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FOR  
FACILITIES PLANNING AND CONSTRUCTION  
COMMITTEE**

**Committee Meeting:** 8/14/2019

**Board Meeting:** 8/15/2019  
Austin, Texas

*David J. Beck, Chairman  
Christina Melton Crain  
R. Steven Hicks  
Nolan Perez  
Kelcy L. Warren  
Rad Weaver*

|   | <b>Committee Meeting</b>                            | <b>Board Meeting</b> | <b>Page</b> |
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| <b>Convene</b>  | <i>3:30 p.m.<br/>Chairman Beck</i>                  |                      |             |
| 1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>   | <i>3:30 p.m.<br/>Discussion</i>                     | <b>Action</b>        | <b>217</b>  |
| <b><u>Addition to the CIP</u></b>   |   |                      |             |
| 2. <b>U. T. Rio Grande Valley: School of Medicine Institute of Neurosciences - Amendment of the current Capital Improvement Program to include project</b>  | <i>3:35 p.m.<br/>Action<br/>President Bailey</i>    | <b>Action</b>        | <b>218</b>  |
| 3. <b>U. T. Medical Branch - Galveston: John Sealy Hospital Modernization Phase III - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds</b> | <i>3:45 p.m.<br/>Action<br/>President Callender</i> | <b>Action</b>        | <b>221</b>  |
| 4. <b>U. T. Austin: Anna Hiss Gymnasium Renovation - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds</b>                                  | <i>3:55 p.m.<br/>Action<br/>President Fenves</i>    | <b>Action</b>        | <b>224</b>  |
| 5. <b>U. T. Austin: Campus Infrastructure Upgrades Program - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds</b>                          | <i>4:05 p.m.<br/>Action<br/>President Fenves</i>    | <b>Action</b>        | <b>227</b>  |

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| <b><u>Design Development Approval</u></b>  |   |                      |             |
| 6. <b>U. T. Austin: Sarah M. and Charles E. Seay Building Addition - Approval of design development; and appropriation of funds and authorization of expenditure</b>   | 4:10 p.m.<br><b>Action</b><br><i>President Ferves</i>   | <b>Action</b>        | <b>230</b>  |
| 7. <b>U. T. Southwestern Medical Center: Radiation Therapy Building Phase II - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt</b> | 4:20 p.m.<br><b>Action</b><br><i>President Podolsky</i> | <b>Action</b>        | <b>233</b>  |
| <b>Adjourn</b>   | 4:30 p.m.   |                      |             |

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda item assigned to this Committee is [Item 71](#).

**2. U. T. Rio Grande Valley: School of Medicine Institute of Neurosciences - Amendment of the current Capital Improvement Program to include project**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the School of Medicine Institute of Neurosciences project at The University of Texas Rio Grande Valley.

BACKGROUND INFORMATION

Previous Actions

On August 29, 2018, the Chancellor approved this project for Definition Phase. On December 6, 2012, the Board approved \$100 million of unspecified resources over the next 10 years to be used for start-up costs for the School of Medicine. To date, the Board has partially fulfilled this commitment through multiple appropriations of Permanent University Fund (PUF) Bond Proceeds totaling \$50 million.

Project Description

The proposed project will be located in Harlingen, Texas on 35 acres of land located near the Clinical Education Building. The facility will advance one of the core research priorities for the School of Medicine of alleviating the space demand in clinical and research areas. The facility will serve as a world-class site for the departments of neurology, psychiatry, and neurosciences and will house clinics and diagnostic centers for numerous neuropsychiatric and aging disorders.

