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FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
Committee Chairman Huffines

Date: May 8, 2003

Time: Following the Meeting of the Health Affairs Committee

Place: Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, U. T. System Administration, Austin, Texas

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1. **U. T. Arlington - New Residence Hall (Project No. 301-152): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase the Total Project Cost; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval to Name Facility (Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Honorific Namings); Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and Interim President Sorber that the U. T. Board of Regents:

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the New Residence Hall at U. T. Arlington from \$14,275,000 to \$19,200,000
- b. Approve design development plans for the New Residence Hall at U. T. Arlington
- c. Approve the evaluation of alternative energy economic feasibility
- d. Approve the honorific naming of the residence hall as the Kalpana Chawla Hall
- e. Appropriate funds and authorize expenditure of \$19,200,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and

based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$19,200,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

The New Residence Hall at U. T. Arlington is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$14,275,000 with funding from Revenue Financing System Bond Proceeds.

U. T. Arlington has requested that the total project cost be increased by \$4,925,000 with funding from Revenue Financing System Bond Proceeds. The increase is the result of increasing the number of beds from 370 to 430 and an increase in total square footage from 118,026 to 133,385. The heavy demand for on-campus housing will be better addressed by maximizing the bed count at the selected site. Included in the new total project cost is \$1,600,000 for the acquisition and demolition of the College Oaks Apartments that currently occupy the site.

This housing community will include three-bedroom suites and two-person residence hall rooms. Each room will have access to the University's computer network, residential telephone system, and local cable television. The development

will include a commons facility, on-site parking, card-access for enhanced security, and landscaping. The building will be in proximity to the academic core of the campus providing a very convenient setting.

The debt will be repaid with net revenues from the housing operation revenues. The annual debt service is projected to be \$1,321,063. The debt service coverage for the New Residence Hall is expected to be at least 1.15 times. The overall debt service coverage for U. T. Arlington is expected to be at least 1.57 times.

Dr. Kalpana Chawla attended U. T. Arlington from 1982 until 1984 and received a Master of Science in Aerospace Engineering in 1984. She later became a naturalized American citizen and went to work in 1988 as a research scientist at the National Aeronautics and Space Administration (NASA). Selected as an astronaut candidate in 1994, she traveled 6.5 million miles and logged more than 376 hours in space on a 1997 space shuttle Columbia mission. She died at the age of 41 on February 1, 2003, along with six fellow astronauts, during her second space shuttle Columbia voyage. Given Dr. Chawla's academic achievements, her professional success as a research scientist at NASA, and the events of February 1, 2003, the naming of the New Residence Hall is consistent with the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, and institutional guidelines on the naming of facilities to recognize Dr. Chawla's contributions to the University and our nation.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

This project was presented to the Facilities Planning and Construction Committee in April 2003 and was not considered by the Academic Affairs Committee in March 2003.

2. **U. T. Arlington - University Center Addition (Project No. 301-153): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase the Total Project Cost; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and Interim President Sorber that the U. T. Board of Regents:

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the University Center Addition project at U. T. Arlington from \$1,800,000 to \$4,100,000
- b. Approve design development plans
- c. Approve the evaluation of alternative energy economic feasibility
- d. Appropriate funds and authorize expenditure of \$4,100,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Arlington, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$4,100,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

The University Center Addition project at U. T. Arlington is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$1,800,000 with funding from Revenue Financing System Bond Proceeds.

U. T. Arlington has requested that the total project cost be increased by \$2,300,000 with funding from Revenue Financing System Bond Proceeds. The increase is the result of increasing the project size from 5,000 square feet to 10,000 square feet, and increasing the project scope to address fire and life safety deficiencies. The proposed addition to the campus dining area will provide adequate seating to better serve students currently living in Arlington Hall as well as the additional students anticipated with the planned completion of the New Residence Hall in August 2004.

The \$4,100,000 in Revenue Financing System debt will be repaid from U. T. Arlington’s operating revenues. The annual debt service is projected to be \$282,102. The overall debt service coverage for U. T. Arlington is expected to be at least 1.57 times.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy

Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

This project was presented to the Facilities Planning and Construction Committee in April 2003 and was not considered by the Academic Affairs Committee in March 2003.

3. **U. T. Dallas - McDermott Library Renovation - Phase II (Project No. 302-928): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Jenifer that the U. T. Board of Regents amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the McDermott Library Renovation – Phase II project at U. T. Dallas from \$2,000,000 in Gifts and Grants and \$1,000,000 from Permanent University Fund Bond Proceeds to \$2,000,000 in Designated Tuition and \$1,000,000 from Permanent University Fund Bond Proceeds.

