

1. U. T. Board of Regents: Proposed Amendment to the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2 (Capital Improvement Program)

## RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2, Subsection 2.4, regarding institutional management of Major Projects, be amended as set forth below in congressional style:

Sec. 2.       Capital Improvement Program

...

2.4       Institutional Management of Major Projects

Adoption of the CIP includes authorization of institutional management of Major Projects so designated in the CIP. "Off-cycle" requests for institutional management shall be reviewed and approved by the Chancellor or Chancellor's delegate. Projects approved for institutional management will be included in the amended CIP. Projects designated for institutional management shall follow the process, authority, and approvals as outlined in Section 5 of this Chapter for the full amount stipulated in the CIP. Funding other than debt financing will be appropriated at the time of authorization of institutional management.

## BACKGROUND INFORMATION

Proposed additional language in the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2, Subsection 2.4 clarifies what is authorized by "institutional management" for Capital Improvement Program projects to align the Regents' Rules with actual practice. Specifically, this clarifies that, when a component is given the authority for institutional management of a Capital Improvement Program project, the institution may proceed with full implementation of the project without further approvals from the Board or U. T. System Administration, other than issuance of debt.

This item was presented to the Facilities Planning and Construction Committee in October 2002.

2. U. T. Arlington - Natural History Specimen Annex: Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Appropriation of Additional Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

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

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Natural History Specimen Annex project at U. T. Arlington from \$280,000 to \$980,000
- b. Appropriate additional funds and authorize expenditure of \$700,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 73, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System

- c. U. T. Arlington, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$700,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

### BACKGROUND INFORMATION

The Natural History Specimen Annex project at U. T. Arlington is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$280,000 with funding of \$125,000 from Designated Tuition and \$155,000 from Tuition Revenue Bond Proceeds. The project was approved by the Board at the May 9, 2002 meeting.

The project consists of a new facility to house the collection of natural history specimens currently stored in the basement of the Life Science Building. U. T. Arlington has requested that the total project cost be increased by \$700,000 from Revenue Financing System Bond Proceeds to fully fund the project.

The debt will be repaid from U. T. Arlington’s net operations. The overall debt service coverage for U. T. Arlington is expected to be at least 1.63 times (see Page 74).

This item was presented to the Academic Affairs Committee and the Facilities Planning and Construction Committee in October 2002.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Natural History Specimen Annex project at U. T. Arlington, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge  
Assistant Vice Chancellor for Finance

The University of Texas at Arlington  
Natural History Specimen Annex

Campus Level: (\$ in millions)	Actual			Forecast						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
Beginning Fund Balance	29.4	28.6	33.0	28.6	33.5	45.9	54.8	63.0	73.7	
Total Current Unrestricted Revenues	165.0	180.8	194.2	206.7	222.2	228.8	235.5	243.0	248.6	
Total Current Unrestricted Expenditures	(152.5)	(165.5)	(179.1)	(188.9)	(196.0)	(203.4)	(209.9)	(216.1)	(222.5)	
Net Revenues	12.5	15.3	15.2	17.8	26.2	25.4	25.6	26.8	26.1	
Debt Service	(8.8)	(9.4)	(10.7)	(10.9)	(11.6)	(14.4)	(15.2)	(13.9)	(13.4)	
Other Mandatory Transfers	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	
Total Mandatory Transfers	(8.8)	(9.4)	(10.7)	(10.9)	(11.6)	(14.4)	(15.2)	(13.9)	(13.4)	
Nonmandatory Transfers	(3.7)	(0.7)	(7.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	
Adjustments	(0.8)	(0.7)	(1.3)	(1.4)	(1.4)	(1.4)	(1.5)	(1.6)	(1.6)	
Net Increase/(Decrease) for Year	(0.8)	4.5	(4.4)	4.9	12.4	8.8	8.3	10.7	10.4	
Ending Fund Balance	28.6	33.0	28.6	33.5	45.9	54.8	63.0	73.7	84.1	
Debt Service Coverage	1.42	1.63	1.41	1.63	2.25	1.76	1.69	1.93	1.95	
Debt Service as % of Budget	5.5%	5.4%	5.6%	5.5%	5.6%	6.6%	6.7%	6.0%	5.7%	

U. T. System (\$ in millions)	Actual			Forecast						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9	
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)	
Net Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0	
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	
Debt Service	(95.5)	(116.6)	(124.5)	(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)	
Debt Service Coverage	2.04	3.46	2.38	2.30	2.08	2.01	2.13	2.59	3.00	
Debt Service as % of Budget	2.2%	2.5%	2.5%	2.7%	3.2%	3.7%	3.7%	3.6%	3.3%	

3. U. T. Arlington - University Village West Apartments (Phase III Meadow Run Apartments) (Project No. 301-076): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Approval of Design Development Plans for Additional Scope; Appropriation of Additional Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

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

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the University Village West Apartments project (Phase III Meadow Run Apartments) at U. T. Arlington from \$17,608,000 to \$26,508,000
- b. Approve design development plans for the additional scope
- c. Appropriate additional funds and authorize expenditure totaling \$8,900,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 78, the U. T. Board of Regents resolves that:

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

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Arlington, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$8,900,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

### BACKGROUND INFORMATION

The University Village West Apartments project (Phase III Meadow Run Apartments) at U. T. Arlington is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$17,608,000 with funding from Revenue Financing System Bond Proceeds. This project was approved by the Board on August 9, 2001.

