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Committee Meeting: 8/22/2007

Board Meeting: 8/23/2007
Austin, Texas

John W. Barnhill, Jr., Chairman
H. Scott Caven, Jr.
Rita C. Clements
Robert A. Estrada
Colleen McHugh

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10. U. T. Austin: The Dell Pediatric Research Institute, The University of Texas at Austin - Approve the revision of funding sources to include \$30 million of Permanent University Fund (PUF) Bond Proceeds and to increase Revenue Financing System Bond Proceeds pending receipt of Gift and Grant funding for construction; authorize and approve a separate allocation of \$15 million of Available University Funds (AUF) and \$5 million of Science and Technology Acquisition and Retention (STARs) Program funding; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>4:14 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	161
Adjourn	<i>4:20 p.m.</i>		

1. **U. T. Pan American: Consideration of selection of architect for the Fine Arts Academic and Performance Complex**

RECOMMENDATION

It is recommended that the Committee select the architect from the following list for the Fine Arts Academic and Performance Complex project at The University of Texas - Pan American that was designated of special interest by the U. T. System Board of Regents on May 9, 2007:

- Barnes Gromazky Kosarek Architects with Michael Dennis, Austin, Texas
- HMS Architects, New Orleans, Louisiana
- Holzman Moss Architecture with PBS&J, New York, New York
- Kell Muñoz Architects with Antoine Predock, San Antonio, Texas
- SolkaNavaTorno Architects & Pfeiffer Partners Architects, Corpus Christi, Texas

Regents' *Rules and Regulations*, Series 80302, requires that all proposed projects be reviewed to determine if any projects are of special interest because of proposed building site, historical or cultural significance, proposed use, or other unique characteristics. For projects designated to be of special interest, the Committee will select the architect.

2. **U. T. System: Request for approval of fee recommendations for the Office of Facilities Planning and Construction effective immediately**

RECOMMENDATION

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

- a. authorize the new fee structure, as set forth on the following page, based on total project cost, less institutionally-managed procurements, for the U. T. System Office of Facilities Planning and Construction (OFPC) to fully fund the cost of project management;

New Projects Cost Range		Dormitories, Garages, Warehouses	Classrooms, Offices, Other Buildings	Health, Research, Special Education
Over	\$150,000,000	2.50%	2.75%	3.00%
Over	100,000,000	2.75%	3.00%	3.25%
Over	50,000,000	3.00%	3.25%	3.50%
Over	25,000,000	3.25%	3.50%	3.75%
Over	15,000,000	3.50%	3.75%	4.00%
Over	10,000,000	3.75%	4.00%	4.25%
Over	1,000,000	4.00%	4.25%	4.50%

Renovation and
Renewal

Over	\$150,000,000	3.00%	3.33%	3.66%
Over	100,000,000	3.33%	3.66%	3.99%
Over	50,000,000	3.66%	3.99%	4.33%
Over	25,000,000	3.99%	4.33%	4.66%
Over	15,000,000	4.33%	4.66%	4.99%
Over	10,000,000	4.66%	4.99%	5.32%
Over	2,000,000	4.99%	5.32%	5.66%

- b. approve implementation of the new fee structure effective immediately for all projects that have not received final plan approval;
- c. approve collection of 5% at approval of inclusion in the Capital Improvement Program (CIP), 35% at approval of design development, 45% at the start of construction of notice to proceed, 10% at substantial completion, and 5% of the fee at final completion; and
- d. authorize the Chancellor to grant exceptions to the new fee for projects presently in design for which a hardship can be demonstrated.

BACKGROUND INFORMATION

The current OFPC fee structure was approved by the U. T. System Board of Regents on May 8, 1996. The new strategic initiatives being implemented for the CIP includes three major categories: CIP program accountability, CIP program performance, and OFPC organization. The recommendation to revise the fee structure has been discussed with the U. T. System and institutional management.

To manage and complete the 2007 OFPC strategic initiatives, the following information and data were considered:

- Organizational structure
- Services, mission and vision statement, and core processes budgets

- Financial history
- Quality improvement
- Fixed and variable costs in project management
- Indirect costs
- Optimization of project management
- Cost differentials in management of new construction and renovation projects
- External rate survey of both higher education and private sector services
- Fee options
- Current and projected unfunded liability for completion of projects under construction

The proposed, revised rate schedule has been developed to reflect both project scale and complexity for new and renovation projects with a primary objective that each project covers its own management cost. The schedule will be applied using a mathematical formula that interpolates the correct percentage for projects with costs that fall between specific ranges, and will be implemented for all projects that have not received approval for final plans.