The project is expected to consist of two or three phases over several years and to be a designated center for research on brain health and other aspects of neurosciences. This first phase is planned to include clinical, shared clinical, clinical research, imaging, core research, satellite vivarium, collaboration and support space.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**The University of Texas Rio Grande Valley  
School of Medicine Institute of Neurosciences**

**Project Information**

Project Number 903-1220  
 CIP Project Type New Construction  
 Facility Type Laboratory, Medical Healthcare  
 Management Type Office of Capital Projects  
 Institution’s Project Advocates Sofia Hernandez, Chief of Staff for the School of Medicine  
 Project Delivery Method Construction Manager-at-Risk  
 Gross Square Feet (GSF) 30,000

**Project Funding**

|  |                                 |
|--|---------------------------------|
| Permanent University Fund Bond Proceeds <sup>1</sup> | <u>Proposed</u><br>\$30,000,000 |
| Total Project Cost                                   | \$30,000,000                    |

<sup>1</sup> PUF Bond Proceeds committed to the project from the Board’s 12/06/12 award in support of the School of Medicine

**Project Cost Detail**

|                                  |               |
|----------------------------------|---------------|
| Building Cost                    | \$ 16,309,356 |
| Fixed Equipment                  | 639,068       |
| Site Development                 | 3,819,181     |
| Furniture and Moveable Equipment | 720,000       |
| Institutionally Managed Work     | 1,518,592     |
| Architectural/Design Services    | 2,021,878     |
| Project Management Fees          | 1,059,508     |
| Insurance                        | 633,457       |
| Other Professional Fees          | 655,000       |
| Project Contingency              | 2,564,461     |
| Other Costs                      | <u>59,499</u> |
| Total Project Cost               | \$30,000,000  |

**Building Cost per GSF Benchmarks (escalated to midpoint of construction)**

|  |              |        |               |
|--|--------------|--------|---------------|
| School of Medicine Institute of Neurosciences                                      | \$544        |        |               |
| Texas Higher Education Coordinating Board Average – Laboratory, Medical/Healthcare | \$469        |        |               |
|  | Low Quartile | Median | High Quartile |
| Other U. T. System Projects  | \$477        | \$528  | \$606         |
| Other National Projects  | \$534        | \$670  | \$811         |

**The University of Texas Rio Grande Valley  
School of Medicine Institute of Neurosciences**  
(Continued)

**Investment Metrics**

- Increase neurology clinical faculty by 2023
- Increase School of Medicine extramural research by 50% by 2023

**Project Planning**

|                              |     |
|------------------------------|-----|
| Definition Phase Completed   | Yes |
| Owner's Project Requirements | Yes |
| Basis of Design              | Yes |
| Schematic Design             | Yes |
| Detailed Cost Estimate       | Yes |

**Project Milestones**

|                                |               |
|--------------------------------|---------------|
| Definition Phase Approval      | August 2018   |
| Addition to CIP                | August 2019   |
| Design Development Approval    | November 2019 |
| Construction Notice to Proceed | March 2020    |
| Substantial Completion         | June 2021     |

**Basis of Design**

The planned building life expectancy includes the following elements:

- Enclosure: 50 years
- Building Systems: 50 years
- Interior Construction: 50 years

3. **U. T. Medical Branch - Galveston: John Sealy Hospital Modernization Phase III - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation of funds**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs *ad interim*, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the John Sealy Hospital Modernization Phase III project at the University of Texas Medical Branch - Galveston as follows:

- a. amend the current CIP and approve a total project cost of \$54,000,00 with funding of \$25,000,000 from Gifts, \$15,000,000 from Permanent University Fund (PUF) Bond Proceeds, and \$14,000,000 from Hospital Revenues; and
- b. appropriate funds.

BACKGROUND INFORMATION

Previous Actions

On May 21, 2019, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved \$15 million in PUF Bond Proceeds for the construction of a behavioral health treatment, research, and education center. On May 14, 2019, the Chancellor approved the extension of use of PUF Bond Proceeds through November 2022.

Project Description

The proposed project will construct an inpatient rehabilitation unit and a behavioral health unit allowing for the expansion of clinical services by modernizing patient treatment and staff support space in the John Sealy Hospital, John Sealy Annex, and the Waverley Smith Pavilion. Additionally, the project will improve patient access and convenience by centralizing the existing neurodiagnostic services, oncology, and infusion outpatient services within the Waverly Smith Pavilion.