U. T. Arlington requests that the total project cost be increased from \$17,608,000 to \$26,508,000 with additional funding of \$8,900,000 from Revenue Financing System Bond Proceeds. Construction will include an additional 120 apartment units consisting of approximately 115,000 gross square feet capable of housing 250 students, and will include a clubhouse, swimming pool, on-site parking, and landscaping.

The demand is high for additional university-owned and operated apartment units on the campus for Fall 2003. There is a waiting list of over 273 students for the University Village West Apartments and another 622 students are on the proposed New Residence Hall waiting list (see Item 3 on Page 58).

The additional \$8,900,000 in Revenue Financing System debt will be repaid with the net revenues from the additional 120 units. The annual debt service is projected to be \$744,746. The debt service coverage for the University Village West Apartments is expected to be at least 1.08 times. The overall debt service coverage for U. T. Arlington is expected to be at least 1.63 times (see Page 79).

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

This item was presented to the Facilities Planning and Construction Committee in October 2002.



PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the University Village West Apartments project at U. T. Arlington, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge  
Assistant Vice Chancellor for Finance

The University of Texas at Arlington  
 University Village West Apartments  
 (Phase III Meadow Run Apartments)

Project Level (Actual \$)	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Beginning Fund Balance	-	-	-	-	-	-	309,403	370,532	455,838
Housing Revenues	-	-	-	-	-	1,089,504	1,122,189	1,155,855	1,190,530
Expenses	-	-	-	-	-	(307,101)	(316,314)	(325,803)	(335,578)
Net Revenues	-	-	-	-	-	782,403	805,875	830,052	854,952
Debt Service	-	-	-	-	(301,000)	(473,000)	(744,746)	(744,746)	(744,746)
Transfers from Housing Funds	-	-	-	-	301,000	-	-	-	-
Net Increase/Decrease for Year	-	-	-	-	-	309,403	61,129	85,306	110,206
Ending Fund Balance	-	-	-	-	-	309,403	370,532	455,838	566,044
Debt Service Coverage	-	-	-	1.00	1.00	1.65	1.08	1.11	1.15

Campus Level: (\$ in millions)	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Beginning Fund Balance	29.4	28.6	33.0	28.6	33.5	45.9	54.8	63.0	73.7
Total Current Unrestricted Revenues	165.0	180.8	194.2	206.7	222.2	228.8	235.5	243.0	248.6
Total Current Unrestricted Expenditures	(152.5)	(165.5)	(179.1)	(188.9)	(196.0)	(203.4)	(209.9)	(216.1)	(222.5)
Net Revenues	12.5	15.3	15.2	17.8	26.2	25.4	25.6	26.8	26.1
Debt Service	(8.8)	(9.4)	(10.7)	(10.9)	(11.6)	(14.4)	(15.2)	(13.9)	(13.4)
Other Mandatory Transfers	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Total Mandatory Transfers	(8.8)	(9.4)	(10.7)	(10.9)	(11.6)	(14.4)	(15.2)	(13.9)	(13.4)
Nonmandatory Transfers	(3.7)	(0.7)	(7.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Adjustments	(0.8)	(0.7)	(1.3)	(1.4)	(1.4)	(1.4)	(1.5)	(1.6)	(1.6)
Net Increase/(Decrease) for Year	(0.8)	4.5	(4.4)	4.9	12.4	8.8	8.3	10.7	10.4
Ending Fund Balance	28.6	33.0	28.6	33.5	45.9	54.8	63.0	73.7	84.1
Debt Service Coverage	1.42	1.63	1.41	1.63	2.25	1.76	1.69	1.93	1.95
Debt Service as % of Budget	5.5%	5.4%	5.6%	5.5%	5.6%	6.6%	6.7%	6.0%	5.7%

U. T. System (\$ in millions)	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)
Net Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Debt Service	(95.5)	(116.6)	(124.5)	(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)
Debt Service Coverage	2.04	3.46	2.38	2.30	2.08	2.01	2.13	2.59	3.00
Debt Service as % of Budget	2.2%	2.5%	2.5%	2.7%	3.2%	3.7%	3.7%	3.6%	3.3%

4. U. T. Austin - Benedict/Mezes/Batts Renovation - Phase I (Project No. 102-027): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Decrease Total Project Cost; Reduce Appropriation of Funds; Approval to Revise the Source of Funds; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

