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FOR
FACILITIES PLANNING AND CONSTRUCTION
COMMITTEE**

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Austin, Texas

*Rad Weaver, Chairman
Christina Melton Crain
Robert P. Gauntt
Nolan Perez
Stuart W. Stedman
Kelcy L. Warren*

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Adjourn

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 Board will be asked to approve the Consent Agenda beginning on [Page 166](#).

2. U. T. Arlington: Maverick Hall - 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 Maverick Hall project at The University of Texas at Arlington.

BACKGROUND INFORMATION

Previous Action

On February 8, 2022, the Chancellor approved the project for Definition Phase.

Project Description

The proposed residence hall will be five stories tall, include 654 beds in private and double-occupancy configurations, and be located on west campus. On every floor, the project will include a laundry room, a kitchen, study and spacious common areas to facilitate student engagement. With an increase of 22% in freshman enrollment between 2020 and 2022 and current housing at maximum capacity, including nearly 300 students on the waiting list, the project will provide students with modern housing to enhance the first-time college experience.

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. Pursuant to Board of Regents approval on September 1, 2020, U. T. Arlington has delegated authority for institutional management of construction projects under the continued oversight of the Office of Capital Projects.

**The University of Texas at Arlington
Maverick Hall**

Project Information

Project Number	301-1395
CIP Project Type	New Construction
Facility Type	Housing, Dormitory
Management Type	Institutionally Managed
Institution's Project Advocate	Eric Leidlein, Executive Director Auxiliary Services
Project Delivery Method	Design/Build
Gross Square Feet (GSF)	212,800
Beds Added this Project	654

Project Funding

Revenue Financing System Bond Proceeds ¹	<u>Proposed</u> \$ 98,213,000
Unexpended Plant Funds	<u>18,000,000</u>
Total Project Cost	<u>\$116,213,000</u>

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from rental income

Project Cost Detail

	Cost
Building Cost	\$84,350,761
Fixed Equipment	2,550,000
Site Development	2,688,920
Furniture and Moveable Equipment	5,403,000
Institutionally Managed Work	1,425,000
Architectural/Design Services	7,251,712
Project Management	2,324,267
CIP Support Services	225,000
Insurance	2,073,736
Other Professional Fees	1,923,800
Project Contingency	5,996,804
Total Project Cost	\$116,213,000

Building Cost per Bed Benchmarks (escalated to midpoint of construction)

Maverick Hall	\$128,977
Regional Median Cost per Bed	\$124,227
	Low Quartile Median High Quartile
Other U. T. System Projects	\$102,987 \$119,198 \$144,138
Other National Projects	\$101,214 \$134,886 \$169,867

The University of Texas at Arlington
Maverick Hall
(continued)

Investment Metrics

- Increase housing options as part of campus master plan
- Encourage student achievement through an enriching university experience

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	February 2022
Addition to CIP	November 2023
Design Development Approval	February 2024
Construction Notice to Proceed	February 2024
Substantial Completion	July 2025
Final Completion	August 2025

Student Housing Statistics

Waiting list for on-campus housing last semester	298
Total number of beds added in this project	654
Units to be demolished in this project	0
Total number of beds on campus after completion	5,586

Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 40 years
Building Systems: 25 years
Interior Construction: 15 years

3. **U. T. Arlington: Life Science Building Renovation and New Addition - Amendment of the current Capital Improvement Program to increase total project cost; approval to revise funding sources; 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 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) for the Life Science Building Renovation and New Addition project at The University of Texas at Arlington as follows:

- a. amend the current CIP to increase the total project cost from \$149,000,000 to \$180,000,000;
- b. revise funding sources to include Revenue Financing System (RFS) Bond Proceeds;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of \$180,000,000 with funding of \$72,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$52,409,972 from Capital Construction Assistance Project (CCAP) Bond Proceeds, \$45,590,028 from Unexpended Plant Funds, and \$10,000,000 from RFS Bond Proceeds; and
- e. 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. 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. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$10,000,000.

