

ITEM 7.8: Request to Approve the University of Arizona Annual Capital Plan, Including Waiver of ABOR Policy Requiring ACP Projects to Appear on the Previous Capital Improvement Plan

Requested Action: The University of Arizona (U of A) asks the board to approve its Annual Capital Plan (ACP), including waiver of ABOR Policy requiring ACP projects to appear in the previous CIP. The ACP includes three new projects and one resubmitted project which total \$335,500,000, as described in this executive summary. \$175,000,000 of that total is anticipated to be financed; other funds are available to cover the remainder of the total cost, as described in this executive summary and supporting documentation.

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

- Capital Improvement Plan FY 2026 – FY 2029 September 2024
- Capital Improvement Plan FY 2027 – FY 2030 September 2025

Prior Year Activity

- One (1) project totaling \$11,775,000 was substantially completed within the last 12 months.
- Six (6) projects totaling \$376,200,000 began or continued construction activity in the last 12 months. Details on completed and ongoing projects are listed in Exhibit 1.

Overview and Alignment with Enterprise and University Goals and Objectives

- The U of A has developed the ACP to align with the university's Campus Master Plan, system enterprise, and university strategic goals and objectives. The Master Plan is currently being updated, with an anticipated completion date of spring 2026.
- The primary institutional priorities supported by the ACP in the university's Strategic Imperatives, which were finalized in spring 2025:

- **Success for Every Student**

- Undergraduate and graduate students should experience a sense of belonging through representation, support, and access through a safe and inclusive environment, including online education. Learning should take a holistic approach by balancing all areas of excellence, including the arts, humanities, and sciences.

- **Research that Shapes the Future**

- The university has a long tradition of achievement in the basic sciences and

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impactful research, which today extends to all aspects of the student experience and community engagement. The institution takes pride in its strengths in climate and sustainability science, the arts, water resources, astronomy, humanities, social sciences, and many other fields.

- **Engagement with our Communities to Create Opportunity**

- As a land grant institution with influence across the state through its cooperative extension programs, U of A has a unique mission to embed itself in the communities it serves through a wide variety of influential research and activities.

Annual Capital Plan Projects

- The U of A ACP includes three (3) new projects and one (1) resubmitted project, totaling \$335,500,000.
- The following two previously approved projects are on indefinite hold and have been removed from the ACP while the University assesses potential next steps and overall capital strategy:
 - Raymond H. Thompson Building renovation (Arizona State Museum)
 - Shantz Building renovation
- The following three new projects are proposed for ACP approval, including notations where board policy waivers are requested:
 - Deferred Maintenance Campus Wide (\$33.5M total cost, \$30M financed)
 - Athletics Deferred Maintenance and Infrastructure Upgrades (\$50M total cost to be financed) – Waiver Requested Investments in Arizona Stadium and McKale Center are prioritized to address critical infrastructure needs identified in a recent Facilities Condition Assessment of athletic buildings.
 - Student Experience and Student Union Deferred Maintenance (\$20M total cost to be financed) – Waiver Requested The Student Union Memorial Center was last renovated in 2001 and functions as a focal point of the student experience on campus. Investments in student-centered spaces will be guided by the results of a Facilities Condition Assessment, which identified key deferred maintenance needs.
 - In addition to these three new projects, the Center for Advanced Molecular and Immunological Therapies (CAMI) project is being resubmitted at a lower total cost of \$232,000,000 and with a request to issue \$75,000,000 of debt to complete the project.
- Additional detail on project costs, financing, and scope can be found in the tables in Exhibits 2 and 3, and the individual Project Justification Reports attached at the end.

Fiscal Impact and Management

- The U of A ACP, if approved for implementation, will require an investment of \$335,500,000.

- Of the total amount, \$175,000,000 will be financed using debt. Of this amount, \$30,000,000 will be from System Revenue Bonds and the remaining \$145,000,000 from SPEED Revenue Bonds. This amount matches the U of A's SPEED Revenue Bond request that was separately submitted.

Debt Ratio Impact

- The projected highest debt ratio, in FY 2028, will be 3.7 percent excluding SPEED revenue bonds and 4.9 percent if including SPEED revenue bonds.

Other Projects

- At this time, the U of A anticipates no additional third-party projects, component unit projects, and commercial long-term leases that require board approval to be entered into in the next year. Any such projects requiring board approval will be brought to the board pursuant to policy.

Supporting Document/s

[Exhibits 1-5 and Project Information](#)

Statutory/Policy Requirements

- Pursuant to ABOR Policy 7-102.B.2, each university shall submit an annual ACP for the upcoming 12-month period in accordance with the calendar and form approved by the executive director of the board.
- ACPs are reviewed by the University Governance and Operations Committee and approved by the board.
- Approval of the ACP authorizes the university to seek legislative review for debt-funded or third-party projects, if applicable. A university cannot proceed with financing or execute construction contracts for a project until the committee has reviewed and the board has approved the Individual Project and Financing phase.
- Pursuant to ABOR Policy 7-102.B.2.a.(1), if a project has not appeared in the prior CIP, a waiver of this board policy can be requested in order for a project to appear on an ACP. U of A seeks an exception to this policy for the Athletic Deferred Maintenance and Infrastructure Upgrades and Student Experience and Student Union Memorial Center Upgrades projects. A waiver is requested for the Athletic Deferred Maintenance and Infrastructure Upgrades project because of the urgency to replace aging infrastructure and to address life and safety related projects. A waiver is requested for the Student Experience and Student Union Memorial Center Upgrades project due to the urgency to replace aging infrastructure and to address life and safety related projects, revealed in the recent Facilities Condition Assessment; at this same time, the University will utilize the opportunity to enhance the student experience.