The recommendation also allows that, should a hardship result due to budget constraints for a particular project presently in design, the Chancellor be authorized to consider the merits of the request and to approve a waiver of the fee.

3. U. T. Austin: Library and Artifact High-Density Repository (formerly Library Storage Facility) - Request for approval of design development; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Library and Artifact High-Density Repository (formerly Library Storage Facility) project at The University of Texas at Austin as follows:

Project No.: 102-016
Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: November 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Designated Funds	\$2,300,000
	Unexpended Plant Funds	<u>\$1,250,000</u>
		\$3,550,000

Impact Metrics:

Utilization/assignable square footage (ASF) - preliminary metrics or other appropriate metrics as determined by U. T. Austin and U. T. System. Beginning May 2007, the U. T. System, in collaboration with the respective institution, will begin identifying Impact Metrics intended to track the effectiveness of new institution facility use once the facility becomes operational.

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$2,300,000 from Designated Funds and \$1,250,000 from Unexpended Plant Funds; and
- c. approve the evaluation of alternative energy economic feasibility.

BACKGROUND INFORMATION

Previous Board Actions

On August 12, 1999, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$4,300,000 with funding of \$3,800,000 from Designated Funds and \$500,000 from Permanent University Fund (PUF) Bond Proceeds. On August 9, 2001, the Board approved design development plans and increased the total project cost to \$4,800,000 with funding from Designated Funds. On February 13, 2006, the Associate Vice Chancellor for Facilities Planning and Construction approved the nonhonorific renaming of the Library Storage Facility to the Library and Artifact High-Density Repository. With the adoption of the FY 2008-2013 CIP, the total project cost was reduced and the funding source revised from \$4,800,000 with funding from Designated Funds to \$3,550,000 with funding of \$2,300,000 from Designated Funds and \$1,250,000 from Unexpended Plant Funds.

Project Description

The project consists of construction of 15,223 gross square feet to provide a new high-density storage (HDS) building shell and support area shell to double the amount of HDS currently available at the Library Storage Facility (LSF) on the J. J. Pickle Research Campus and to provide a public service area for visitors to conduct research using materials located at the site. This scope will also provide the foundation for a third HDS module.

The existing LSF, housing some components of the Texas Memorial Museum and the Institute for Geophysics, is currently filled to capacity. The future storage system will provide for archival acquisitions and storage of other library materials.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 40-50 years
- Building Systems: 15-20 years
- Interior Construction: 40-50 years

The exterior appearance and finish are consistent with high-end commercial facilities and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish include open, flexible space with support areas.

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 or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy 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. System Board of Regents as part of the design development presentation.

4. **U. T. El Paso: University Bookstore - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Natalicio that the U. T. System Board of Regents approve the recommendations for the University Bookstore project at The University of Texas at El Paso as follows:

Project No.: 201-333

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: April 2009

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$5,900,000

Impact Metrics:

- Utilization/gross square feet (GSF)
 - Revenue/GSF
- Preliminary metrics or other appropriate metrics as determined by U. T. El Paso and U. T. System. Beginning May 2007, the U. T. System, in collaboration with the respective institution, will begin identifying Impact Metrics intended to track the effectiveness of new institution facility use once the facility becomes operational.

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of funds;
- c. approve the evaluation of alternative energy economic feasibility; and
- d. 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. El Paso, 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 \$5,900,000.

BACKGROUND INFORMATION

Debt Service

The \$5,900,000 in Revenue Financing System debt will be repaid from bookstore revenues. Annual debt service on the project is expected to be approximately \$504,000. The project's debt service coverage is expected to be at least 2.4 times and average 2.9 times over FY 2008-2013.