BACKGROUND INFORMATION

The McDermott Library Renovation – Phase II project at U. T. Dallas is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$3,000,000 with funding of \$2,000,000 in Gifts and Grants and \$1,000,000 from Permanent University Fund Bond Proceeds.

U. T. Dallas has requested that the \$2,000,000 from Gifts and Grants be changed to \$2,000,000 from Designated Tuition for renovation costs for the library. Revision of the source of funding is recommended as the institution has funding for scholarship

support as one of its highest priorities to facilitate a continuation of the institution's current growth patterns. The University also wishes to invest the \$2,000,000 gift as an endowment for additional student scholarship support.

This project was presented to the Facilities Planning and Construction Committee in April 2003 and was not considered by the Academic Affairs Committee in March 2003.

4. **U. T. Permian Basin - Student Housing Phase II (Project No. 501-151): Request for Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Watts that the U. T. Board of Regents:

- a. Approve design development plans for the Student Housing Phase II project at U. T. Permian Basin
- b. Approve the evaluation of alternative energy economic feasibility
- c. Appropriate additional funds and authorize expenditure of \$4,800,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and

based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Permian Basin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$4,800,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

The Student Housing Phase II project at U. T. Permian Basin is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$5,800,000 with funding from Revenue Financing System Bond Proceeds.

At the November 2002 meeting, the Board authorized U. T. Permian Basin to institutionally manage \$1,000,000 from Revenue Financing System Bond Proceeds to construct two apartment-style buildings, consisting of a minimum of 32 beds, for the start of the Fall Semester 2003.

This second part of the housing facility will continue to meet needs in the longer term with a minimum of 120 beds constructed in apartment-style buildings for the start of the Fall Semester 2004.

The debt will be repaid with net revenues from U. T. Permian Basin's housing operations. Annual debt service on U. T. Permian Basin's housing projects is

projected to be \$462,202. The debt service coverage on the proposed housing projects is expected to be at least 1.3 times. The overall debt service coverage for U. T. Permian Basin is expected to be at least 1.04 times.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

This project was presented to the Facilities Planning and Construction Committee in April 2003.

5. **U. T. San Antonio - Student Housing Expansion, Phase I (Project No. 401-139): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. Board of Regents:

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Student Housing Expansion, Phase I project at U. T. San Antonio from \$19,000,000 to \$45,000,000
- b. Approve design development plans

- c. Approve the evaluation of alternative energy economic feasibility
- d. Appropriate additional funds and authorize expenditure of \$25,000,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Local Funds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. San Antonio, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$25,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

The Student Housing Expansion, Phase I project at U. T. San Antonio is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$19,000,000

with funding from Revenue Financing System Bond Proceeds. At the August 2002 meeting, the Board appropriated and approved expenditure of \$2,800,000 from Revenue Financing System Bond Proceeds which resulted in an increase in total project cost from \$16,200,000 to \$19,000,000.

U. T. San Antonio has requested an increase in the total project cost to \$45,000,000 with additional funding of \$25,000,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Local Funds. The new addition will consist of 500 new units and a dining facility.

The additional \$25,000,000 in debt will be repaid from housing and dining net operating revenues. The annual debt service on the \$25,000,000 in Revenue Financing System bonds is projected to be \$1,720,135. Total debt service coverage for the Student Housing Expansion, Phase I project is expected to be at least 1.33 times. The overall debt service coverage for U. T. San Antonio is expected to be at least 1.42 times.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

This project was presented to the Facilities Planning and Construction Committee in April 2003 and was not considered by the Academic Affairs Committee in March 2003.

6. **U. T. Tyler - Engineering, Sciences and Technology Building - Phase I (Project No. 802-132): Request for Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Mabry that the U. T. Board of Regents:

- a. Approve design development plans for the Engineering Sciences and Technology Building - Phase I project at U. T. Tyler
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve the total project cost of \$22,910,000
- d. Appropriate funds and authorize expenditure of \$20,910,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from Permanent University Fund Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. System components, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$20,910,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

The Engineering, Sciences and Technology Building – Phase I project at U. T. Tyler is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$22,910,000 with funding of \$20,910,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from Permanent University Fund Bond Proceeds.

This new facility will provide 148,885 gross square feet of research and teaching space for the College of Engineering and Computer Science and for the College of Arts and Sciences. This space will be designed for construction in multiple phases. The site does not have adequate access to chilled water, electrical service, and communications so the provision of these utilities to the north side of campus will be part of the project. In addition, a new central plant facility containing two chillers and a chilled water storage tank will also be part of this first phase of the work.