EXHIBIT 1

U of A CAPITAL PROJECT STATUS REPORT							
Project Name	Gross Square Feet	Total Budget	Direct Construction Budget	Percent Construction Completed	Percent to Gift Target	Date Last Board Approval	Original Revised Occupancy Date
PBC, CAMI	202,000	\$232,000,000	\$184,000,000	28%	0%	Sep 23	May 27
Phoenix Mining and Mineral Natural Resources Museum Renovation	30,315	\$12,000,000	\$9,150,000	0%	0%	Sep 22	Feb 26
Arizona Public Media New Facility	61,504	\$63,000,000	\$48,900,000	92%	74%	Jun 23	Feb 26
UAHS Building 201	16,500	\$10,700,000	\$7,150,000	60%	NA	Sep 22	Nov 25
ECE Micro/Nano Renovation Project	15,500	\$25,000,000	\$19,720,539	65%	NA	Sept 24	Jan 26
Deferred Maintenance	NA	\$33,500,000	\$28,475,000	60%	NA	Sept 24	NA
Ongoing Project Totals		\$376,200,000	\$297,395,539				
COMPLETED PROJECTS							
CALS Food Product and Safety Lab	16,300	\$11,775,000	\$9,594,000	100%	NA	Sep 22	Feb 25
Completed Project Totals		\$11,775,000	\$9,594,000				

EXHIBIT 2

U OF A FY2025 ANNUAL CAPITAL PLAN								
Project Name	Board Approval Status	Gross Square Footage	Project Cost	Amount Financed	Funding Method	Annual Debt Service	Final Maturity	Debt Ratio
NEW CAPITAL PROJECTS								
Deferred Maintenance	FY2026-2029 CIP		\$33,500,000	\$30,000,000	System Revenue Bonds	\$2,500,000	2046	0.09
Athletics Deferred Maintenance and Infrastructure Upgrades	FY 2027-2030 CIP		\$50,000,000	\$50,000,000	SPEED Revenue Bonds	\$3,600,000	2051	0.12
Student Experience and Student Union Deferred Maintenance	FY 2027-2030 CIP		\$20,000,000	\$20,000,000	SPEED Revenue Bonds	\$1,400,000	2051	0.05
New Capital Project Totals			\$103,500,000	\$100,000,000		\$7,500,000		
RESUBMITTED CAPITAL PROJECTS								
Center for Advanced Molecular and Immunological Therapies	PFA Sept 2024		\$232,000,000	\$75,000,000	SPEED Revenue Bonds	\$5,000,000	2055	0.17
Revised Capital Project Totals			\$232,000,000	\$75,000,000		\$5,000,000		

EXHIBIT 3

U OF A ANNUAL DEBT SERVICE BY FUNDING SOURCE									
Project	Amount Financed	Tuition	Student Fees	Indirect Cost Recovery	Other Local Funds	State Capital Infrastructure	State Lottery	Other	Total Annual Debt Service
NEW CAPITAL PROJECT									
Deferred Maintenance	\$30,000,000	\$1,250,000				\$1,250,000			\$2,500,000
Athletics Deferred Maintenance and Infrastructure Upgrades	\$50,000,000	\$720,000					\$2,880,000		\$3,600,000
Student Experience and Student Union Deferred Maintenance	\$20,000,000	\$280,000					\$1,120,000		\$1,400,000
New Capital Project Annual Debt Service Total	\$100,000,000	\$3,250,000				\$1,250,000	\$4,000,000		\$7,500,000
RESUBMITTED CAPITAL PROJECTS									
Center for Advanced Molecular and Immunological Therapies	\$75,000,000	\$1,000,000				\$4,000,000			\$5,000,000
Resubmitted Capital Project Annual Debt Service Total	\$75,000,000	\$1,000,000					\$4,000,000		\$5,000,000

ANNUAL OPERATION AND MAINTENANCE BY FUNDING SOURCE									
PROJECT	TOTAL ANNUAL O&M	TUI	SFE	ICR	OLF	GFA	FGT	DFG	OTH
NEW CAPITAL PROJECT									
Deferred Maintenance	N/A								
Athletics Deferred Maintenance and Infrastructure Upgrades	N/A								
Student Experience and Student Union Deferred Maintenance	N/A								
New Project Annual O&M Totals	\$	\$							
RESUBMITTED CAPITAL PROJECT									
Center for Advanced Molecular and Immunological Therapies	\$3,161,231	\$3,161,231							
Total Resubmitted Capital Project Total	\$3,161,231	\$3,161,231							
TUI = Tuition SFE = Student Fees ICR = Indirect Cost Recovery OLF = Other Local Funds				GFA = General Fund Appropriation FGT = Federal Grant DFG = Debt Financed by Gifts OTH = Other					