Previous Board Actions

On February 8, 2007, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$5,500,000 with funding from Revenue Financing System Bond Proceeds. With the adoption of the FY 2008-2013 CIP, the total project cost is expected to be increased to \$5,900,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The new bookstore will consist of a two-story building containing 24,000 gross square feet located at the intersection of University Avenue and Sun Bowl Drive adjacent to the new parking garage. The building will provide a modern and expanded retail facility in an area of campus with high visibility, and be accessible and convenient to students, staff, faculty, and other customers of the community at large. The U. T. System Board of Regents approved an agreement dated February 7, 2007, between U. T. El Paso and Follett Higher Education Group, Inc. wherein U. T. El Paso will construct the building and Follett will manage and operate the bookstore.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-40 years
- Building Systems: 15-20 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with high-end commercial facilities and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish include open, flexible space with support areas.

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 or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy 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. System Board of Regents as part of the design development presentation.

5. U. T. Permian Basin: Science and Technology Complex - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Watts that the U. T. System Board of Regents approve the recommendations for the Science and Technology Complex project at The University of Texas of the Permian Basin as follows:

Project No.: 501-263
Project Delivery Method: Competitive Sealed Proposals
Substantial Completion Date: January 2010

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$54,000,000
	Permanent University Fund Bond Proceeds	<u>\$ 2,000,000</u>
		\$56,000,000

Total Project Cost for New Construction:	<u>Source</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$50,000,000

Total Project Cost for Repair & Rehabilitation Portion:	<u>Source</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$4,000,000
	Permanent University Fund Bond Proceeds	<u>\$2,000,000</u>
		\$6,000,000

Impact Metrics:

- Semester classroom hours delivered/gross square feet (GSF)
- Utilization/GSF

Preliminary metrics or other appropriate metrics as determined by U. T. Permian Basin and U. T. System. Beginning May 2007, the U. T. System, in collaboration with the respective institution, will begin identifying Impact Metrics intended to track the effectiveness of new institution facility use once the facility becomes operational.

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of funds of \$50,000,000 from Tuition Revenue Bond Proceeds for the new construction portion of the project;
- c. approve the evaluation of alternative energy economic feasibility; and

- d. 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. 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. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$50,000,000.

BACKGROUND INFORMATION

Debt Service

The 79th Legislature authorized \$54,000,000 of Tuition Revenue Bonds for a science and technology complex of which \$50,000,000 is being appropriated at this time. While the debt service is payable from pledged revenues, it is expected that the State will reimburse debt service on Tuition Revenue Bonds through general revenue appropriations.

Previous Board Actions

On August 11, 2006, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$56,000,000 with funding of \$54,000,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from Permanent University Fund (PUF) Bond Proceeds. On February 8, 2007, the Board approved the appropriation of \$6,000,000 for the renovation portion of the project with funding of \$4,000,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from PUF Bond Proceeds.

Project Description

The project consists of the construction of a new building with wings for undergraduate and graduate science, computer science teaching and research, and campus-wide information systems support. The facility includes classroom laboratories, classrooms, and research laboratories as well as support space for chemistry, physics, biology, and

computer science. Most of the functions that will occupy the new spaces are currently housed in the existing Mesa Building. The two separate buildings originally included in the Science and Technology Complex for Tuition Revenue Bond funding will now be constructed as one building with two distinct wings, one for Science and one for Technology.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-40 years
- Building Systems: 15-20 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with high-end commercial facilities and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish include open, flexible space with support areas.

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 or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy 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. System Board of Regents as part of the design development presentation.

6. **U. T. Southwestern Medical Center - Dallas: North Campus Phase 5 - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Wildenthal that the U. T. System Board of Regents approve the recommendations for the North Campus Phase 5 project at The University of Texas Southwestern Medical Center at Dallas as follows:

Project No.: 303-288
Institutionally Managed: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: November 2010

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$ 42,000,000
	Permanent University Fund Bond Proceeds	\$ 42,000,000
	Revenue Financing System Bond Proceeds	\$ 29,000,000
	Gifts	<u>\$ 43,000,000</u>
		<u>\$156,000,000</u>

Impact Metrics:

- Growth in research funding/Assignable square footage (ASF) research space
- Increase in number of faculty
- Recruitment of new chairs in cell biology, pathology, and radiology, and new pediatric research institute director
- Increase in number and size of National Institutes of Health (NIH) grants

Preliminary metrics or other appropriate metrics as determined by U. T. Southwestern Medical Center – Dallas and U. T. System. Beginning May 2007, the U. T. System, in collaboration with the respective institution, will begin identifying Impact Metrics intended to track the effectiveness of new institution facility use once the facility becomes operational.