The College of Engineering and Computer Science space is to include teaching laboratories, classrooms, and administrative and faculty offices for Electrical, Civil, and Mechanical Engineering, and Computer Science. The College of Arts and Sciences space will include teaching laboratories, classrooms, and administrative and faculty offices for Chemistry, Physics, Geology, and Biology.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy

Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

The 77th Session of the Texas Legislature authorized \$20,910,000 of tuition revenue bonds to be issued for U. T. Tyler to construct engineering, sciences and technology building and make other physical plant improvements.

This project was presented to the Facilities Planning and Construction Committee in April 2003.

7. **U. T. Southwestern Medical Center - Dallas - Advanced Imaging Research and Diagnostic Center (Project No. 303-122): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Approval to Revise Source of Funds; Approval of Design Development Plans; Appropriation of Funds and Authorization of Expenditure; Approval to Combine Projects; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, and President Wildenthal that the U. T. Board of Regents:

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to approve an increase in the total project cost for the Advanced Imaging Research and Diagnostic Center project at U. T. Southwestern Medical Center - Dallas from \$30,000,000 to \$46,300,000
- b. Revise the source of funds from \$20,000,000 from Gifts and Grants and \$10,000,000 from Interest on Local Funds to \$36,300,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Gifts and Grants

- c. Approve design development plans
- d. Appropriate additional funds and authorize expenditure of \$36,300,000 from Revenue Financing System Bond Proceeds and \$8,500,000 from Gifts and Grants
- e. Approve combining the Advanced Imaging Research and Diagnostic Center project into one project with the North Campus Phase 4 project at U. T. Southwestern Medical Center – Dallas for a new total project cost of \$301,300,000 with funding of \$116,300,000 from Revenue Financing System Bond Proceeds, \$80,000,000 from Permanent University Fund Bond Proceeds, \$57,500,000 from Gifts and Grants, \$40,000,000 from Tuition Revenue Bond Proceeds, and \$7,500,000 from Medical Service, Research and Development Plan/Professional Fees (MSRDP).

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Southwestern Medical Center - Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$36,300,000

- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

The Advanced Imaging Research and Diagnostic Center project at U. T. Southwestern Medical Center – Dallas is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$30,000,000 with funding of \$20,000,000 from Interest on Local Funds and \$10,000,000 from Gifts and Grants. In July 2002, the project was authorized for institutional management for installation of equipment funded by a U. S. Department of Energy grant with funding appropriated in the amount of \$1,500,000 from Gifts and Grants.

The project is now ready to move forward with construction of the remainder of the work. U. T. Southwestern Medical Center - Dallas has requested an increase in the total project cost to \$46,300,000 to fully meet the construction costs for the project identified after completing an evaluation of programming requirements for the building. U. T. Southwestern Medical Center - Dallas has also requested to revise the source of funding to \$36,300,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Gifts and Grants and to combine the project with the North Campus Phase 4 project.

This new project will provide expansion space immediately adjacent and directly above occupied cancer patient care, outpatient diagnostic imaging, biomedical research, and student educational activities, making this a necessary addition to the North Campus. Elements of magnetic resonance imaging (MRI), positron emission tomography (PET) scanning, advanced radiological imaging, and imaging technology research will be incorporated into the Center.

By incorporating this project with the North Campus Phase 4, funding will change to \$116,300,000 from Revenue Financing System Bond Proceeds, \$80,000,000 from Permanent University Fund Bond Proceeds, \$57,500,000 from Gifts and Grants, \$40,000,000 from Tuition Revenue Bond Proceeds, and \$7,500,000 from MSRDP.

The debt will be repaid from indirect cost recovery revenues associated with research activities at the U. T. Southwestern Medical Center – Dallas. The annual debt service on the \$36,300,000 in Revenue Financing System Bonds is projected to be \$3,037,560. The overall debt service coverage for U. T. Southwestern Medical Center – Dallas is expected to be at least 2.5 times.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

This project was presented to the Facilities Planning and Construction Committee in April 2003 and was not considered by the Health Affairs Committee in March 2003.

8. **U. T. M. D. Anderson Cancer Center - South Campus Research Building Phase II: Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Include Project; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, and President Mendelsohn that the U. T. Board of Regents:

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to include the South Campus Research Building Phase II project at U. T. M. D. Anderson Cancer Center for a total project cost of \$50,000,000 with funding of \$40,000,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Hospital Revenues
- b. Approve design development plans
- c. Approve the evaluation of alternative energy economic feasibility

- d. Appropriate funds and authorize expenditure of \$40,000,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Hospital Revenues.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$40,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

U. T. M. D. Anderson Cancer Center is developing its South Campus as a research park to include research facilities. The current concept for the South Campus envisions a multiphase development that could accommodate numerous research facilities. Construction of the first building is complete with occupancy in progress. U. T. M. D. Anderson Cancer Center is seeking approval to proceed with the construction of the second research facility on the South Campus.