EXHIBIT 4

Project Site Map

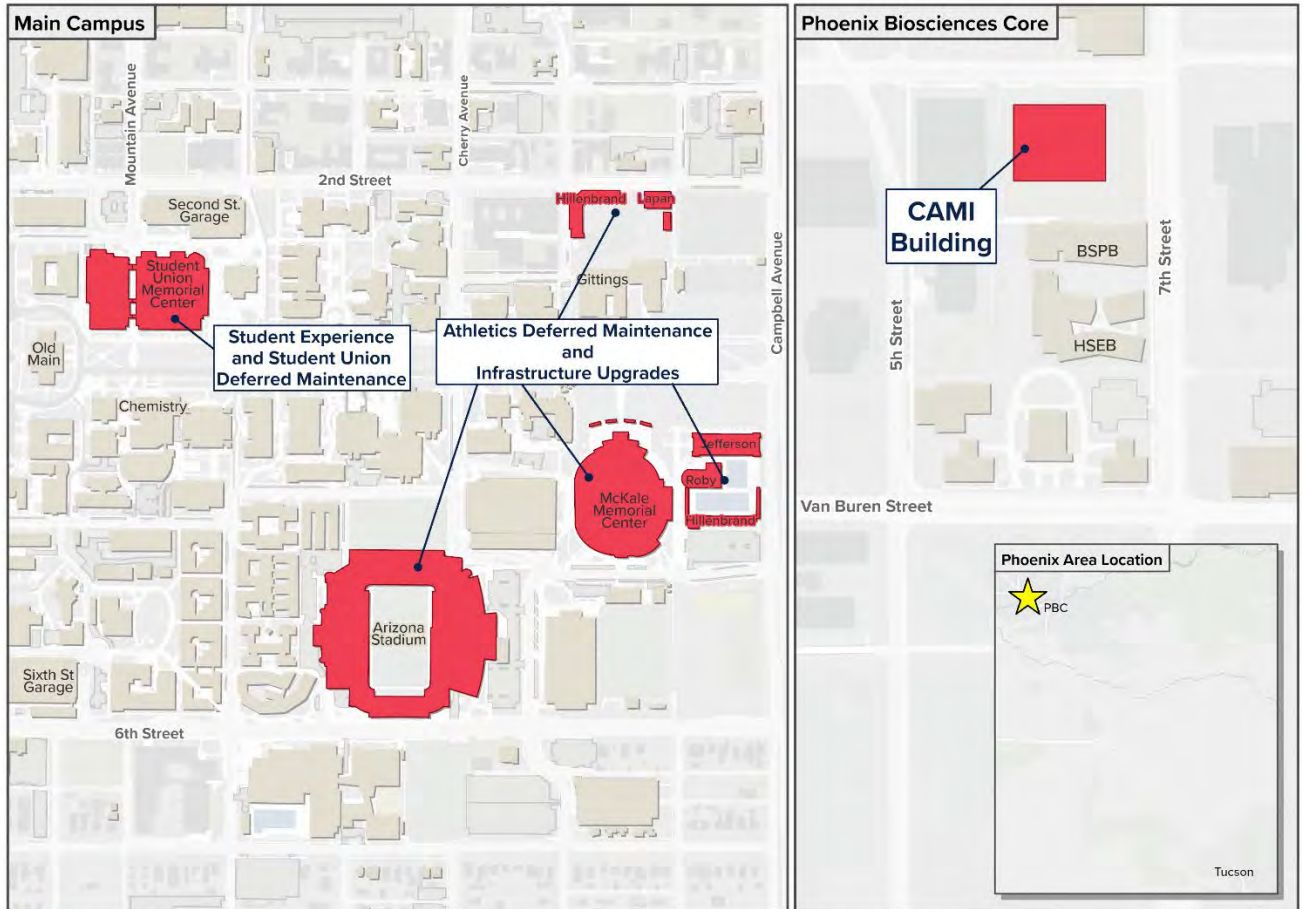


EXHIBIT 5



2025 DEBT CAPACITY

PURPOSE

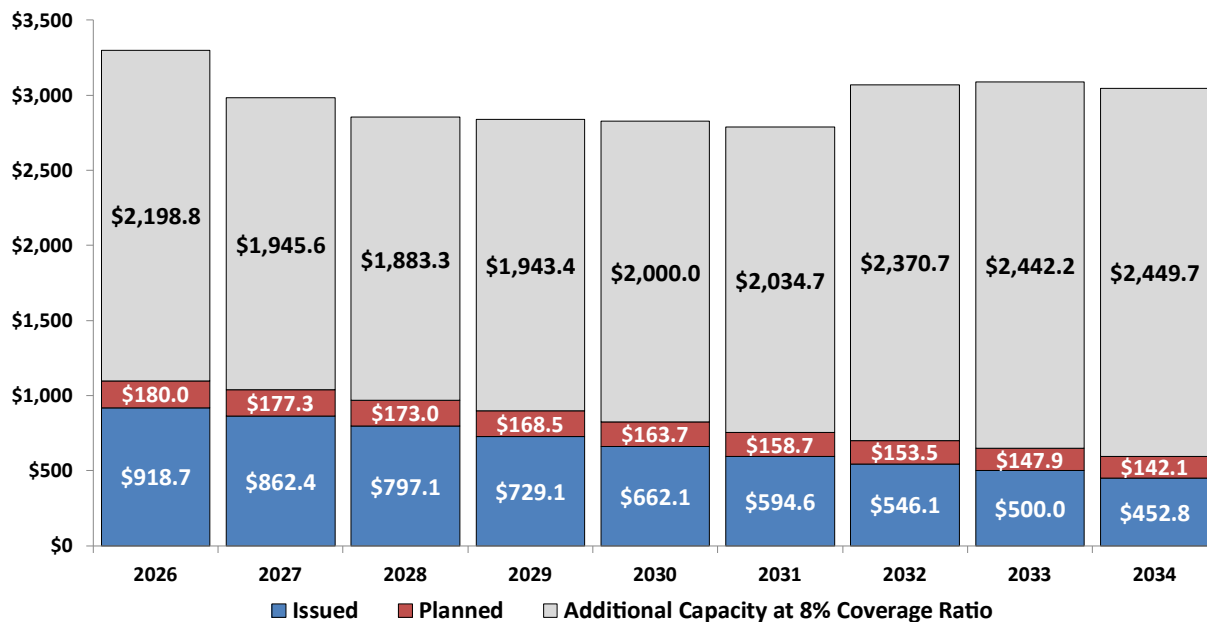
To demonstrate the University of Arizona’s ability to finance additional capital investment through debt instruments and to fund the related debt service (principal and interest).

PROJECTED DEBT CAPACITY

The debt capacity report includes 3 projects from the Annual Capital Plan (ACP): Deferred Maintenance, Athletics Deferred Maintenance and Infrastructure Upgrades, and Student Experience and Student Union Deferred Maintenance. Additionally, it includes the previously approved Center for Advanced Molecular and Immunological Therapies (CAMI) and a \$5M IT Infrastructure project. With the financing of the projects listed, the projected highest debt ratio is 3.7 percent in FY 2028, relative to the ABOR policy and statutory debt limit of 8 percent. The University outstanding debt in that year is projected to be \$1.43 billion. The year with the highest debt service will be FY 2029 at \$107.7 million. The 3.7 percent ratio is within the range used by the bond rating firms to judge an institution’s creditworthiness to service debt.

<i>Maximum Projected Debt Service to Total Expenditures Excluding/Including SPEED debt</i>
3.7% / 4.9%

University of Arizona projects outstanding debt excluding SPEED (issued) to decline from \$918.7 billion in FY 2026 to \$452.8 million in FY 2034 as debt is retired. The planned debt includes financing of the projects listed in the paragraph above. Additional debt capacity represents debt that can be issued in the given year based on the statutory 8 percent debt ratio limit.