The John Sealy Hospital Modernization Phase III project follows a series of expansion and modernization projects in Galveston as part of the 2015-2040 UTMB Campus Master Plan. The project encompasses multiple service lines across three different buildings on the Galveston campus by consolidating and centralizing patient care service areas.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. Pursuant to Board of Regents approval on May 10, 2017, UTMB has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas Medical Branch - Galveston  
John Sealy Hospital Modernization Phase III**

**Project Information**

|                                 |  |
|---------------------------------|--|
| Project Number                  | 601-1100   |
| CIP Project Type                | Repair and Rehabilitation  |
| Facility Type                   | Healthcare Facility, Hospital  |
| Management Type                 | Institutional Management   |
| Institution's Project Advocates | Rebecca Korenek, Senior Vice President Strategic and Business Planning |
| Project Delivery Method         | Construction Manager-at-Risk   |
| Gross Square Feet (GSF)         | 131,600  |
| Shell Space (GSF)               | 27,000   |

**Project Funding**

|  |                     |
|--|---------------------|
|  | <u>Proposed</u>     |
| Gifts <sup>1</sup>                                   | \$25,000,000        |
| Permanent University Fund Bond Proceeds <sup>2</sup> | \$15,000,000        |
| Hospital Revenues                                    | <u>\$14,000,000</u> |
| Total Project Cost                                   | <u>\$54,000,000</u> |

<sup>1</sup> Gift funding in hand

<sup>2</sup> PUF Bond Proceeds approved November 10, 2016

**Project Cost Detail**

|                                  |                     |
|----------------------------------|---------------------|
| Building Cost                    | \$36,592,108        |
| Fixed Equipment                  | -                   |
| Site Development                 | 822,185             |
| Furniture and Moveable Equipment | 8,641,932           |
| Institutionally Managed Work     | 1,155,628           |
| Architectural/Design Services    | 2,554,382           |
| Project Management Fees          | 1,315,894           |
| Insurance                        | 631,565             |
| Other Professional Fees          | 752,110             |
| Project Contingency              | 1,534,196           |
| Other Costs                      | -                   |
| Total Project Cost               | <u>\$54,000,000</u> |



**The University of Texas Medical Branch - Galveston  
John Sealy Hospital Modernization Phase III**  
(continued)

**Project Planning**

|                              |     |
|------------------------------|-----|
| Definition Phase Completed   | Yes |
| Owner's Project Requirements | Yes |
| Basis of Design              | Yes |
| Schematic Design             | Yes |
| Detailed Cost Estimate       | Yes |

**Project Milestones**

|                                |               |
|--------------------------------|---------------|
| Definition Phase Approval      | May 2019      |
| Addition to CIP                | August 2019   |
| Design Development Approval    | July 2020     |
| Construction Notice to Proceed | February 2021 |
| Substantial Completion         | August 2022   |

**4. U. T. Austin: Anna Hiss Gymnasium Renovation - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation 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 the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Anna Hiss Gymnasium Renovation project at The University of Texas at Austin as follows:

- a. amend the current CIP and approve a total project cost of \$24,500,000 with funding of \$20,000,000 from the Available University Fund and \$4,500,000 from Permanent University Fund (PUF) Bond Proceeds; and
- b. appropriate funds.

BACKGROUND INFORMATION

Previous Action

On May 23, 2019, the Board approved \$17 million from PUF Bond Proceeds and \$3 million from Available University Funds to support the startup of U. T. Austin's collaboration with the Army Futures Command. A portion of the PUF Bond Proceeds will be used on this project.

Project Description

The project will renovate collaborative interdisciplinary space in the Anna Hiss Gymnasium to support research and academic programs for Aerospace Engineering and Engineering Mechanics, Computer Science, Electrical and Computer Engineering, Mechanical Engineering, and Fine Arts. This adaptive reuse of space will also support the University's partnership with the Army Futures Command modernization program by providing an immersive environment for cross-functional innovation teams connecting the university's academic programs with the U. S. Army's modernization initiatives. Faculty and students will bring research skills on key technical problems the Army must solve to remain competitive, and the innovative campus environment typically allows teams to produce and test prototypes faster and at a lower cost. This working relationship will allow students to work closely with Army personnel, preparing them to become leaders in critical technologies.