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of funds;
- c. approve the evaluation of alternative energy economic feasibility; and
- d. 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 - 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. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$71,000,000.

BACKGROUND INFORMATION

Debt Service

The 79th Legislature authorized \$42,000,000 of Tuition Revenue Bonds for a biomedical research building. While the debt service is payable from pledged revenues, it is expected that the State will reimburse debt service on Tuition Revenue Bonds through general revenue appropriations. The \$29,000,000 in Revenue Financing System debt will be repaid from indirect cost recovery. Annual debt service on the Revenue Financing System portion of the project is expected to be approximately \$2,200,000. The institution's debt service coverage is expected to be at least 1.7 times and average 2.1 times over FY 2008-2013.

Previous Board Action

On August 10, 2006, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$156,000,000 with funding of \$42,000,000 from Tuition Revenue Bond Proceeds, \$42,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$29,000,000 from Revenue Financing System Bond Proceeds, and \$43,000,000 from Gifts.

Project Description

The project will be constructed in two stages. The first stage involves the building shells. The second stage will comprise the building finish out. The initial Phase 5, Stage 1 shell building project will consist of a 12-story, 328,398 gross square foot tower building, including one floor of parking. The facility will include a one-level, 3,000 gross square foot imaging center with structurally isolated grade level, vibration damped space for electron microscopes and cryotech support, and spaces for light microscopes, prep labs, and offices. The new thermal energy plant with capability to provide environmental control infrastructure for campus development will be included in this phase. Site work, including landscape, bridges and roads, and revisions to the adjacent flood control channel, will enhance the immediate campus environment and establish connections to existing buildings and campus entrances. A new telecommunications switch will also be installed along with relocation of the existing sanitary sewer to clear the site for this project and future phases. The Stage 2 project will be comprised of the finish out of four floors for research labs with support and administrative space and the finish out of the imaging center.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-40 years
- Building Systems: 15-20 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with high-end commercial facilities and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish include open, flexible space with support areas.

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 or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy 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. System Board of Regents as part of the design development presentation.

7. **U. T. Health Science Center - Houston: U. T. Research Park Complex - Request for approval of design development of the Biomedical Research and Education Facility portion of the project; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Willerson that the U. T. System Board of Regents approve the recommendations for the Biomedical Research and Education Facility (BREF) portion of the U. T. Research Park Complex project at The University of Texas Health Science Center at Houston as follows:

Project No.: 701-320
Project Delivery Method: Construction Manager at Risk
Substantial Completion Date: September 2010

Total Project Cost for the Research Park Complex:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Unexpended Plant Funds	\$ 19,500,000	\$ 22,900,000
	Permanent University Fund Bond Proceeds	\$ 59,100,000	\$ 59,100,000
	Tuition Revenue Bond Proceeds	\$ 60,000,000	\$ 60,000,000
	Gifts	<u>\$ 22,900,000</u>	\$ 2,000,000
	Revenue Financing System Bond Proceeds		<u>\$ 17,500,000</u>
		\$161,500,000	\$161,500,000
Total Project Cost for BREF (Stage 1) of the Research Park Complex:	<u>Source</u>		
	Permanent University Fund Bond Proceeds		\$ 41,100,000
	Unexpended Plant Funds		<u>\$ 22,900,000</u>
			\$ 64,000,000

Impact Metrics:

- Semester classroom hours delivered/Assignable square footage (ASF) classroom and class lab ASF
 - Research expenditures/ASF research space
- Preliminary metrics or other appropriate metrics as determined by U. T. Health Science Center – Houston and U. T. System. Beginning May 2007, the U. T. System, in collaboration with the respective institution, will begin identifying Impact Metrics intended to track the effectiveness of new institution facility use once the facility becomes operational.
- a. approve design development plans for the BREF portion of the project;
 - b. appropriate funds and authorize expenditure of funds in the amount of \$64,000,000 with funding of \$41,100,000 from Permanent University Fund (PUF) Bond Proceeds and \$22,900,000 from Unexpended Plant Funds for the Biomedical Research and Education Facility portion of the project; and
 - c. approve the evaluation of alternative energy economic feasibility.

BACKGROUND INFORMATION

Previous Board Actions

Biomedical Research and Education Facility - On August 10, 2006, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$62,000,000 with funding of \$41,100,000 from PUF Bond Proceeds and \$20,900,000 from Gifts.