FUTURE PROJECTS

Projects listed are from the current Annual Capital Plan (ACP) and current Capital Improvement Plan (CIP). These planned projects are included in the Debt Capacity assumptions.

	<u>Project Budget</u>	<u>Amount to Finance</u>
Center for Advanced Molecular and Immunological Therapies*	\$ 232,000,000	\$ 75,000,000
Athletics Deferred Maintenance*	50,000,000	50,000,000
Student Experience and Student Union Deferred Maintenance*	20,000,000	20,000,000
General Deferred Maintenance**	30,000,000	30,000,000
IT Infrastructure	5,000,000	5,000,000
Total	\$ 337,000,000	\$ 180,000,000

* Includes funding from SPEED bonding authority
 ** Includes funding from State Capital Appropriation HB2547

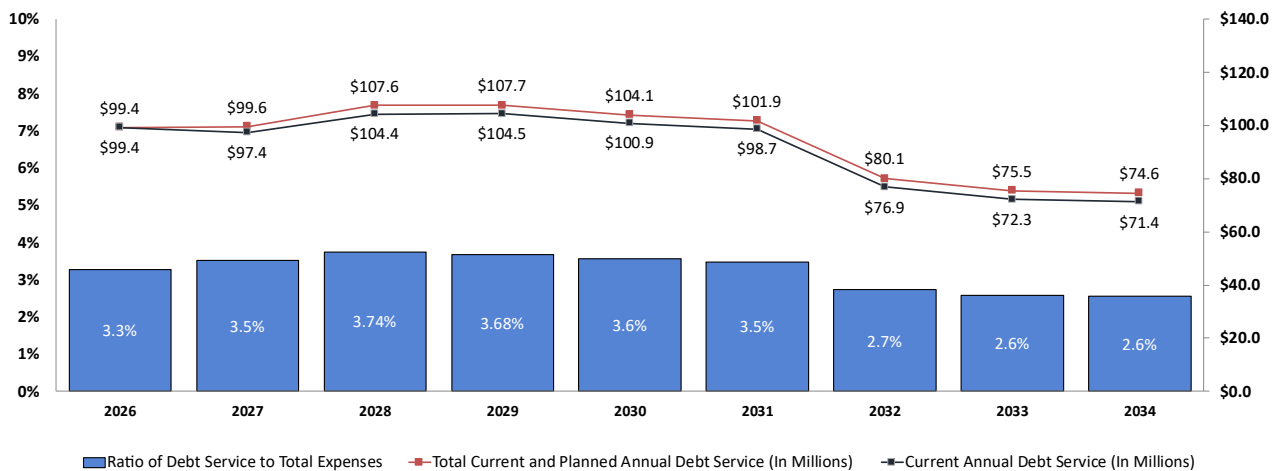
CREDIT RATINGS

The University of Arizona’s current credit rating is Aa3 (Moody’s) and AA- (S&P). Positive rating factors include U of A as the flagship and land-grant institution, as well as its important role in the provision of medical education for the State of Arizona. The university continues to have diverse research programs and sizable sponsored research funding with diverse sources. Offsetting factors include weakened operating performance, uncertain federal environment, thinning debt service coverage, and high leverage compared to Moody’s median peers.

<u>Fiscal Year</u>	<u>Moody’s</u>		<u>Standard & Poor’s</u>	
	<u>Rating</u>	<u>Outlook</u>	<u>Rating</u>	<u>Outlook</u>
2021	Aa2	Negative	AA-	Stable
2022	Aa2	Negative	AA-	Stable
2023	Aa2	Stable	AA-	Stable
2024	Aa2	Negative	AA-	Negative
2025	Aa3	Stable	AA-	Negative

RATIO OF DEBT SERVICE TO TOTAL EXPENSES

Annual debt service on System Revenue Bonds (SRBs) and Certificates of Participation (COPs) is projected to reach a maximum of \$107.7 million in FY 2029. The ratio of debt service to total expenses is projected to peak in FY 2028 at 3.7 percent relative to the 8 percent statutory limit. The peak planned debt ratio includes debt service for the projects listed on the previous page. The Stimulus Plan for Economic and Educational Development (SPEED) bonds are funded up to 80 percent by state lottery revenues, with the balance financed by the University. SPEED debt service is excluded from the statutory debt ratio. If SPEED debt were included, the debt ratio is projected to peak in FY 2028 at 4.9 percent. The maximum projected annual debt service, including SPEED, is \$142.3 million in FY 2029.



2028 and 2029 reflect 2 digits to show the difference between the originally rounded 3.7% in both years.

**University of Arizona
Annual Capital Plan - Project Justification Report
FY 2026 Deferred Maintenance Project**

Background/History of Previous Board Action

- FY 2026 – 2029 Capital Improvement Plan Sept 2024

Project Justification/Description/Scope

- Facilities Management will be addressing campus-wide Deferred Maintenance needs at a total cost of \$33,500,000 (\$27M DM, \$6.5M Utility Infrastructure), an increase over the prior year's investment to continue aggressively addressing this important issue. These needs include fire alarm upgrades, HVAC upgrades, elevator code compliance, electrical code compliance, roof replacement, plumbing upgrades, street repairs, ADA compliance, generators and building automation upgrades.
- These Deferred Maintenance projects will extend the use and life of our mechanical, electrical and plumbing systems.

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 in September 2025 and will be completed in June 2026.

Project Cost

- The construction cost for this project is \$28,475,000, and the total project cost is \$33,500,000.

- 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
Street Repair	University of Arizona	\$1,354,375	260,567	\$5.20	\$4.46
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

Fiscal Impact and Financing Plan

- U of A plans to finance \$30,000,000 for the project using System Revenue Bonds (SRBs). The annual debt service on the SRBs is estimated to be \$2,500,000 based on a conservative budget of 5 percent interest rate for a 20-year maturity. The University plans to use state appropriations tied to the Capital Infrastructure Fund established in ARS 15-1671 to pay for half of the debt service and retained tuition matching funds to pay the other half. These sources fund debt service on other capital projects and have existing capacity to cover this project.
- The remaining \$3,500,000 will be paid for with institutional sources.
- 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 SRBs 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 system 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 \$2,500,000 on this project's SRBs would increase the U of A debt ratio by .07 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.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10,000,000 or more to be included in the ACP, including new construction, renovation, infrastructure, information technology, and third-party projects.