The project will upgrade and improve current infrastructure, provide flexible research space for current needs and future growth, as well as advancements in technology. Collocating portions of the various robotics and fine arts programs in one facility will allow for meaningful research and teaching opportunities and increase visibility to further advance the programs' goals and prestige. The shell space is anticipated to be utilized in the future for similar programmatic activities.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. Pursuant to Board of Regents approval on May 10, 2017, U. T. Austin has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas at Austin  
Anna Hiss Gymnasium Renovation**

**Project Information**

|                                |   |
|--------------------------------|---|
| Project Number                 | 102-1250  |
| CIP Project Type               | Repair and Rehabilitation                         |
| Facility Type                  | Laboratory, General                               |
| Management Type                | Institutional Management                          |
| Institution's Project Advocate | Ross Johnson, Director of Academic Space Planning |
| Project Delivery Method        | Competitive Sealed Proposals                      |
| Gross Square Feet (GSF)        | 55,240  |
| Shell Space (GSF)              | 12,000  |

**Project Funding**

|   |                                 |
|---|---------------------------------|
| Available University Fund                               | <u>Proposed</u><br>\$20,000,000 |
| Permanent University Funding Bond Proceeds <sup>1</sup> | <u>\$ 4,500,000</u>             |
| Total Project Cost                                      | \$24,500,000                    |

<sup>1</sup>PUF approved May 23, 2019 for Army Futures Command Collaboration

**Project Cost Detail**

|                                  |                     |
|----------------------------------|---------------------|
| Building Cost                    | \$15,725,000        |
| Fixed Equipment                  | 1,350,000           |
| Site Development                 | 450,000             |
| Furniture and Moveable Equipment | 500,000             |
| Institutionally Managed Work     | 1,300,000           |
| Architectural/Design Services    | 1,650,000           |
| Project Management Fees          | 875,000             |
| Insurance                        | -                   |
| Other Professional Fees          | 150,000             |
| Project Contingency              | 2,500,000           |
| Other Costs                      | -                   |
| Total Project Cost               | <u>\$24,500,000</u> |

**Project Planning**

|                              |     |
|------------------------------|-----|
| Definition Phase Completed   | No  |
| Owner's Project Requirements | Yes |
| Basis of Design              | Yes |
| Schematic Design             | Yes |
| Detailed Cost Estimate       | Yes |

**Project Milestones**

|                                |               |
|--------------------------------|---------------|
| Definition Phase Approval      | N/A           |
| Addition to CIP                | August 2019   |
| Design Development Approval    | November 2019 |
| Construction Notice to Proceed | April 2020    |
| Substantial Completion         | March 2021    |

**5. U. T. Austin: Campus Infrastructure Upgrades Program - Amendment of the current Capital Improvement Program to include project; approval of total project cost; and appropriation 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 the institutional president that the U. T. System Board of Regents amend the current Capital Improvement Program (CIP) to include the Campus Infrastructure Upgrades Program project at The University of Texas at Austin as follows:

- a. amend the current CIP and approve a total project cost of \$26,000,000 with funding of \$25,000,000 from the Available University Fund and \$1,000,000 from Designated Funds; and
- b. appropriate funds.

**BACKGROUND INFORMATION**

**Project Description**

This proposed project combines multiple capital renewal projects together into a single multi-year program of work over a three-year time frame. Five academic buildings with varying infrastructure upgrades include heating, ventilating, air conditioning (HVAC), roofing, and building envelope repairs for Battle Hall; F. L. Winship Drama Building; Music Building and Recital Hall; Goldsmith Hall; and West Mall Office Building. The design and construction of each of the buildings will be staggered based on need, logistics, and coordination with other planned renovation projects.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. Pursuant to Board of Regents approval on May 10, 2017, U. T. Austin has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas at Austin  
Campus Infrastructure Upgrades Program**

**Project Information**

|                                |  |
|--------------------------------|--|
| Project Number                 | 102-1249   |
| CIP Project Type               | Repair and Rehabilitation  |
| Facility Type                  | Utilities/Infrastructure   |
| Management Type                | Institutional Management   |
| Institution's Project Advocate | Mike Carmagnola, Director Project Management and Construction Services |
| Project Delivery Method        | Construction Manager-at-Risk   |
| Gross Square Feet (GSF)        | N/A  |
| Shell Space (GSF)              | N/A  |