Dental Branch Replacement Building - On August 10, 2006, the project was included in the CIP with a preliminary project cost of \$80,000,000 with funding of \$18,000,000 from PUF Bond Proceeds, \$60,000,000 from Tuition Revenue Bond Proceeds, and \$2,000,000 from Gifts.

Mental Sciences Institute Replacement Facility - On November 11, 1999, the project was included in the CIP with a preliminary project cost of \$20,700,000 with funding from Unexpended Plant Funds. On August 9, 2001, the Board approved reducing the total project cost to \$16,500,000 with funding from Unexpended Plant Funds. On August 8, 2002, the Board approved the increase to the total project cost to \$22,500,000 with funding of \$16,500,000 from Unexpended Plant Funds and \$6,000,000 from Hospital Revenues.

U. T. Research Park Complex - On November 16, 2006, the three projects mentioned above were combined, redesignated as the U. T. Research Park Complex, and funding was revised for a total project cost of \$161,500,000 with funding of \$60,000,000 from Tuition Revenue Bond Proceeds, \$59,100,000 from PUF Bond Proceeds, \$19,500,000 from Unexpended Plant Funds, and \$22,900,000 from Gifts. With the adoption of the FY 2008-2013 CIP, the project scope was increased to include a parking garage and the funding was revised with a total project cost of \$161,500,000 with funding of \$60,000,000 from Tuition Revenue Bond Proceeds, \$59,100,000 from PUF Bond Proceeds, \$22,900,000 from Unexpended Plant Funds, \$2,000,000 from Gifts, and \$17,500,000 from Revenue Financing System Bond Proceeds.

Project Description

Located at the U. T. Research Park, this project consists of two new six-story buildings intended to house three programs: stem cell research, neurosciences, and a dental branch. The first building to be constructed (Stage 1) will be the Biomedical Research and Education Facility (BREF) combined with the Neuroscience Building (NB), and the second building (Stage 2), which will be directly connected to the first building, will be the Dental Branch Replacement Building (DBRB). The scope of the entire project has been revised to include a 400-space parking garage allowing for structural integration with the Central Plant for improved efficiency and site usage.

The BREF construction will consist of a six-story structure of approximately 153,000 gross square feet to house the Neuroscience program and the Biomedical Research and Education program along with 23,000 gross square feet (GSF) for the Central Plant and associated site utilities and amenities for the structure. The BREF will occupy the fourth, fifth, and sixth floors and provide for stem cell research laboratories, office, and computational areas. The 69,000 GSF in the building designated as shell space for the Neuroscience program will occupy the first, second, and third floors.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-40 years
- Building Systems: 15-20 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with high-end commercial facilities and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish include open, flexible space with support areas.

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 or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy 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. System Board of Regents as part of the design development presentation.

8. U. T. Health Science Center - San Antonio: South Texas Research Facility - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Cigarroa that the U. T. System Board of Regents approve the recommendations for the South Texas Research Facility (STRF) project at The University of Texas Health Science Center at San Antonio as follows:

Project No.: 402-275

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: December 2010

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$ 60,000,000
	Permanent University Fund Bond Proceeds	\$ 46,000,000
	Gifts	\$ 44,000,000
		<u>\$150,000,000</u>

Impact Metrics:

- Percent efficiency of the building
- Wet lab space/percent of assignable square footage (ASF)
- Number of principle investigators (PIs) to be recruited based on new available space
- New potential research expenditure based on added space for investigators

Preliminary metrics or other appropriate metrics as determined by U. T. Health Science Center – San Antonio and U. T. System. Beginning May 2007, the U. T. System, in collaboration with the respective institution, will begin identifying Impact Metrics intended to track the effectiveness of new institution facility use once the facility becomes operational.

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of funds;
- c. approve the evaluation of alternative energy economic feasibility; and
- d. 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. Health Science Center - 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. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$60,000,000.

BACKGROUND INFORMATION

Debt Service

The 79th Legislature authorized \$60,000,000 of Tuition Revenue Bonds for a new research facility. While the debt service is payable from pledged revenues, it is expected that the State will reimburse debt service on Tuition Revenue Bonds through general revenue appropriations.