**University of Arizona
 Annual Capital Plan - Capital Project Information Summary
 FY 2026 Deferred Maintenance**

Project Description / Location:

This project will address Deferred Maintenance at various locations at the University of Arizona.

	<u>FY 2026 Annual Capital Plan September 2025</u>
<u>Project Schedule (Beginning Month/Year)</u>	
Planning	N/A
Design	N/A
Construction	Sept 2025
Occupancy	June 2026
<u>Project Budget:</u>	
Total Project Cost	\$33,500,000
Total Project Cost per GSF	N/A
Direct Construction Cost	\$28,475,000
Construction Cost per GSF	N/A
Change in Annual Oper./Maint. Cost	N/A
Utilities	
Personnel	
Other	
<u>Funding Sources:</u>	
Capital:	
• System Revenue Bonds	\$30,000,000
• Institutional Sources	\$3,500,000
Operation/Maintenance:	N/A

University of Arizona
Annual Capital Plan - Capital Project Budget Summary
FY 2026 Deferred Maintenance

<u>Date of Budget Estimate</u>	FY 2026 Annual Capital Plan Sept 2025
1. Land	\$
2. Construction Cost	
A. New Construction	\$
B. Renovation	\$ 28,475,000
C. Fixed Equipment	\$
D. Site Development (exclude 2.E.)	\$
E. Parking & Landscaping	\$
F. Utilities Extensions	\$
G. Other (asbestos only)	\$
Subtotal Construction Cost	\$ 28,475,000
3. Consultant Fees	
A. Construction Manager	\$ 250.000
B. Architect/Engineering Fees	\$ 750.000
C. Other (Programming, Special Consult.)	\$ 350.000
Subtotal Consultant Fees	\$ 1,350.000
4. Furniture Fixtures and Equipment	\$ 1,525,000
5. Contingency, Design Phase	\$ 300,000
6. Contingency, Construction Phase	\$ 1,500,000
7. Parking Reserve	\$
8. Telecommunications Equipment	\$
Subtotal Items 4-8	\$ 3,325,000
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
F. State Risk Mgt. Ins	\$ 150,000
Subtotal Additional University Costs	\$ 350,000
TOTAL CAPITAL COST	\$ 33,500,000

University of Arizona
Annual Capital Plan - Project Justification Report
Athletics Deferred Maintenance and Infrastructure Upgrades Project

Background/History of Previous Board Action

- No previous action
- Waiver requested
- This project has been included as a first-year project in the FY 2027- 2030 Capital Improvement Plan at this meeting.

Project Justification/Description/Scope

- Investments in Arizona Stadium, McKale Center and other sports facilities are prioritized to address critical infrastructure needs identified in a recent Facilities Condition Assessment of athletic buildings, including electrical, lighting, seating, and restroom upgrades to enhance safety and gameday experience. These projects are critical for sustaining the security and longevity of these well-used facilities, as well as creating opportunities for future fan, alumni, and supporter engagement.

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

- Design Phase is currently underway.
- Project construction is scheduled to commence in September 2025 and will be completed in June 2026.

Project Cost

- This project encompasses multiple projects within our Athletics Complex. 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.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10,000,000 or more to be included in the ACP, including new construction, renovation, infrastructure, information technology, and third-party projects.
- Pursuant to ABOR Policy 7-102.B.2.a.(1), if a project has not appeared in the prior CIP, a waiver of this board policy can be requested in order for a project to appear on an ACP. A waiver is requested for the Deferred Maintenance Upgrade projects because of the urgency to replace aging infrastructure and to address life and safety related projects. In addition, Individual Project and Financing review is being requested for this project at this meeting.

University of Arizona
Annual Capital Plan - Capital Project Information Summary
Athletics Deferred Maintenance and Infrastructure Upgrades

Project Description / Location:

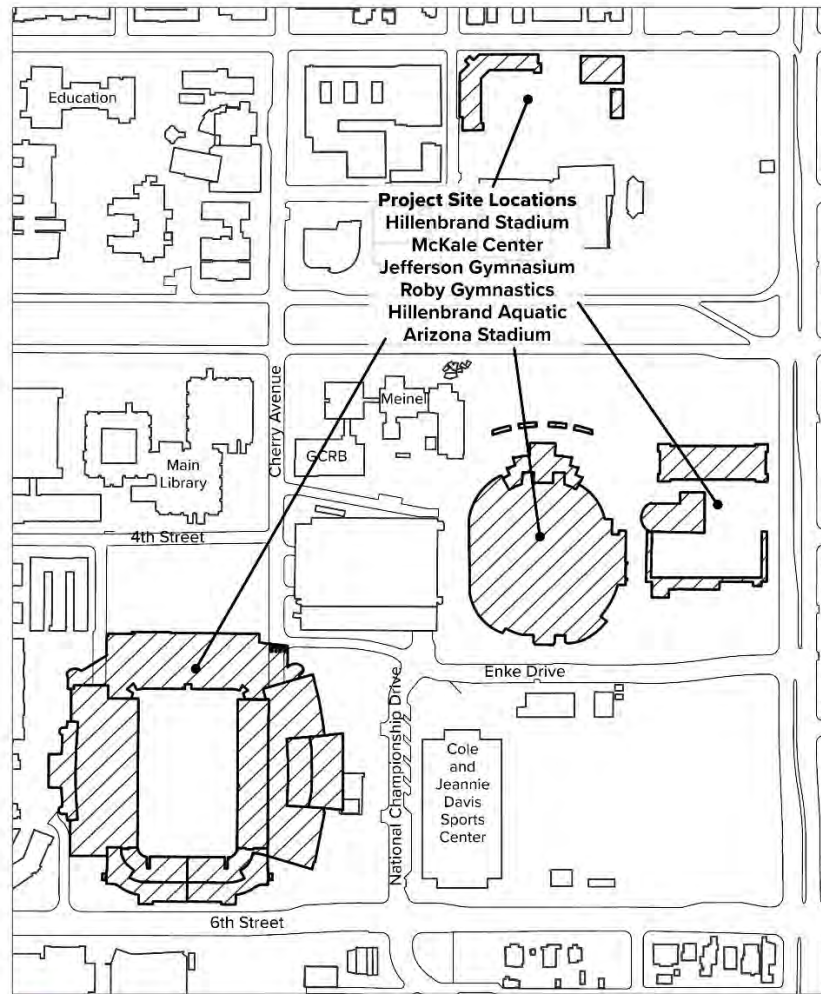
This project will address Athletic Deferred Maintenance and infrastructure upgrades at various athletics locations at the University of Arizona.