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

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to decrease the total project cost for the Benedict/Mezes/Batts Renovation - Phase I project at U. T. Austin from \$32,000,000 to \$30,000,000
- b. Reduce appropriation of expenditure of \$32,000,000 from Designated Tuition
- c. Revise the source of funds of \$32,000,000 from Designated Tuition to \$30,000,000 from Revenue Financing System Bond Proceeds
- d. Appropriate funds and authorize expenditure of \$30,000,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 82, the U. T. Board of Regents resolves that:

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

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. 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. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$30,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

### BACKGROUND INFORMATION

The Benedict/Mezes/Batts Renovation - Phase I project at U. T. Austin is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$32,000,000 with funding from Designated Tuition.

On May 9, 2002, the U. T. Board of Regents approved the design development plans, total project cost, alternative energy economic feasibility evaluation, and appropriated and authorized expenditure of \$32,000,000 from Designated Tuition.

Approval of this item decreases the total project cost and changes the appropriation of expenditure to \$30,000,000 from Revenue Financing System Bond Proceeds, thus expediting funding for the project and allowing construction to quickly move ahead.

The \$30,000,000 in Revenue Financing System debt will be repaid with designated tuition revenue. Annual debt service is projected to be \$2,510,380. The debt service coverage for the Benedict/Mezes/Batts Renovation – Phase I is expected to be at least 8.40 times. The overall debt service coverage for U. T. Austin is expected to be at least 1.52 times (see Page 83).

This item was presented to the Facilities Planning and Construction Committee in October 2002.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Benedict/Mezes/Batts Renovation – Phase I project at U. T. Austin, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge  
Assistant Vice Chancellor for Finance

The University of Texas at Austin  
Benedict/Mezes/Batts Renovation – Phase I

	Actual				Forecast						
	FY 99	FY 00	FY 01		FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
<b>Designated Tuition: (Actual \$)</b>											
Beginning Balance	44,821	348,745	920,031		804,498	615,197	615,197	615,197	615,197	615,197	
Designated Tuition Fees	42,237,014	44,730,957	47,358,262		53,935,121	55,440,000	57,960,000	60,480,000	63,000,000	65,520,000	
Interest Income	1,515,388	1,927,971	1,720,798		1,200,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	
Total Income	43,752,402	46,656,928	49,079,060		55,135,121	56,740,000	59,260,000	61,780,000	64,300,000	66,820,000	
Existing Debt Service	(4,695,969)	(4,108,719)	(4,184,193)		(3,573,167)	(2,922,634)	(3,896,259)	(518,035)	-	-	
New Debt Service	-	-	-		-	(980,000)	(2,940,000)	(6,127,882)	(7,656,659)	(7,656,659)	
Net Revenues	39,056,433	42,550,209	44,894,867		51,561,954	52,837,366	52,423,741	55,134,083	56,643,341	59,163,341	
Nonmandatory Transfers	(38,752,509)	(41,978,923)	(45,010,400)		(51,751,255)	(52,837,366)	(52,423,741)	(55,134,083)	(56,643,341)	(59,163,341)	
Ending Balance	348,745	920,031	804,498		615,197	615,197	615,197	615,197	615,197	615,197	
Debt Service Coverage	9.32	11.36	11.73		15.43	14.54	8.67	9.30	8.40	8.73	

	Actual				Forecast						
	FY 99	FY 00	FY 01		FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
<b>Campus Level: (\$ in millions)</b>											
Beg. Fund Balance	141.6	146.1	163.9		172.6	176.0	154.8	154.7	139.7	125.1	
Total Current Unrestricted Revenues	773.7	859.9	915.7		987.5	1,036.4	1,075.6	1,088.6	1,129.4	1,150.7	
Total Current Unrestricted Expenditures	(708.2)	(765.1)	(835.2)		(903.3)	(975.4)	(999.8)	(1,018.9)	(1,052.7)	(1,086.2)	
Net Revenues	65.6	94.8	80.5		84.3	61.0	75.8	69.7	76.7	64.5	
Debt Service	(27.9)	(31.0)	(34.6)		(40.4)	(39.7)	(44.7)	(45.6)	(46.2)	(40.9)	
Other Mandatory Transfers	(0.5)	(0.4)	(0.4)		(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	
Total Mandatory Transfers	(28.4)	(31.3)	(34.9)		(40.7)	(40.0)	(45.1)	(46.0)	(46.5)	(41.2)	
Nonmandatory Transfers	(31.7)	(45.1)	(36.4)		(40.1)	(42.2)	(30.8)	(38.7)	(44.8)	(46.2)	
Adjustments	(1.0)	(0.6)	(0.5)		0.0	0.0	0.0	0.0	0.0	0.0	
Net Increase/(Decrease) for Year	4.5	17.8	8.7		3.4	(21.2)	(0.1)	(15.0)	(14.6)	(22.9)	
End. Fund Balance	146.1	163.9	172.6		176.0	154.8	154.7	139.7	125.1	102.2	
Debt Service Coverage	2.31	3.03	2.31		2.07	1.52	1.68	1.52	1.65	1.56	
Debt Service to Operating Expenses	3.8%	3.9%	4.0%		4.3%	3.9%	4.3%	4.3%	4.2%	3.6%	

