtotal Additional University Costs	\$ 400,000	\$ 400,000
TOTAL CAPITAL COST	\$ 50,000,000	\$ 50,000,000

U of A
Project Site Location Map
Athletics Deferred Maintenance and Infrastructure Upgrades



**Athletics Deferred Maintenance
and Infrastructure Upgrades**