	<u>FY 2026 Annual Capital Plan September 2025</u>
<u>Project Schedule (Beginning Month/Year)</u>	
Planning	N/A
Design	N/A
Construction	Sept 2025
Occupancy	June 2026
 <u>Project Budget:</u>	
Total Project Cost	\$50,000,000
Total Project Cost per GSF	N/A
Direct Construction Cost	\$42,500,000
Construction Cost per GSF	N/A
Change in Annual Oper./Maint. Cost	N/A
Utilities	
Personnel	
Other	
 <u>Funding Sources:</u>	
Capital:	
• SPEED Revenue Bonds	\$50,000,000
Operation/Maintenance:	N/A

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

<u>Date of Budget Estimate</u>	FY 2026 Annual Capital Plan Sept 2025
1. Land	\$
2. Construction Cost	
A. New Construction	\$
B. Renovation	\$ 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
3. Consultant Fees	
A. Construction Manager	\$ 200,000
B. Architect/Engineering Fees	\$ 2,000,000
C. Other (Programming, Special Consult.)	\$
Subtotal Consultant Fees	\$ 2,200,000
4. Furniture Fixtures and Equipment	\$ 1,500,000
5. Contingency, Design Phase	\$ 500,000
6. Contingency, Construction Phase	\$ 1,700,000
7. Parking Reserve	\$
8. Telecommunications Equipment	\$ 1,200,000
Subtotal Items 4-8	\$ 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
F. State Risk Mgt. Ins	\$ 200,000
Subtotal Additional University Costs	\$ 400,000
TOTAL CAPITAL COST	\$ 50,000,000

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



**Athletics Deferred Maintenance
and Infrastructure Upgrades**



University of Arizona
Annual Capital Plan – Project Justification Report
Student Experience and Student Union Memorial Center Deferred Maintenance
Project

Background/History of Previous Board Action

- No previous action
- Waiver requested
- This project has been included as a first-year project in the FY 2027- 2030 Capital Improvement Plan at this meeting.

Project Justification/Description/Scope

- The Student Union Memorial Center was last renovated in 2001 and functions as a focal point of the student experience on campus. Investments in student-centered spaces will be guided by the results of a Facilities Condition Assessment, which identified key deferred maintenance needs.
- Planned upgrades include:
 - Dining venue enhancements.
 - Modernization of HVAC, electrical, and plumbing systems to ensure the longevity of this critical facility.
 - Building automation improvements to promote sustainability and lower ongoing operational costs.

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 in September 2025 and will be completed in June 2026.

Project Cost

- This project encompasses multiple projects within our Student Union and other student dining venues.
- The construction cost for this project is \$17,000,000 and the total project cost is \$20,000,000.

- 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
Student Union Tunnel Repair	University of Arizona	\$635,000	245,035	\$2.59	\$2.22
Honors Kitchen Hood	University of Arizona	\$210,000	8,000	\$26.25	\$22.50

Fiscal Impact and Financing Plan

- U of A plans to finance \$20,000,000 for the project using SPEED Revenue Bonds (SPEED). The annual debt service on the SPEED is estimated to be \$1,400,000 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 \$1,400,000 on this project's SRBs would increase the U of A debt ratio by .05 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.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10,000,000 or more to be included in the Annual Capital Plan, including new construction, renovation, infrastructure, information technology, and third-party projects.
- Pursuant to ABOR Policy 7-102.B.2.a.(1), if a project has not appeared in the prior CIP, a waiver of this board policy can be requested in order for a project to appear on an ACP. U of A seeks an exception to this policy due to the urgency to replace aging infrastructure and to address life and safety related projects, revealed in the recent Facilities Condition Assessment; at this same time, the University will utilize the opportunity to enhance the student experience. In addition, Individual Project and Financing review is being requested for this project at this meeting.

University of Arizona
Annual Capital Plan – Capital Project Information Summary
Student Experience and Student Union Memorial Center Deferred Maintenance
Project

Project Description / Location:

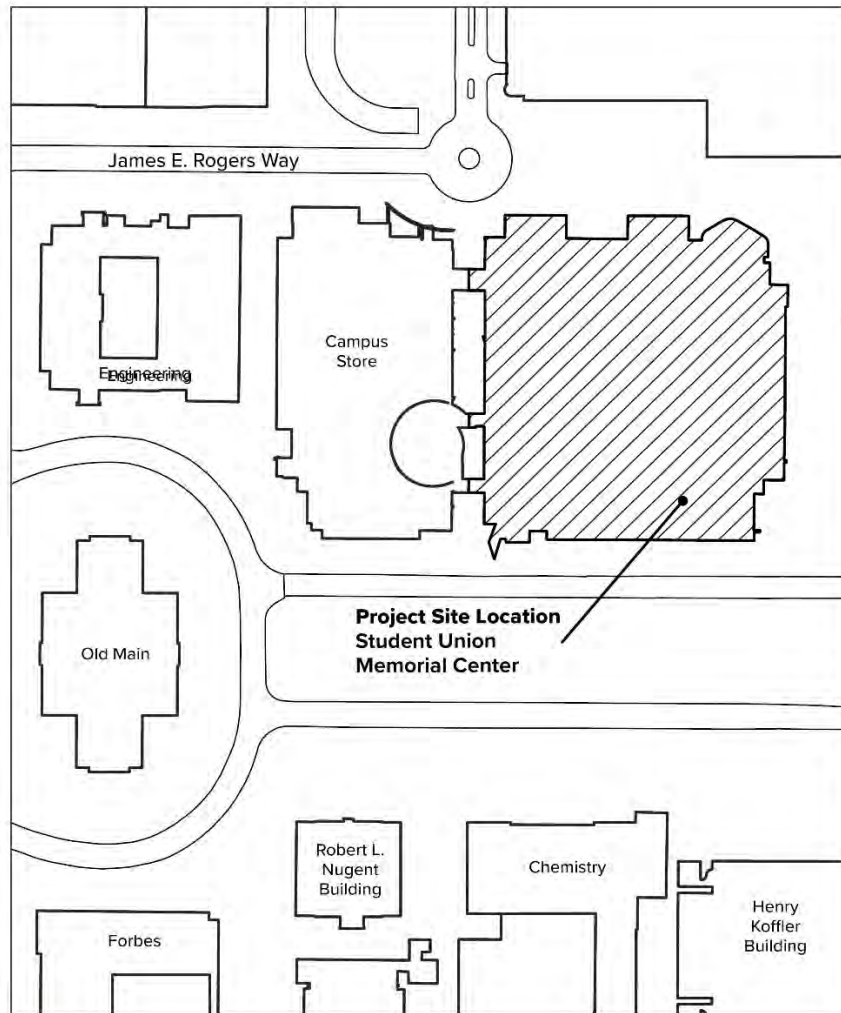
This project will address Deferred Maintenance at the Student Union and other student dining venues located at the University of Arizona.