	Actual				Forecast						
	FY 99	FY 00	FY 01		FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
<b>U.T. System (\$ in millions)</b>											
Available Revenues	4,363.1	4,967.6	5,247.0		5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9	
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)		(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)	
Net Available for Debt Service	196.6	405.5	297.8		339.9	382.6	444.3	493.6	594.2	660.0	
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)		(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	
Debt Service	(95.5)	(116.6)	(124.5)		(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)	
Debt Service Coverage	2.04	3.46	2.38		2.30	2.08	2.01	2.13	2.59	3.00	
Debt Service to Operating Expenses	2.2%	2.5%	2.5%		2.7%	3.2%	3.7%	3.7%	3.6%	3.3%	

5. U. T. Austin - Jack S. Blanton Museum of Art - Phase I (Project No. 102-965): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds; Rescind Appropriation and Expenditure of Funds; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

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

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the Jack S. Blanton Museum of Art - Phase I at U. T. Austin from \$32,000,000 from Gifts and Grants and \$26,500,000 from Designated Tuition to \$32,000,000 from Gifts and Grants and \$26,500,000 from Revenue Financing System Bond Proceeds
- b. Rescind appropriation of \$26,500,000 from Designated Tuition
- c. Appropriate funds and authorize expenditure of \$26,500,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 86, the U. T. Board of Regents resolves that:

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

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. 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. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$26,500,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

### BACKGROUND INFORMATION

The Jack S. Blanton Museum of Art - Phase I is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$58,500,000 with funding of \$32,000,000 from Gifts and Grants and \$26,500,000 from Designated Tuition. These funds were appropriated and expenditure was authorized on May 9, 2002.

Approval of this item revises the source of funds and changes the appropriation of expenditure of \$26,500,000 from Designated Tuition to \$26,500,000 from Revenue Financing System Bond Proceeds, thus expediting funding for the project and allowing construction to quickly move ahead.

The \$26,500,000 in Revenue Financing System debt will be repaid with designated tuition revenue. The annual debt service is projected to be \$719,642. The debt service coverage for the Jack S. Blanton Museum of Art - Phase I is expected to be at least 8.40 times. The overall debt service coverage for U. T. Austin is expected to be at least 1.52 times (see Page 87).

This item was presented to the Facilities Planning and Construction Committee in October 2002.



PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Jack S. Blanton Museum of Art – Phase I project at U. T. Austin, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

The University of Texas at Austin  
Jack S. Blanton Museum of Art - Phase I

	Actual				Forecast						
	FY 99	FY 00	FY 01		FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
<b>Designated Tuition</b>											
Beginning Balance	44,821	348,745	920,031		804,498	615,197	615,197	615,197	615,197	615,197	
Designated Tuition Fee Receipts	42,237,014	44,730,957	47,358,262		53,935,121	55,440,000	57,960,000	60,480,000	63,000,000	65,520,000	
Interest Income	1,515,388	1,927,971	1,720,798		1,200,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	
Total Income	43,752,402	46,658,928	49,079,060		55,135,121	56,740,000	59,260,000	61,780,000	64,300,000	66,820,000	
Existing Debt Service	(4,695,969)	(4,108,719)	(4,184,193)		(3,573,167)	(2,922,634)	(3,896,259)	(518,035)	-	-	
New Debt Service						(980,000)	(2,940,000)	(6,127,882)	(7,656,659)	(7,656,659)	
Net Revenues after Debt Service	39,056,433	42,550,209	44,894,867		51,561,954	52,837,366	52,423,741	55,134,083	56,643,341	59,163,341	
Nonmandatory Transfers	(38,752,509)	(41,978,923)	(45,010,400)		(51,751,255)	(52,837,366)	(52,423,741)	(55,134,083)	(56,643,341)	(59,163,341)	
Ending Balance	348,745	920,031	804,498		615,197	615,197	615,197	615,197	615,197	615,197	
Debt Service Coverage	9.32	11.36	11.73		15.43	14.54	8.67	9.30	8.40	8.73	