BACKGROUND INFORMATION

Debt Service

The \$10,000,000 in RFS debt will be repaid from excess reserves. Annual debt service on the \$10,000,000 in RFS debt is expected to be \$557,000. The institution's Scorecard Rating of 1.8 at fiscal year-end 2022 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

Previous Actions

On May 24, 2022, the Chancellor approved the project for Definition Phase.

On November 17, 2022, the project was included in the CIP with a total project cost of \$149,000,000 with funding of \$72,000,000 from PUF Bond Proceeds, \$52,409,972 from CCAP Bond Proceeds, \$20,000,000 from Unexpended Plant Funds, and \$4,590,028 from Gifts. On August 24, 2023, \$52,409,972 in CCAP Bond Proceeds were allocated.

Project Description

The proposed project entails renovation of the existing Life Science Building constructed in 1970 and the construction of a multi-story state-of-the-art addition to the building. One of the most heavily used buildings on campus, the Life Science Building is occupied by the College of Science and includes the Departments of Biology, Psychology, and Bioengineering, and the Animal Research Facility. The new construction addition will include flexible, high-tech interactive classrooms, teaching labs, as well as wet and dry research labs, all of which will have a positive impact on student success and increase the value of research and teaching. Approximately 18,065 gross square feet will be left as research shell space. The renovations in the existing building will address replacement of infrastructure including life safety systems, heating, ventilation, and air conditioning (HVAC) systems, and electrical upgrades. The building exterior façade will be replaced to resemble the new additions in stone, metal panel, and glass, and the project will address approximately \$23,000,000 in deferred maintenance, including asbestos abatement.

The proposed increase in the total project cost results from the change from repair of mechanical, electrical, and plumbing systems to replacement of the systems, updated laboratory safety code requirements including increased electrical panel and circuit sizes, larger electrical rooms, running additional gas lines and more rigorous HVAC systems. Additionally, a new building generator is required for capacity to support renovated teaching labs and new research labs.

**The University of Texas at Arlington
Life Science Building Renovation and New Addition**

Project Information

Project Number	301-1410
CIP Project Type	New Construction and Repair and Rehabilitation
Facility Type	Laboratory, General
Management Type	Institutional Management
Institution's Project Advocate	Morteza Khaledi, Dean of Science
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	77,713 - New Addition 210,612 - Renovation
Shell Space (GSF)	18,065

Project Funding

	<u>Current</u>	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$ 72,000,000	\$ 72,000,000
Capital Construction Assistance Project Bond Proceeds	52,409,972	52,409,972
Unexpended Plant Funds	20,000,000	45,590,028
Revenue Financing System Bond Proceeds ¹	-	10,000,000
Gifts	<u>4,590,028</u>	<u>-</u>
Total Project Cost	<u>\$149,000,000</u>	<u>\$180,000,000</u>

¹ RFS debt to be repaid with excess reserves

Project Cost Detail

	Cost
Building Cost - Life Science Building New Addition	\$ 62,979,028
Building Cost - Life Science Building Renovation	72,201,671
Fixed Equipment	4,375,000
Site Development	3,544,301
Furniture and Moveable Equipment	3,100,000
Institutionally Managed Work	2,725,000
Architectural/Design Services	11,404,800
Project Management	3,600,000
Insurance	3,439,134
Other Professional Fees	3,255,000
Project Contingency	9,376,066
Total Project Cost	<u>\$180,000,000</u>

The University of Texas at Arlington
Life Science Building Renovation and New Addition
 (continued)

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

Life Science Building New Addition (includes 9% Shell Space)	\$810		
Life Science Building New Addition (estimated Total Finish-Out)	\$892		
Texas Higher Education Coordinating Board Average - Laboratory, General	\$798		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$611	\$744	\$835
Other National Projects	\$598	\$757	\$1,016

Investment Metrics

- Recruit and graduate 12 to 20 Ph.D. students to the College of Science by 2030
- Recruit and/or retain six active research faculty by 2028

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 2022
Addition to CIP	November 2022
Design Development Approval	November 2023
Construction Notice to Proceed	January 2024
Substantial Completion	November 2027
Final Completion	December 2027

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50 years
- Building Systems: 30 years
- Interior Construction: 15 years

4. U. T. Austin: Montopolis Research Center 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 Montopolis Research Center Renovation project at The University of Texas at Austin as follows:

- a. amend the current CIP and approve a total project cost of \$198,000,000; and
- b. appropriate funds of \$198,000,000 from General Revenue.