	<u>FY 2026 Annual Capital Plan September 2025</u>
<u>Project Schedule (Beginning Month/Year)</u>	
Planning	N/A
Design	N/A
Construction	Sept 2025
Occupancy	June 2026
<u>Project Budget:</u>	
Total Project Cost	\$20,000,000
Total Project Cost per GSF	N/A
Direct Construction Cost	\$17,000,000
Construction Cost per GSF	N/A
Change in Annual Oper./Maint. Cost	N/A
Utilities	
Personnel	
Other	
<u>Funding Sources:</u>	
Capital:	
• SPEED Revenue Bonds	\$20,000,000
Operation/Maintenance:	N/A

University of Arizona
Annual Capital Plan - Capital Project Budget Summary
Student Experience and Student Union Memorial Center Deferred Maintenance
Project

<u>Date of Budget Estimate</u>	<u>FY 2026 Annual Capital</u>	<u>Plan</u>
		Sept 2025
1. Land	\$	
2. Construction Cost		
A. New Construction	\$	
B. Renovation	\$	16,300,000
C. Fixed Equipment	\$	
D. Site Development (exclude 2.E.)	\$	
E. Parking & Landscaping	\$	
F. Utilities Extensions	\$	
G. Other (asbestos only)	\$	
Subtotal Construction Cost	\$	16,300,000
3. Consultant Fees		
A. Construction Manager	\$	200,000
B. Architect/Engineering Fees	\$	500,000
C. Other (Programming, Special Consult.)	\$	200,000
Subtotal Consultant Fees	\$	900,000
4. Furniture Fixtures and Equipment	\$	1,000,000
5. Contingency, Design Phase	\$	500,000
6. Contingency, Construction Phase	\$	1,000,000
7. Parking Reserve	\$	
8. Telecommunications Equipment	\$	
Subtotal Items 4-8	\$	2,500,000
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
F. State Risk Mgt. Ins	\$	100,000
Subtotal Additional University Costs	\$	300,000
TOTAL CAPITAL COST	\$	20,000,000

U of A
Project Site Location Map
Student Experience & Student Union Deferred Maintenance



**Student Experience &
Student Union Deferred Maintenance**



**University of Arizona
Annual Capital Plan - Project Justification Report Center for
Advanced Molecular Immunotherapies (CAMI)**

Background/History of Previous Board Action

- Capital Improvement Plan FY 2025 – 2028 September 2023
- FY 2025 Annual Capital Plan September 2024

Project Description/Justification/Scope

- The University of Arizona (U of A) is seeking to build a new 205,000 Gross Square Feet (GSF) research and academic facility to house the next phase of expansion on the Phoenix Bioscience Core (PBC). The new building will include space for the new Center for Advanced Molecular and Immunological Therapies (CAMI) and other academic and core research laboratory support spaces to enhance the U of A's research and academic enterprises in the Phoenix area.
- The new CAMI building will be located on the prominent southwest corner of Filmore Street and 7th Street.
- The new building will be high-rise construction and will house wet lab research space to accommodate thirty-six to forty principal investigators, clinical research space, and dry lab space. Wet lab space will be capable of supporting BSL2-type research and will include provisions for drug development in addition to a Good Manufacturing Process (GMP) laboratory for the use of developing drugs for use in clinical trials. An expansion of the existing underground research core (vivarium) is to be included in the program and will be shelled for future build out.
- This project encompasses 205,000 GSF, which includes approximately 128,000 Net Assignable Square Feet (NASF).
- This first phase of construction includes 15,000 NASF of clinical research and core lab space, and 25,000 NASF of shared academic and collaboration space. An additional 75,000 NASF of wet lab space and 7,000 NASF of vivarium space will be shelled and planned for future expansion.

Project Delivery Method and Process

- This project is being delivered through a Design-Build (D-B) delivery method. This approach was selected for this project because it can provide early cost control, save time through fast-track project scheduling while still providing contractor design input and coordination throughout the project, improving potentially adversarial project environments and still allowing for the selection of the most qualified architect-contractor team for this project. Through peer review of the D-B's cost estimate at each phase, and low-bid subcontractor work for the actual construction work, this method

also provides a high level of cost and quality control.

- The Design-Builder provides a Guaranteed Maximum Price (GMP) based upon the amount previously agreed upon in the D-B agreement. The Design-Builder is at risk to provide the completed project within that price. In the selection of major subcontractors, the Design-Builder uses a qualification-based selection process prescribed by the ABOR Procurement Code to allow major subcontractors a design-assist role during the design phase. All remaining subcontractor work is awarded on the basis of the lowest responsive and responsible subcontractor bids. For this work, a minimum of three subcontractor bids will be required, except for specialty items or instances where proprietary systems are required, such as for energy management systems and door locks. A final report on project control procedures will be provided at project completion.
- The D-B Team was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor was included on the selection committee as required by ABOR Policy.