	Actual				Forecast						
	FY 99	FY 00	FY 01		FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
<b>Campus Level: (\$ in millions)</b>											
Beg. Fund Balance	141.6	146.1	163.9		172.6	176.0	154.8	154.7	139.7	125.1	
Total Current Unrestricted Revenues	773.7	859.9	915.7		987.5	1,036.4	1,075.6	1,088.6	1,129.4	1,150.7	
Total Current Unrestricted Expenditures	(708.2)	(765.1)	(835.2)		(903.3)	(975.4)	(999.8)	(1,018.9)	(1,052.7)	(1,086.2)	
Net Revenues	65.6	94.8	80.5		84.3	61.0	75.8	69.7	76.7	64.5	
Debt Service	(27.9)	(31.0)	(34.6)		(40.4)	(39.7)	(44.7)	(45.6)	(46.2)	(40.9)	
Other Mandatory Transfers	(0.5)	(0.4)	(0.4)		(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	
Total Mandatory Transfers	(28.4)	(31.3)	(34.9)		(40.7)	(40.0)	(45.1)	(46.0)	(46.5)	(41.2)	
Nonmandatory Transfers	(31.7)	(45.1)	(36.4)		(40.1)	(42.2)	(30.8)	(38.7)	(44.8)	(46.2)	
Adjustments	(1.0)	(0.6)	(0.5)		0.0	0.0	0.0	0.0	0.0	0.0	
Net Increase/(Decrease) for Year	4.5	17.8	8.7		3.4	(21.2)	(0.1)	(15.0)	(14.6)	(22.9)	
End. Fund Balance	146.1	163.9	172.6		176.0	154.8	154.7	139.7	125.1	102.2	
Debt Service Coverage	2.31	3.03	2.31		2.07	1.52	1.68	1.52	1.65	1.56	
Debt Service to Operating Expenses	3.8%	3.9%	4.0%		4.3%	3.9%	4.3%	4.3%	4.2%	3.6%	

	Actual				Forecast						
	FY 99	FY 00	FY 01		FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
<b>U.I. System (\$ in millions)</b>											
Available Revenues	4,363.1	4,967.6	5,247.0		5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9	
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)		(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)	
Net Available for Debt Service	196.6	405.5	297.8		339.9	382.6	444.3	493.6	594.2	660.0	
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)		(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	
Debt Service	(95.5)	(116.6)	(124.5)		(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)	
Debt Service Coverage	2.04	3.46	2.38		2.30	2.08	2.01	2.13	2.59	3.00	
Debt Service to Operating Expenses	2.2%	2.5%	2.5%		2.7%	3.2%	3.7%	3.7%	3.6%	3.3%	

6. U. T. Austin - Utility Infrastructure Expansion/Upgrade (Project No. 102-085): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Appropriation of Additional Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

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

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Utility Infrastructure Expansion/Upgrade project at U. T. Austin from \$36,500,000 to \$45,700,000
- b. Appropriate additional funding and authorize expenditure of \$9,200,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 90, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System

- c. U. T. 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. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$9,200,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

### BACKGROUND INFORMATION

The Utility Infrastructure Expansion/Upgrade project at U. T. Austin is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$36,500,000 with funding from Revenue Financing System Bond Proceeds. In May 2001, the project was included in the Capital Improvement Program and authorized for institutional management. In November 2001, the Board approved combining Phase I and Phase II.

Approval of this item increases the total project cost by \$9,200,000 to \$45,700,000 to fund increased costs to equipment and modifications to the existing utility plant. Increases in costs are the result of two major factors. Actual bids for the 25 megawatt steam turbine and cooling tower exceeded programming estimates. A second factor was the selection of transformers to meet Austin Energy standards and to match their existing equipment. This will allow U. T. Austin to utilize Austin Energy’s inventory in case of a failure at the Harris Substation.

The \$45,700,000 in Revenue Financing System debt will be repaid through the power plant service department budget. The power plant recovers its cost by charging the Education and General Budget for utilities consumed by Education and General facilities and by charging the Auxiliary Enterprise units for the utilities they consume.

This rate of recovery method results in an effective 1.0 times debt service coverage for the project. Therefore, the analysis for the debt coverage is performed at the campus level. The annual debt service is projected to be \$3,824,145. The overall debt service coverage for U. T. Austin is expected to be at least 1.52 times (see Page 91).

This item was presented to the Facilities Planning and Construction Committee in October 2002.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Utility Infrastructure Expansion/Upgrade project at U. T. Austin, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