Previous Board Actions

On August 10, 2006, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$150,000,000 with funding of \$60,000,000 from Tuition Revenue Bond Proceeds, \$40,000,000 from Permanent University Funds (PUF) Bond Proceeds, and \$50,000,000 from Gifts and designated as architecturally significant. With the adoption of the FY 2008-2013 CIP, the funding was revised to \$60,000,000 from Tuition Revenue Bond Proceeds, \$46,000,000 from PUF Bond Proceeds, and \$44,000,000 from Gifts.

Project Description

The project consists of the construction of a new building with approximately 221,000 gross square feet of new research space to be constructed adjacent to the Greehey Children's Cancer Research Institute. The facility will allow significant expansion of basic and translational research programs. Translational research allows the physician to assess a clinical problem to be studied in the laboratory when those studies could not feasibly be conducted in humans. The translational research emphasizes the rapid adoption of evidence-based interventions in routine clinical settings. Research to be carried out in the STRF will focus on translational research in scientific areas highly relevant to South Texas. An important focus will be the training of future clinician scientists from the South Texas region.

The institution plans to develop a National Center for Integrative Sciences (NCIS) in this facility. The goal for the NCIS would be significant expansion and integration of U. T. Health Science Center - San Antonio research and that of its partners, resulting in basic and translational research breakthroughs in the following areas: regenerative medicine, nanomedicine, molecular therapeutics, and metabolic biology. NCIS will facilitate collaboration of scientists across multiple disciplines.

The project will also include administrative offices, an expansion of the existing Vivarium located at the Greehey Children's Cancer Research Institute, surface parking for approximately 600 cars, and site improvements.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-40 years
- Building Systems: 15-20 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with high-end commercial facilities and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish include open, flexible space with support areas.

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 or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy 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. System Board of Regents as part of the design development presentation.

9. **U. T. M. D. Anderson Cancer Center: Alkek Expansion - Request for approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. System Board of Regents approve the recommendations for the Alkek Expansion project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.: 703-272
Institutionally Managed: Yes No
Project Delivery Method: Design/Build

Substantial Completion Date: January 2013

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Hospital Revenues	\$ 69,200,000
	Revenue Financing System Bond Proceeds	<u>\$224,000,000</u>
		\$293,200,000

Impact Metrics:

- Admissions
- Patient days
- Number of inpatient beds in operation

Preliminary metrics or other appropriate metrics as determined by U. T. M. D. Anderson Cancer Center and U. T. System. Beginning May 2007, the U. T. System, in collaboration with the respective institution, will begin identifying Impact Metrics intended to track the effectiveness of new institution facility use once the facility becomes operational.

- a. approve design development plans;

- b. appropriate funds and authorize expenditure of funds;
- c. approve the evaluation of alternative energy economic feasibility; and
- d. 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. 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. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$224,000,000.

BACKGROUND INFORMATION

Debt Service

The \$224,000,000 in Revenue Financing System debt will be repaid from hospital revenues. Annual debt service on the project is expected to be approximately \$16,300,000. The institution's debt service coverage is expected to be at least 4.5 times and average 4.9 times over FY 2008-2013.

Previous Board Actions

On July 14, 2006, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$280,000,000 with funding of \$56,000,000 from Hospital Revenues and \$224,000,000 from Revenue Financing System Bond Proceeds. With the adoption of the FY 2008-2013 CIP, the total project cost was increased to \$293,200,000 with funding of \$69,200,000 from Hospital Revenues and \$224,000,000 from Revenue Financing System Bond Proceeds.

Project Description

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. The institutionally managed projects are subject to review by the Board of Regents for design development.

The project will construct five new inpatient floors in the Albert B. and Margaret M. Alkek Tower with additional support space provided for pharmacy, nursing support, an additional post anesthesia care unit, and intensive care unit beds. The existing 12th floor will be renovated to address infrastructure issues associated with the current protected environment. Two floors of the Lutheran Pavilion Patient Tower will be vacated to provide horizontal expansion for surgery services on Level 5 and diagnostic imaging services on Level 3. Beds from these floors will be relocated to the new Alkek Tower floors. Initially, four shelled floors will be included in the Alkek Expansion with shell space to build out two floors in 2014 and two floors in 2016.

The Alkek Tower was designed to accommodate an additional nine floors. The structural design was planned with locations for additional elevator capacity, mechanical distributions systems, as well as future crane placement.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-40 years
- Building Systems: 15-20 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with high-end commercial facilities and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish include open, flexible space with support areas.