BACKGROUND INFORMATION

Previous Action

On September 12, 2023, the Chancellor approved the project for Definition Phase.

Project Description

The proposed project is necessary to meet the strategic goals of the Texas Institute for Electronics (TIE) to restore leading-edge semiconductor manufacturing back to the United States, secure the supply chain, ensure national security, and educate the next generation of industry innovators in Texas. The Montopolis Research Center (MRC) is a critical asset for TIE with the overall goal to accelerate wafer-level advanced heterogeneous integration (HI) for defense electronics and commercial industry roadmaps. The MRC will focus on silicon integration for late-stage startups and high-volume manufacturing enablement in the HI space.

This project will update, refresh, and enhance the physical infrastructure and will convert existing space for cleanroom use to support state-of-the-art microelectronics process tools. Additionally, HI processes require precise, reliable, and stable temperatures and humidity, necessitating an upgrade to the infrastructure and mechanical, electrical, and plumbing systems throughout the entire building. The majority of the cost of the project will equip the renovated facility with leading-edge tools for HI research and development.

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 a Memorandum of Understanding effective September 1, 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
Montopolis Research Center Renovation**

Project Information

Project Number 102-1498
 CIP Project Type Repair and Rehabilitation
 Facility Type Laboratory, General
 Management Type Institutionally Managed
 Institution’s Project Advocate Leland Snell, Director III, Cockrell School of Engineering
 Project Delivery Method Design/Build
 Gross Square Feet (GSF) 391,780

Project Funding

General Revenue	<u>Proposed</u> <u>\$198,000,000</u>
Total Project Cost	<u>\$198,000,000</u>

Project Cost Detail

	Cost
Building Cost	\$ 59,180,000
Fixed Equipment	118,000,000
Furniture and Moveable Equipment	500,000
Institutionally Managed Work	2,000,000
Architectural/Design Services	5,918,000
Project Management	2,400,000
Insurance	893,080
Other Professional Fees	4,000,000
Project Contingency	4,000,000
Other Costs	1,108,920
Total Project Cost	\$198,000,000

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	September 2023
Addition to CIP	November 2023
Design Development Approval	November 2023
Construction Notice to Proceed	February 2024
Substantial Completion	August 2024
Final Completion	March 2025

5. **U. T. Austin: Red McCombs School of Business New Building - Amendment of the current Capital Improvement Program to include project; approval of total project cost; approval of Design Development for Stage I, and appropriation of funds and authorization of expenditure for Stage I**

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 Red McCombs School of Business New Building project at The University of Texas at Austin as follows:

- a. amend the current CIP to include the project with a total project cost of \$425,000,000;
- b. approve design development plans for Stage I; and
- c. appropriate funds and authorize expenditure of \$25,000,000 from Designated Funds for Stage I.

BACKGROUND INFORMATION

Previous Action

On August 15, 2022, the Chancellor approved the project for Definition Phase.

Project Description

The proposed project consists of a new academic building to house the Red McCombs School of Business, parking, and the necessary enabling utilities to support the new building. The academic building will house the McCombs undergraduate programs, specialized master's programs, and six academic departments integrating faculty across departments by incorporating flexible and reconfigurable spaces, providing collaborative areas for students and faculty to enhance research, teaching, and corporate partnerships. The 10-story building will include offices, classrooms, student collaborative spaces, faculty and administrative office space, event spaces, a career center, and underground parking with approximately 120 spaces.