**The University of Texas at Austin**  
**Utility Infrastructure Expansion/Upgrade**

	Actual					Forecast				
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
<b>Campus Level: (\$ in millions)</b>										
Beg. Fund Balance	141.6	146.1	163.9	172.6	176.0	154.8	154.7	139.7	125.1	
Total Current Unrestricted Revenues	773.7	859.9	915.7	987.5	1,036.4	1,075.6	1,088.6	1,129.4	1,150.7	
Total Current Unrestricted Expenditures	(708.2)	(765.1)	(835.2)	(903.3)	(975.4)	(999.8)	(1,018.9)	(1,052.7)	(1,086.2)	
Net Revenues	65.6	94.8	80.5	84.3	61.0	75.8	69.7	76.7	64.5	
Debt Service	(27.9)	(31.0)	(34.6)	(40.4)	(39.7)	(44.7)	(45.6)	(46.2)	(40.9)	
Other Mandatory Transfers	(0.5)	(0.4)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	
Total Mandatory Transfers	(28.4)	(31.3)	(34.9)	(40.7)	(40.0)	(45.1)	(46.0)	(46.5)	(41.2)	
Nonmandatory Transfers	(31.7)	(45.1)	(36.4)	(40.1)	(42.2)	(30.8)	(38.7)	(44.8)	(46.2)	
Adjustments	(1.0)	(0.6)	(0.5)	-	-	-	-	-	-	
Net Increase/(Decrease) for Year	4.5	17.8	8.7	3.4	(21.2)	(0.1)	(15.0)	(14.6)	(22.9)	
End. Fund Balance	146.1	163.9	172.6	176.0	154.8	154.7	139.7	125.1	102.2	
Debt Service Coverage	2.31	3.03	2.31	2.07	1.52	1.68	1.52	1.65	1.56	
Debt Service to Operating Expenses	3.8%	3.9%	4.0%	4.3%	3.9%	4.3%	4.3%	4.2%	3.6%	

	Actual					Forecast				
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
<b>U.T. System (\$ in millions)</b>										
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9	
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)	
Net Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0	
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	
Debt Service	(95.5)	(116.6)	(124.5)	(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)	
Debt Service Coverage	2.04	3.46	2.38	2.30	2.08	2.01	2.13	2.59	3.00	
Debt Service to Operating Expenses	2.2%	2.5%	2.5%	2.7%	3.2%	3.7%	3.7%	3.6%	3.3%	

7. U. T. El Paso - Engineering/Science Complex (Project No. 201-065): Request for Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval to Increase Total Project Cost; Approval to Redesignate Project; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

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

- a. Approve design development plans for the Engineering/Science Complex project at U. T. El Paso
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve an increase in the total project cost from \$6,000,000 to \$7,000,000
- d. Redesignate the project as the Engineering Building Expansion
- e. Appropriate funds and authorize expenditure of \$6,000,000 from Permanent University Fund Bond Proceeds and \$1,000,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 95, the U. T. Board of Regents resolves that:

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

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. 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. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$1,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

### BACKGROUND INFORMATION

The Engineering/Science Complex project at U. T. El Paso is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$6,000,000 with funding from Permanent University Fund Bond Proceeds. U. T. El Paso has requested that the total project cost be increased by \$1,000,000 with funding from Revenue Financing System Bond Proceeds to fully fund the project, and that the project be redesignated as the Engineering Building Expansion.

The project will construct a new three-story facility of approximately 44,000 gross square feet and will include site development, extension of site utilities, and renovation of existing space in the Engineering Building. The new facility will provide space for the Dean’s office, department offices, and faculty offices; and shell space will be converted into a study/presentation room and a conference room.

The \$1,000,000 in Revenue Financing System debt will be repaid from U. T. El Paso’s operating revenues. The annual debt service is projected to be \$83,679. The overall debt service coverage for U. T. El Paso is expected to be at least 1.22 times. The financing forecast for this project is set forth on Page 96.

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



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

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

This item was presented to the Facilities Planning and Construction Committee in October 2002.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Engineering/Science Complex project at U. T. El Paso, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge  
Assistant Vice Chancellor for Finance

**The University of Texas at El Paso  
Engineering / Science Complex**

Campus Level: (\$ in millions)	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Beginning Fund Balance	20.5	21.0	21.0	18.5	19.1	21.1	26.0	26.0	31.6
Total Current Unrestricted Revenues	129.5	151.2	155.5	170.2	183.4	189.3	193.9	199.4	204.4
Total Current Unrestricted Expenditures	(120.2)	(136.4)	(147.4)	(159.6)	(168.5)	(171.9)	(175.3)	(178.8)	(182.4)
Net Revenues	9.3	14.8	8.1	10.5	14.9	17.4	18.5	20.6	22.0
Debt Service	(5.6)	(7.8)	(7.8)	(8.5)	(11.5)	(11.1)	(11.6)	(11.3)	(10.0)
Other Mandatory Transfers	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Total Mandatory Transfers	(5.6)	(7.8)	(7.9)	(8.6)	(11.6)	(11.2)	(11.7)	(11.4)	(10.1)
Nonmandatory Transfers	(3.1)	(2.6)	(2.5)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Adjustments	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Net Increase/(Decrease) for Year	0.4	4.2	(2.5)	0.6	2.0	4.9	5.6	7.9	10.6
Ending Fund Balance	21.0	25.2	18.5	19.1	21.1	26.0	31.6	33.9	42.2
Debt Service Coverage	1.66	1.91	1.03	1.22	1.29	1.56	1.59	1.81	2.18
Debt Service as a % of Budget	4.3%	5.3%	5.0%	5.1%	6.4%	6.1%	6.2%	6.0%	5.2%