**Project Funding**

|                           |                                 |
|---------------------------|---------------------------------|
| Available University Fund | <u>Proposed</u><br>\$25,000,000 |
| Designated Funds          | <u>\$ 1,000,000</u>             |
| Total Project Cost        | \$26,000,000                    |

**Project Cost Detail**

|                                  |                |
|----------------------------------|----------------|
| Building Cost                    |                |
| West Mall Office Building        | \$4,000,000    |
| Battle Hall                      | 2,350,000      |
| Goldsmith Hall                   | 5,500,000      |
| Music Building and Recital Hall  | 6,200,000      |
| F. L. Winship Drama Building     | 3,000,000      |
| Fixed Equipment                  | -              |
| Site Development                 | -              |
| Furniture and Moveable Equipment | -              |
| Institutionally Managed Work     | 750,000        |
| Architectural/Design Services    | 1,750,000      |
| Project Management Fees          | -              |
| Insurance                        | -              |
| Other Professional Fees          | 600,000        |
| Project Contingency              | 1,750,000      |
| Other Costs                      | <u>100,000</u> |
| Total Project Cost               | \$26,000,000   |

**The University of Texas at Austin  
Campus Infrastructure Upgrades Program**  
(continued)

**Project Planning**

|                              |     |
|------------------------------|-----|
| Definition Phase Completed   | No  |
| Owner's Project Requirements | Yes |
| Basis of Design              | Yes |
| Schematic Design             | Yes |
| Detailed Cost Estimate       | Yes |

**Project Milestones**

|                                |                |
|--------------------------------|----------------|
| Definition Phase Approval      | N/A            |
| Addition to CIP                | August 2019    |
| Design Development Approval    | September 2019 |
| Construction Notice to Proceed | March 2020     |
| Substantial Completion         | December 2021  |

**6. U. T. Austin: Sarah M. and Charles E. Seay Building Addition - Approval of design development; and appropriation of funds and authorization of expenditure**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Sarah M. and Charles E. Seay Building Addition project at The University of Texas at Austin as follows:

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$20,000,000 with funding of \$18,000,000 from the Available University Fund and \$2,000,000 from Designated Funds.

**BACKGROUND INFORMATION**

**Previous Actions**

On August 23, 2018, the Chancellor approved this project for Definition Phase. On May 23, 2019, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$20,000,000 with funding of \$18,000,000 from the Available University Fund and \$2,000,000 from Designated Funds.

**Project Description**

The proposed project will provide centrally located and consolidated office space for the Department of Psychology's Center for Perceptual Systems (CPS) and research space for its Institute for Mental Health Research (IMHR). The direct connection of the addition to the existing building will provide much-needed departmental adjacencies and collaborative opportunities for research. The space vacated by CPS and IMHR will support additional faculty hiring in Psychology and throughout the College of Liberal Arts.

For the College of Liberal Arts, this building addition will represent a commitment to cutting-edge scientific study. The project includes offices and dry labs for research with human subjects as well as computational research in modeling, simulation, and analysis of data. Testing requires design consideration for mental health patients, families and children, specialized equipment, and careful control of lighting and acoustics. Shell space in the addition will support faculty research recruitment throughout the College of Liberal Arts.



**The University of Texas at Austin  
Sarah M. and Charles E. Seay Building Addition**

**Project Information**

|                                |  |
|--------------------------------|--|
| Project Number                 | 102-1219   |
| CIP Project Type               | New Construction   |
| Facility Type                  | Office, General  |
| Management Type                | Institutional Management   |
| Institution's Project Advocate | Joseph Tenbarge, Assistant Dean, Liberal Arts<br>Instructional Technology Service, College of Liberal Arts |
| Project Delivery Method        | Construction Manager-at-Risk   |
| Gross Square Feet (GSF)        | 32,700   |
| Shell Space (GSF)              | 2,900  |

**Project Funding**

|                           |                     |
|---------------------------|---------------------|
|                           | <u>Current</u>      |
| Available University Fund | \$18,000,000        |
| Designated Funds          | <u>\$ 2,000,000</u> |
| Total Project Cost        | <u>\$20,000,000</u> |