The new academic building will be located on a site currently occupied by the Dobie Parking Garage and adjacent surface parking lots bounded by West 20th Street, University Avenue, West 21st Street, and Whitis Avenue. Approval of design development plans for Stage I will allow the early excavation and demolition of Dobie Garage, relocation of the storm water line, and temporarily tie or relocation of the remaining alley utilities in preparation for the building construction.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of Stage II design development plans and authorization of

expenditure of funding will be presented to the Board for approval at a later date. Pursuant to a Memorandum of Understanding effective September 1, 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
Red McCombs School of Business New Building**

Project Information

Project Number	102-1422
CIP Project Type	New Construction
Facility Type	Classroom, General
Management Type	Institutionally Managed
Institution's Project Advocate	Caitlin Mullaney, Senior Associate Dean for Business Affairs and Chief Operating Officer, McCombs School of Business
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	450,000
Parking Garage Spaces	120

Project Funding

Revenue Financing System Bond Proceeds ¹	<u>Proposed</u> \$225,000,000
Gifts	150,000,000
Designated Funds	<u>50,000,000</u>
Total Project Cost	<u>\$425,000,000</u>

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from Designated Tuition and parking revenues

Project Cost Detail

	Cost
Building Cost	
Red McCombs School of Business New Building	\$297,158,562
Parking Garage	13,933,000
Site Development	16,704,000
Furniture and Moveable Equipment	8,500,000
Institutionally Managed Work	20,027,648
Architectural/Design Services	25,060,550
Project Management	10,200,000
Insurance	5,231,624
Other Professional Fees	13,082,089
Project Contingency	14,365,707
Other Costs	736,820
Total Project Cost	\$425,000,000

The University of Texas at Austin
Red McCombs School of Business New Building
 (continued)

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

Red McCombs School of Business New Building	\$660
Texas Higher Education Coordinating Board Average – Classroom, General	\$664

	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$577	\$658	\$705
Other National Projects	\$523	\$712	\$1,000

Investment Metrics

- Increase reputation and ranking among peer colleges of business at other Tier 1 institutions by 2028
- Fulfill promise of 2011 McCombs School of Business Strategic Master Plan Update by providing state-of-the-art classroom and collaborative spaces for students, faculty and staff by 2028

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 2022
Addition to CIP	November 2023
Design Development Approval – Stage I	November 2023
Design Development Approval – Stage II	November 2024
Construction Notice to Proceed	November 2024
Substantial Completion	February 2028
Final Completion	May 2028

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50 years
- Building Systems: 25 years
- Interior Construction: 20 years

6. U. T. Dallas: Student Success Center/Student Union, Phase II - Amendment of the current Capital Improvement Program to include Phase II; increase total project cost to add Phase II; 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 Student Success Center/Student Union, Phase II project at The University of Texas at Dallas as follows:

- a. amend the current CIP and approve a total project cost of \$187,500,000 for Phase II; and
- b. appropriate funds of \$187,500,000 from Revenue Financing System (RFS) Bond Proceeds for Phase II.

BACKGROUND INFORMATION

Previous Actions

On June 17, 2022, the Chancellor approved the Student Success Center/Student Union Phases I and II project for Definition Phase. On August 24, 2023, the Student Success Center/Student Union Phase I project was included in the CIP with a total project cost of \$105,000,000 with funding of \$52,409,972 from Capital Construction Assistance Project Bond Proceeds, \$42,000,000 from Permanent University Funds Bond Proceeds, \$10,500,000 from RFS Bond Proceeds, and \$90,028 from Designated Funds.

Project Description

The proposed Student Success Center/Student Union, Phase II project will provide the campus with a student-focused gathering place that cultivates a welcoming, dynamic, and collaborative learning community. Programmatic spaces for Phase II, the Student Union, will include a large event space with a pre-function lounge, student government offices, the Student Wellness Center, the Office of Student Volunteerism, the Student Union Activities Advisory Board, Building Services, and a retail food hall and display gallery.

The previously approved Student Success Center will include classrooms, a 400-seat lecture hall, the Office of Undergraduate Education, the Honors College, the Office of Graduate Education, the Education Abroad Office, the Center for Teaching and Learning, and the Office of Instructional Technology, meeting spaces, and administration and support space. Co-locating student success activities with the Student Union will achieve efficient and effective coordination and will serve as a model for leveraging the synergies among diverse departments to the overall benefit of the student body. The Student Success Center when combined with the Student Union portion of the project will result in an approximately 359,297 GSF four-story building.