U. T. System (\$ in millions)	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)
Net Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Debt Service	(95.5)	(116.6)	(124.5)	(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)
Debt Service Coverage	2.04	3.46	2.38	2.30	2.08	2.01	2.13	2.59	3.00
Debt Service as a % of Budget	2.2%	2.5%	2.5%	2.7%	3.2%	3.7%	3.7%	3.6%	3.3%

8. U. T. El Paso - Rest Room Renovations: Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Include Project; Rescind Approval of the University Bookstore Expansion and Renovation Project; Authorization for Institutional Management; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

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

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to include the Rest Room Renovations project at U. T. El Paso at a total project cost of \$200,000 with funding from Revenue Financing System Bond Proceeds
- b. Rescind approval of the University Bookstore Expansion and Renovation project with funding of \$800,000 from Revenue Financing System Bond Proceeds
- c. Authorize U. T. El Paso to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Rest Room Renovations project
- d. Appropriate funds and authorize expenditure of \$200,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System

Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 100, the U. T. Board of Regents resolves that:

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

### BACKGROUND INFORMATION

In November 2001, the Board approved \$800,000 in Revenue Financing System Bond Proceeds for the U. T. El Paso University Bookstore Expansion and Renovation project. The bookstore is now being relocated to a new facility, thus the Revenue Financing System Bond Proceeds approved for renovation are no longer needed. U. T. El Paso has requested that \$200,000 in Revenue Financing System Bond capacity be allocated to renovate rest rooms in the Student Union Building to bring into ADA compliance. While this project size is below the required review threshold for approval by the U. T. Board of Regents, Board approval is sought for the issuance of bonds and to rescind approval of \$800,000 in Revenue Financing System Bonds for the bookstore renovation project.

This off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program. This project is below the Capital Improvement Program cost threshold, but is being added to the Capital Improvement Program due to the use of debt financing.

This project would best be managed by U. T. El Paso Facilities Management personnel who have the experience and capability to manage all aspects of the work.

The \$200,000 in Revenue Financing System debt will be repaid from U. T. El Paso's operating revenues. The annual debt service is projected to be \$16,735. The overall debt service coverage for U. T. El Paso is expected to be at least 1.22 times. The financing forecast for this project is set forth on Page 101.

This item was presented to the Facilities Planning and Construction Committee in October 2002.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Rest Room Renovations project at U. T. El Paso, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge  
Assistant Vice Chancellor for Finance

The University of Texas at El Paso  
Rest Room Renovations

Campus Level: (\$ in millions)	Actual				Forecast				
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Beginning Fund Balance	20.5	21.0	21.0	18.5	19.1	21.1	26.0	26.0	31.6
Total Current Unrestricted Revenues	129.5	151.2	155.5	170.2	183.4	189.3	193.9	199.4	204.4
Total Current Unrestricted Expenditures	(120.2)	(136.4)	(147.4)	(159.6)	(168.5)	(171.9)	(175.3)	(178.8)	(182.4)
Net Revenues	9.3	14.8	8.1	10.5	14.9	17.4	18.5	20.6	22.0
Debt Service	(5.6)	(7.8)	(7.8)	(8.5)	(11.5)	(11.1)	(11.6)	(11.3)	(10.0)
Other Mandatory Transfers	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Total Mandatory Transfers	(5.6)	(7.8)	(7.9)	(8.6)	(11.6)	(11.2)	(11.7)	(11.4)	(10.1)
Nonmandatory Transfers	(3.1)	(2.6)	(2.5)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Adjustments	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Net Increase/(Decrease) for Year	0.4	4.2	(2.5)	0.6	2.0	4.9	5.6	7.9	10.6
Ending Fund Balance	21.0	25.2	18.5	19.1	21.1	26.0	31.6	33.9	42.2
Debt Service Coverage	1.66	1.91	1.03	1.22	1.29	1.56	1.59	1.81	2.18
Debt Service as a % of Budget	4.3%	5.3%	5.0%	5.1%	6.4%	6.1%	6.2%	6.0%	5.2%

U. T. System (\$ in millions)	Actual				Forecast				
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)
Net Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Debt Service	(95.5)	(116.6)	(124.5)	(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)
Debt Service Coverage	2.04	3.46	2.38	2.30	2.08	2.01	2.13	2.59	3.00
Debt Service as % of Budget	2.2%	2.5%	2.5%	2.7%	3.2%	3.7%	3.7%	3.6%	3.3%



9. U. T. Pan American - Education Complex Addition and Renovation (Project No. 901-057): Request for Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

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

- a. Approve design development plans for the Education Complex Addition and Renovation at U. T. Pan American
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve a total project cost of \$22,000,000
- d. Appropriate funds and authorize expenditure of \$22,000,000 from Tuition Revenue Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 105, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System

- c. U. T. System components, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$22,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

### BACKGROUND INFORMATION

The Education Complex Addition and Renovation at U. T. Pan American is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$22,000,000 with funding from Tuition Revenue Bond Proceeds.