U. T. M. D. Anderson Cancer Center ranks first in the number of grants awarded nationwide by the National Cancer Institute and third in the number of grants given by the American Cancer Society. As a result, there is a pressing need for additional laboratory and support space to support funded research programs as well as replacement of substantial existing research space. The 132,000 gross square foot project will be a mirror image of the South Campus Research Facility, with more intensive utilization of research laboratory hoods and sinks.

The debt will be repaid from U. T. M. D. Anderson Cancer Center's operating revenues. The annual debt service on the \$40,000,000 in Revenue Financing System bonds is projected to be \$3,347,173. The overall debt service coverage for U. T. M. D. Anderson Cancer Center is expected to be at least 3.0 times.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

This off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

This project was presented to the Facilities Planning and Construction Committee in April 2003 and was not considered by the Health Affairs Committee in March 2003.

9. **U. T. System: Approval of Permanent University Fund Allocations and Amendments to the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget as Necessary**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents:

- a. Approve an increase in the total project cost; appropriate additional funding and authorize expenditure for the Biosciences Facility at U. T. El Paso from \$25,000,000 to \$27,000,000 with additional funding of \$2,000,000 from Permanent University Fund Bond Proceeds
- b. Approve an increase in the preliminary project cost for the Mesa Building Improvements/Gymnasium Renovations, Phase I at U. T. Permian Basin from \$8,110,000 to \$9,350,000 with additional funding of \$1,240,000 from Permanent University Fund Bond Proceeds
- c. Approve an increase in the preliminary project cost for the Engineering, Sciences and Technology Building - Phase I at U. T. Tyler from \$22,910,000 to \$34,850,000 with additional funding of \$11,940,000 from Permanent University Fund Bond Proceeds.

BACKGROUND INFORMATION

In November 2001, the U. T. Board of Regents approved Permanent University Fund (PUF) allocations for projects authorized by the 77th Texas Legislature to be partially funded with Tuition Revenue Bonds. Additional PUF allocations of \$15,180,000 to the U. T. El Paso Biosciences Facility, U. T. Permian Basin Mesa Building Improvements/Gymnasium Renovations, Phase I, and U. T. Tyler Engineering, Sciences and Technology Building - Phase I fulfill the U. T. System commitment related to the Tuition Revenue Bond approvals from the last legislative session.

The Biosciences Facility at U. T. El Paso is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$25,000,000 with funding of \$6,500,000 from Permanent University Fund Bond Proceeds, \$5,750,000 from Revenue Financing System Bond Proceeds, and \$12,750,000 from Tuition Revenue Bond Proceeds. The revised funding will be \$8,500,000 from Permanent University Fund Bond Proceeds, \$5,750,000 from Revenue Financing System Bond Proceeds, and \$12,750,000 from Tuition Revenue Bond Proceeds for a new total project cost of \$27,000,000. The project received design development approval from the U. T. Board of Regents in August 2002.

The Mesa Building Improvements/Gymnasium Renovations, Phase I at U. T. Permian Basin is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$8,110,000 with funding of \$5,610,000 from Tuition Revenue Bond Proceeds and \$2,500,000 from Permanent University Fund Bond Proceeds. The revised funding will be \$5,610,000 from Tuition Revenue Bond Proceeds and \$3,740,000 from Permanent University Fund Bond Proceeds for a new preliminary project cost of \$9,350,000.

The Engineering, Sciences and Technology Building - Phase I at U. T. Tyler is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$22,910,000 with funding of \$20,910,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from Permanent University Fund Bond Proceeds. The revised funding will be \$20,910,000 from Tuition Revenue Bond Proceeds and \$13,940,000 from Permanent University Fund Bond Proceeds for a new preliminary project cost of \$34,850,000.

The FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget will be amended as necessary to conform to Board action.

The additional PUF allocations were not presented to the Facilities Planning and Construction Committee in April 2003 due to time constraints.

INFORMATIONAL REPORT

U. T. System: Quarterly Report on Historically Underutilized Business(HUB) Expenditures for Building Construction

The quarterly report on Historically Underutilized Businesses for building construction for the U. T. System is set forth below.

REPORT

The total expenditures for Building Construction and Other Facilities by the Office of Facilities Planning and Construction through the second quarter for Fiscal Year 2003 were approximately \$243,781,129. Of that amount, 15.34% was paid to Certified Historically Underutilized Businesses, 0.79% was paid to Graduated Historically Underutilized Businesses, and Noncertified Historically Underutilized Businesses received 8.39% for a total of 24.52% or approximately \$59,778,231.

This information was included in the materials submitted to the Facilities Planning and Construction Committee in April 2003 and will be included in the U. T. System Administration HUB Report to the State.