The 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 for both phases of the project will be presented to the Board for approval at a later date.

**The University of Texas at Dallas
Student Success Center/Student Union, Phase II**

Project Information

Project Number	302-1414
CIP Project Type	New Construction
Facility Type	Student Center
Management Type	Office of Capital Projects
Institution's Project Advocate	Gene Fitch, Vice President of Student Affairs
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	223,567

Project Funding

<u>Student Union, Phase II Only</u>	<u>Proposed</u>
Revenue Financing System Bond Proceeds ¹	\$187,500,000
Total Project Cost	\$187,500,000

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from Designated Tuition and previously approved Student Fees

<u>Student Service Center, Phase I Only</u>	<u>Current</u>
Capital Construction Assistance Project Bond Proceeds	\$ 52,409,972
Permanent University Fund Bond Proceeds	42,000,000
Revenue Financing System Bond Proceeds	10,500,000
Designated Funds	<u>90,028</u>
Total Project Cost	\$105,000,000

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from Designated Tuition from Excess Reserves

<u>Phases I and II Combined</u>	<u>Proposed</u>
Capital Construction Assistance Project Bond Proceeds	\$ 52,409,972
Permanent University Fund Bond Proceeds	42,000,000
Revenue Financing System Bond Proceeds	198,000,000
Designated Funds	<u>90,028</u>
Total Project Cost	<u>\$292,500,000</u>

Project Cost Detail

	Phase I Only	Phase II Only
Building Cost	\$77,072,758	\$143,503,067
Site Development	3,291,377	6,309,093
Furniture and Moveable Equipment	1,500,000	4,864,000
Institutionally Managed Work	2,900,000	3,712,000
Architectural/Design Services	6,447,748	11,032,592
Project Management	2,700,000	2,368,000
CIP Support Services	500,000	64,000
Insurance	1,746,600	3,143,840
Other Professional Fees	5,929,264	6,855,840
Project Contingency	2,912,253	5,647,568
Total Project Cost	\$105,000,000	\$187,500,000

The University of Texas at Dallas
Student Success Center/Student Union, Phase II
 (continued)

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

Student Success Center/Student Union, Phase II	\$642		
Texas Higher Education Coordinating Board Average - Student Center	\$1,033		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$400	\$492	\$629
National Projects	\$504	\$671	\$810

Investment Metric

- Support Strategic Plan by enriching the student experience by 2027

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	September 2023
Addition to CIP	November 2023
Design Development Approval	May 2024
Construction Notice to Proceed	July 2024
Substantial Completion	July 2026
Final Completion	August 2026

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50 years
- Building Systems: 25 years
- Interior Construction: 25 years

7. U. T. M. D. Anderson Cancer Center: Expand Rotary House International Hotel - Amendment of the current Capital Improvement Program to increase total project cost; revise funding sources; 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, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Expand Rotary House International Hotel project at The University of Texas M. D. Anderson Cancer Center as follows:

- a. amend the current Capital Improvement Program (CIP) to increase the total project cost from \$83,500,000 to \$112,300,000;
- b. revise funding sources to include Hospital Revenues;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of \$112,300,000 with funding of \$79,300,000 from Revenue Financing System (RFS) Bond Proceeds, \$20,000,000 from Auxiliary Enterprises Balances, and \$13,000,000 from Hospital Revenues; and
- e. 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 \$79,300,000.

BACKGROUND INFORMATION

Debt Service

The \$79,300,000 in RFS debt will be repaid from auxiliary operations of the hotel. Annual debt service on the \$79,300,000 in RFS debt is expected to be \$5.7 million. The institution's Scorecard Rating of 2.2 at fiscal year-end 2022 is below the maximum threshold of 6.0 and demonstrates that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

Previous Actions

On January 21, 2020, the Chancellor approved this project for Definition Phase. On February 24, 2022, the project was included in the CIP with a total project cost of \$83,500,000 with funding of \$63,400,000 from RFS Bond Proceeds and \$20,100,000 from Auxiliary Enterprises Balances.