Project Status and Schedule

- The early construction and permit packages for site demolition, foundation, and site utilities are underway while Design Development for the building is occurring. The construction documents phase for the building’s structural/skin and the interiors is scheduled to commence November 2024.
- Project construction commenced in November 2024, with substantial completion anticipated for May 2027.

Project Cost

- The construction cost for this project is \$184 million (\$898 per GSF), and the total project cost is \$232 million (\$1,132 per GSF).
- Comparable similar previously approved projects:

Comparable Similar Previously Approved Projects					
Project	University	Total Project Budget	Project GSF	Total \$/GSF	Constr. \$/GSF
Grand Challenges Research Building	U of A	\$99,000,000	107,877	\$918/gsf	\$748/gsf
Applied Research Building	U of A	\$85,000,000	89,000	\$955/gsf	\$746/gsf
Biomedical Sciences Partnership Building	U of A	\$133,000,000	245,000	\$543/gsf	\$467/gsf

Fiscal Impact and Financing Plan

- U of A plans to finance \$75.0 million for the project using System Revenue Bonds (SRBs). The annual debt service on the SRBs is estimated to be \$4.6 million based on a conservative budget of 5 percent interest rate for a 30-year maturity. U of A plans to use Indirect Cost Recovery to pay for the debt service. U of A plans to use State and County ARPA funds, local funds, additional bond funding, and gifts to finance the remaining \$215 million project costs.
- When the bond is issued for the project, the U of A's estimated outstanding debt at the end of the fiscal year will be \$1.62 billion. At the same time, the University would have retired \$78.2 million in debt principal.
- The estimated Operations and Maintenance (O&M) cost for the project is \$3,161,231. The U of A plans to fund the O&M with Tuition.
- U of A will:
 - (a) sell one or more series of system 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) sell 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 system revenue bonds will be marketed and sold 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 \$4.6 million on this project's SRBs would increase the U of A debt ratio by 0.1 percent. The projected highest debt ratio is 4.3 percent, excluding SPEED revenue bonds, and 5.1 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

- The project will provide new research space for the newly created center.
- This facility will provide new space for new faculty and research. It is not anticipated that any existing space will be released, or that any existing facilities will be demolished.

Statutory/Policy Requirements

- ABOR Policy 7-102 requires all major capital projects with an estimated total project cost of \$10 million or more to be included in the Annual Capital Plan, including new construction, renovation, infrastructure, information technology, and third-party projects.

University of Arizona
Annual Capital Plan - Capital Project Information Summary Center for
Advanced Molecular Immunotherapies (CAMI)

Project Description / Location:

This project will be a new research facility for the Center for Advanced Molecular and Immunological Therapies and will include clinical research and core facilities to support the Center along with the other research missions on the Phoenix campus. The project will be located at the Phoenix Bioscience Core in downtown Phoenix.

	FY 2025	FY 2026
	Annual Capital	Annual Capital
	Plan	Plan
	<u>Sept 2024</u>	<u>Sept 2025</u>

Project Schedule (Beginning

Month/Year):

Planning	August 2023	August 2023
Design	January 2024	January 2024
Construction	November 2024	November 2024
Occupancy	June 2027	June 2027

Project Budget:

Total Project Cost	\$ 290,000,000	\$232,000,000
Total Project Cost per GSF	\$ 1,415	\$1,132
Direct Construction Cost - New	\$ 232,000,000	\$184,000,000
Construction Cost per GSF - New	\$ 1,132	\$898
Change in Annual Oper./Maint. Cost	\$1,774,500	\$3,161,231
Utilities		
Personnel		
Other		

Funding Sources:

Capital:

• State/County ARPA Funds	\$154,000,000	\$158,000,000
• SPEED Revenue Bonds	\$75,000,000	\$75,000,000

Operation/Maintenance:

• Tuition	1,774,500	\$3,161,231
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University of Arizona
Annual Capital Plan - Capital Project Budget Summary
Center for Advanced Molecular Immunotherapies
(CAMI)

<u>Date of Budget Estimate</u>		<u>FY 2025 Annual Capital Plan</u>	<u>FY 2026 Annual Capital Plan</u>
		<u>September 2024</u>	<u>September 2025</u>
1. Land	\$	0	0
2. Construction Cost			
A. New Construction	\$	228,000,000	181,000,000
B. Renovation	\$	0	0
C. Fixed Equipment	\$	3,000,000	1,600,000
D. Site Development (exclude 2.E.)	\$	0	0
E. Parking & Landscaping	\$	0	0
F. Utilities Extensions	\$	1,000,000	1,300,000
G. Other (asbestos only)	\$	<u>0</u>	<u>0</u>
Subtotal Construction Cost	\$	232,000,000	183,900,000
3. Consultant Fees			
A. Construction Manager	\$	0	0
B. Architect/Engineering Fees	\$	29,000,000	32,000,000
C. Other (Programming, Special Consult.)	\$	<u>2,000,000</u>	<u>1,600,000</u>
Subtotal Consultant Fees	\$	31,000,000	33,600,000
4. Furniture Fixtures and Equipment	\$	8,000,000	2,750,000
5. Contingency, Design Phase	\$	4,000,000	3,700,000
6. Contingency, Construction Phase	\$	7,000,000	4,200,000
7. Parking Reserve	\$	0	0
8. Telecommunications Equipment	\$	<u>2,300,000</u>	<u>750,000</u>
Subtotal Items 4-8	\$	21,300,000	11,400,000
9. Additional University Costs			
A. Surveys and Tests	\$	1,400,000	700,000
B. Move-in Costs	\$	100,000	50,000
C. Public Art	\$	0	0
D. Printing/Advertisement	\$	0	0
E. Univ. Facilities & Project Management	\$	3,000,000	1,500,000
F. State Risk Mgt. Ins	\$	<u>1,200,000</u>	<u>850,000</u>
Subtotal Additional University Costs	\$	5,700,000	3,100,005
TOTAL CAPITAL COST	\$	290,000,000	232,000,000