**Project Cost Detail**

|                                  |                     |
|----------------------------------|---------------------|
| Building Cost                    | \$12,833,000        |
| Fixed Equipment                  | 200,000             |
| Site Development                 | 500,000             |
| Furniture and Moveable Equipment | 350,000             |
| Institutionally Managed Work     | 1,000,000           |
| Architectural/Design Services    | 1,500,000           |
| Project Management Fees          | 580,000             |
| Insurance                        | 325,000             |
| Other Professional Fees          | 662,000             |
| Project Contingency              | 2,000,000           |
| Other Costs                      | <u>50,000</u>       |
| Total Project Cost               | <u>\$20,000,000</u> |

**Building Cost per GSF Benchmarks** (escalated to midpoint of construction)

|   |   |
|---|---|
| Sarah M. and Charles E. Seay Building Addition (with 9% Shell Space)        | \$392                                       |
| Sarah M. and Charles E. Seay Building Addition (Estimated Total Finish-Out) | \$416                                       |
| Texas Higher Education Coordinating Board Average - Office, General         | \$399                                       |
|   | Low Quartile      Median      High Quartile |
| Other U. T. System Projects   | \$303      \$397      \$460                 |
| Other National Projects   | \$392      \$540      \$571                 |

**Investment Metrics**

- Provide office and research labs for tenured and tenure-track research faculty by 2021
- Support Department of Psychology's recruitment efforts by 2021

**The University of Texas at Austin**  
**Sarah M. and Charles E. Seay Building Addition**  
(continued)

**Project Planning**

|                              |     |
|------------------------------|-----|
| Definition Phase Completed   | Yes |
| Owner's Project Requirements | Yes |
| Basis of Design              | Yes |
| Schematic Design             | Yes |
| Detailed Cost Estimate       | Yes |

**Project Milestones**

|                                |               |
|--------------------------------|---------------|
| Definition Phase Approval      | August 2018   |
| Addition to CIP                | May 2019      |
| Design Development Approval    | August 2019   |
| Construction Notice to Proceed | November 2019 |
| Substantial Completion         | July 2021     |

**Basis of Design**

The planned building life expectancy includes the following elements:

- Enclosure: 75 years
- Building Systems: 25 years
- Interior Construction: 25 years

**7. U. T. Southwestern Medical Center: Radiation Therapy Building Phase II - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs *ad interim*, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Radiation Therapy Building Phase II project at The University of Texas Southwestern Medical Center as follows:

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$69,154,000 with funding of \$54,154,000 from Revenue Financing System (RFS) Bond Proceeds and \$15,000,000 from Designated Funds.
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; 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. System Board of Regents relating to the Financing System; and U. T. Southwestern Medical 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. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$54,154,000.

BACKGROUND INFORMATION

Debt Service

The \$54,154,000 in RFS debt will be repaid from Patient Care Revenues. Annual debt service on the \$54,154,000 in RFS debt is expected to be \$3.1 million. The institution's debt service coverage is expected to be at least 2.2 times and average 2.4 times over FY 2020-2024.

Previous Action

On April 25, 2018, the Chancellor approved this project for Definition Phase. On May 23, 2019, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$69,154,000 with funding of \$54,154,000 from RFS Bond Proceeds and \$15,000,000 from Designated Funds.

### Project Description

U. T. Southwestern Medical Center's Harold C. Simmons Comprehensive Cancer Center is one of the nation's top destinations for cancer treatment. In April 2017, Simmons Cancer Center opened the doors to a new Radiation Oncology facility on the East Campus, which serves as an outpatient clinic of the William P. Clements Jr. University Hospital. The facility houses six conventional linear accelerators and one CyberKnife robotic radiosurgery system dedicated to patient care. Future facility expansion was planned at the time of construction, but it was not expected that expansion would be needed for several years. However, volume growth between 2014 and 2018 has far exceeded expectations with a cumulative growth of 38%. Without additional space for expansion, U. T. Southwestern will be unable to meet the documented need for additional capacity during a period of dynamic growth, while also sustaining appropriate patient access and achieving maximal operational efficiency.