Project Description

The Jesse H. Jones Rotary House International Hotel was constructed in 1992 to provide lodging and accommodations for patients undergoing treatment at U. T. M. D. Anderson in the Texas Medical Center. The proposed project involves the expansion of the hotel to provide an additional 180 guest rooms and suites, with the construction of a 12-story wing immediately adjacent to and interconnected with the hotel. The project also involves renovating space within the existing hotel to improve the amenities, including the kitchen and dining services areas, to meet the needs of the increased guest population following the expansion. The renovations and upgrade to life safety systems will necessitate the removal of seven existing guest rooms and suites from service and will result in 7,300 gross square feet of shell space for future finish out for amenity areas and a net increase of 173 guest rooms and suites. Upon completion of the project, the hotel is expected to have a total of 495 guest rooms and suites.

The proposed increase in funding is due in part to the design and construction of an elevated pedestrian walkway. The walkway will be adjacent to but not directly connected to the Rotary House Hotel to interconnect U. T. M. D. Anderson's Braeswood Parking Garage to the balance of the institution's elevated pedestrian walkway system. The walkway is being constructed as an extension of the existing elevated pedestrian walkway system for use predominantly by faculty and staff to access the Braeswood Parking Garage. Other increases are attributed to construction price market fluctuations.

**The University of Texas M. D. Anderson Cancer Center
Expand Rotary House International Hotel**

Project Information

Project Number 703-1178
 CIP Project Type New Construction
 Facility Type Other
 Management Type Institutional Management
 Institution's Project Advocate Tim Peglow, Associate Vice President
 for Patient Care & Cancer Prevention Facilities
 Project Delivery Method Construction Manager-at-Risk
 Number of Guest Rooms 180
 Gross Square Feet (GSF) 149,900 New Construction
 43,200 Repair & Rehabilitation (7,300 shell space)
 7,400 Elevated Walkway

Project Funding

	<u>Current</u>	<u>Proposed</u>
Revenue Financing System Bond Proceeds ¹	\$63,400,000	\$ 79,300,000
Auxiliary Enterprises Balances	\$20,100,000	\$ 20,000,000
Hospital Revenues	-	<u>13,000,000</u>
Total Project Cost	<u>\$83,500,000</u>	<u>\$112,300,000</u>

¹ Revenue Financing System (RFS) Bond Proceeds to be repaid from auxiliary enterprises revenues from ongoing hotel operations

Project Cost Detail

	Cost
Building Cost:	
Expansion - New Construction	\$55,127,000
Repair and Rehabilitation - existing RHI areas	10,582,000
Elevated Pedestrian Walkway - New Construction	9,402,000
Fixed Equipment	7,260,200
Site Development	2,457,800
Furniture and Moveable Equipment	4,892,200
Institutionally Managed Work	4,250,000
Architectural/Design Services	5,367,400
Project Management	2,686,400
Insurance	2,902,500
Other Professional Fees	1,574,800
Project Contingency	5,628,900
Other Costs	168,800
Total Project Cost	<u>\$112,300,000</u>

**The University of Texas M. D. Anderson Cancer Center
Expand Rotary House International Hotel**
(continued)

Building Cost per GSF

Expand Rotary House International Hotel (includes 4% Shell Space)	\$375
Expand Rotary House International Hotel (estimated Total Finish-out)	\$383
Hospitality/Lodging (Regional Cost Data)	\$433-\$618

Investment Metrics

- Design and construct expansion to align with an average daily room rate of \$225 per night or less by 2026
- Design and construct expansion wing to have an assignable square feet to gross square feet ratio of 60% or better by 2026

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	March 2018
Addition to CIP	February 2022
Design Development Approval	November 2023
Construction Notice to Proceed	March 2024
Substantial Completion	January 2026
Final Completion	May 2026

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 30 years
- Building Systems: 30 years
- Interior Construction: 15 years