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 or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy 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. System Board of Regents as part of the design development presentation.

10. **U. T. Austin: The Dell Pediatric Research Institute, The University of Texas at Austin - Approve the revision of funding sources to include \$30 million of Permanent University Fund (PUF) Bond Proceeds and to increase Revenue Financing System Bond Proceeds pending receipt of Gift and Grant funding for construction; authorize and approve a separate allocation of \$15 million of Available University Funds (AUF) and \$5 million of Science and Technology Acquisition and Retention (STARs) Program funding; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for The Dell Pediatric Research Institute, The University of Texas at Austin project as follows:

Project No.: 102-257
Project Delivery Method: Design/Build
Substantial Completion Date: November 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Grants	\$38,000,000	\$ 8,000,000
	Gifts	\$38,000,000	\$ 8,000,000
	Revenue Financing System Bond Proceeds	<u>\$21,000,000</u>	\$51,000,000
	Permanent University Fund Bond Proceeds		<u>\$30,000,000</u>
		\$97,000,000	\$97,000,000

- a. revise the funding sources of \$38,000,000 from Grants, \$38,000,000 from Gifts, and \$21,000,000 from Revenue Financing System Bond Proceeds to \$8,000,000 from Grants, \$8,000,000 from Gifts, \$51,000,000 from Revenue Financing System Bond Proceeds pending receipt of Gift and Grant funding, and \$30,000,000 from Permanent University Fund (PUF) Bond Proceeds;
- b. authorize a separate allocation of \$15,000,000 from Available University Funds (AUF) and \$5,000,000 from the Science and Technology Acquisition and Retention (STARs) Program to fund faculty start-up costs and operations;
- c. appropriate funds and authorize expenditure of \$51,000,000 from Revenue Financing System Bond Proceeds and \$30,000,000 from PUF (See related Item 8 on Page 15); and
- d. 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. Austin, 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 \$51,000,000.

BACKGROUND INFORMATION

Debt Service

Revenue Financing System debt of \$51,000,000 will be issued as short-term commercial paper repayable from Gifts, Grants, and indirect cost return from research revenues. The Michael and Susan Dell Foundation has committed \$38,000,000 towards construction, subject to the receipt of an equal amount of matching Gifts. This interim debt financing is necessary to facilitate the accelerated construction timeline and bridge the timing of receipt of the Gifts and Grants. The \$30,000,000 of Permanent University Fund debt will be repaid from the Available University Fund.

Previous Board Actions

On June 20, 2006, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$97,000,000 with funding of \$21,000,000 from Revenue Financing System Bond Proceeds, \$38,000,000 from Gifts, and \$38,000,000 from Grants. On August 10, 2006, the Board approved design development plans. On October 13, 2006, the Associate Vice Chancellor for Facilities Planning and Construction approved the nonhonorific name change from Dell Pediatric Research Institute to The Dell Pediatric Research Institute, The University of Texas at Austin.

Project Description

Located on the site of the former Robert Mueller Municipal Airport and adjacent to the new Dell Children's Medical Center of Central Texas, the 150,000 gross square foot Dell Pediatric Research Institute will establish Austin as a center of excellence for children's health issues.

The Dell Pediatric Research Institute will comply with the guidelines of the Master Development Agreement and the approved master plan established for redevelopment of the 700-acre former airport site. This facility will provide research, laboratory, and office space that will facilitate interdisciplinary collaboration between academic research, medical research, and clinical initiatives supporting the health and welfare of children. The design for the facility provides flexible research space with an open floor area fully served by mechanical, electrical, plumbing, and architectural environments supporting the anticipated research program. The flexibility of the building will support research-specific build-out and incorporates moveable casework, overhead utility carrier services, internationally recognized requirements for laboratory support space, additional support and service spaces for the administrative requirements of the research program, and for building maintenance and operations.

The request to revise previously approved funding is required to allow construction activity to proceed on schedule for a November 2008 completion pending the extended schedule for the collection of Gift funds. The Michael and Susan Dell Foundation has committed \$38,000,000 towards construction, subject to the receipt of an equal amount of matching Gifts.

The \$15,000,000 from AUF and \$5,000,000 from the STARs Program are proposed to fund faculty start-up costs and operations. The STARs monies would be used primarily for equipment while the AUF balances could be used for any eligible operating costs associated with start-up operations.