In addition to this dynamic growth, the existing four linear accelerators currently housed at the Moncrief Radiation Oncology Center (MROC) on the North Campus are over 16 years old and need to be replaced. A feasibility study conducted to renovate the MROC facility concluded that between the required renovation costs, new equipment costs, and the downtime of approximately one year, the potential overall cost of renovation and replacement of the four machines at MROC would be \$48 million. That investment would only support continuation of current levels of service, which are already at maximum capacity.

The proposed Radiation Therapy Building Phase II project will expand the current East Campus facility by approximately 70,000 square feet allowing for seven conventional linear accelerators for patient care. This expansion will accommodate replacement of the four aging units at MROC and will provide space for three new units, for a total of seven new accelerators by 2021. The expansion also includes three new shelled vaults to meet continued patient growth through 2026 and beyond. Consolidation of all units into one facility will also improve the quality of care and both the patient and provider experience.

**The University of Texas Southwestern Medical Center  
Radiation Therapy Building Phase II**

**Project Information**

|                                |  |
|--------------------------------|--|
| Project Number                 | 303-1183   |
| CIP Project Type               | New Construction   |
| Facility Type                  | Healthcare Facility, Hospital                            |
| Management Type                | Institutional Management                                 |
| Institution's Project Advocate | Arnim Dontes, Executive Vice President, Business Affairs |
| Project Delivery Method        | Construction Manager-at-Risk                             |
| Gross Square Feet (GSF)        | 70,814   |
| Shell Space (GSF)              | 5,500  |

**Project Funding**

|   |                     |
|---|---------------------|
|   | <u>Current</u>      |
| Revenue Financing System Bond Proceeds <sup>1</sup> | \$54,154,000        |
| Designated Funds                                    | <u>\$15,000,000</u> |
| Total Project Cost                                  | <u>\$69,154,000</u> |

<sup>1</sup> RFS Bond Proceeds to be repaid from Patient Care Revenues

**Project Cost Detail**

|                                  |                     |
|----------------------------------|---------------------|
| Building Cost                    | \$ 42,491,400       |
| Fixed Equipment                  | 15,190,800          |
| Site Development                 | -                   |
| Furniture and Moveable Equipment | 1,595,000           |
| Institutionally Managed Work     | -                   |
| Architectural/Design Services    | 2,651,900           |
| Project Management Fees          | 1,000,000           |
| Insurance                        | 611,400             |
| Other Professional Fees          | -                   |
| Project Contingency              | 4,800,000           |
| Other Costs                      | 813,500             |
| <b>Total Project Cost</b>        | <b>\$69,154,000</b> |

**Building Cost per GSF Benchmarks (escalated to midpoint of construction)**

|   |   |
|---|---|
| Radiation Therapy Building Phase II<br>(with 8% Shell Space)        | \$600                                       |
| Radiation Therapy Building Phase II<br>(Estimated Total Finish-Out) | \$617                                       |
|   | Low Quartile      Median      High Quartile |
| Other U. T. System Projects   | \$674      \$747      \$819                 |
| Other National Projects   | \$534      \$653      \$1,005               |

**The University of Texas Southwestern Medical Center  
Radiation Therapy Building Phase II**  
(continued)

**Investment Metrics**

- Allow for much needed capacity for future growth to meet patient demand
- Allow for consolidation of patient services at one location, achieving operational efficiency and overall savings of operational expenses

**Project Planning**

|                              |     |
|------------------------------|-----|
| Definition Phase Completed   | Yes |
| Owner's Project Requirements | Yes |
| Basis of Design              | Yes |
| Schematic Design             | Yes |
| Detailed Cost Estimate       | Yes |

**Project Milestones**

|                                |                |
|--------------------------------|----------------|
| Definition Phase Approval      | April 2018     |
| Addition to CIP                | May 2019       |
| Design Development Approval    | August 2019    |
| Construction Notice to Proceed | September 2019 |
| Substantial Completion         | June 2021      |

**Basis of Design**

The planned building life expectancy includes the following elements:

Enclosure: 30 years  
Building Systems: 30 years  
Interior Construction: 30 years