The project will construct a new facility that will contain approximately 80,000 gross square feet of classrooms, laboratories, offices, and research areas, and will renovate approximately 45,000 gross square feet in two existing buildings to add various offices and research project areas.

The project will provide state-of-the-art teaching facilities; distance-learning capabilities to foster field-based learning and outreach services; high quality faculty research and office areas; areas for faculty/student interaction to foster communication; and meeting spaces and office areas to support and promote teacher certification, continuing education, and professional development.

During the 77th Session, the Texas Legislature authorized \$29,950,000 of tuition revenue bonds to be issued for U. T. Pan American for education complex, library, and multipurpose center renovation and construction. To date, the Board has approved \$2,107,000 for the Campus Entrance/Visitors' Center; \$2,800,000 for the Academic Annex Renovation; \$1,493,000 for the Administrative Offices Renovation; and \$1,550,000 for Campus Repair and Renovations. The \$22,000,000 for the Education Complex Addition and Renovation project utilizes the remaining tuition revenue bond authorization. The debt service coverage for authorized Tuition Revenue Bonds is reflected on Page 106.

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

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

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

This item was presented to the Facilities Planning and Construction Committee in October 2002.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Education Complex Addition and Renovation project at U. T. Pan American, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge  
Assistant Vice Chancellor for Finance

**The University of Texas System  
Revenue Financing System  
Debt Service Coverage  
(\$ in millions)**

	Actual			Forecast						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
As of October 1, 2002:										
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9	
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)	
Net Revenues Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0	
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	
Debt Service:										
Non - Tuition Related	(66.5)	(76.3)	(83.3)	(105.4)	(125.3)	(170.0)	(178.7)	(173.9)	(164.7)	
Tuition Related	(29.0)	(40.2)	(41.2)	(41.3)	(57.9)	(50.7)	(52.5)	(55.0)	(55.0)	
Total Debt Service	(95.5)	(116.5)	(124.5)	(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)	
Debt Service Coverage Without Tuition Bonds (x)	2.92	5.27	3.54	2.81	2.58	2.31	2.46	3.09	3.66	
Debt Service Coverage With Tuition Bonds (x)	2.04	3.46	2.38	2.30	2.08	2.01	2.13	2.59	3.00	

10. U. T. Permian Basin: Request for Acceptance of Gift of Outdoor Work of Art

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Watts that the U. T. Board of Regents accept the gift of an outdoor sculpture of green cactus as an addition to several pieces displayed in the vicinity of the Visual Arts Studios on the U. T. Permian Basin campus.

BACKGROUND INFORMATION

The proposed gift of an outdoor sculpture depicts a green cactus made from metal by a local artist. The sculpture would be included with several other pieces that are presently displayed in the vicinity of the Visual Arts Studios. The sculpture is made of galvanized metal and the cost of installation and maintenance will be minimal.

Acceptance of this gift is recommended as consistent with the Regents' Rules and Regulations, Part One, Chapter VII, Section 1, Subsection 1.2, Subdivision 1.22, relating to approval of acceptance of gifts of outdoor works of art.

This item was presented to the Facilities Planning and Construction Committee in October 2002.

11. U. T. Permian Basin - Student Housing Phase II (Project No. 501-111): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Authorization of Partial Institutional Management; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

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

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Student Housing Phase II project at U. T. Permian Basin from \$4,800,000 to \$5,800,000
- b. Authorize U. T. Permian Basin to manage \$1,000,000 of the total project budget, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Student Housing Phase II
- c. Appropriate funds and authorize expenditure of \$1,000,000 from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 111, the U. T. Board of Regents resolves that:

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

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Permian Basin, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$1,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

### BACKGROUND INFORMATION

The Student Housing Phase II project at U. T. Permian Basin is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$4,800,000 with funding from Revenue Financing System Bond Proceeds.

U. T. Permian Basin has requested that the total project cost be increased to \$5,800,000. Only \$1,000,000 from Revenue Financing System Bond Proceeds is being authorized at this time to construct two apartment-style buildings, consisting of a minimum of 32 beds, in time for the start of Fall Semester 2003. This portion of the project would best be managed by U. T. Permian Basin Facilities Management personnel who have the experience and capability to manage all aspects of the work.

The Phase II project will be brought before the U. T. Board of Regents' Facilities Planning and Construction Committee for design approval and appropriation of the \$4,800,000 funding from Revenue Financing System Bond Proceeds prior to the bidding process.

The debt will be repaid with net revenues from U. T. Permian Basin's housing operations. The projected annual debt service on U. T. Permian Basin's proposed housing project is \$467,877. The debt service coverage on the proposed housing project is expected to be at least 1.3 times. The overall debt service coverage for U. T. Permian Basin is expected to be at least 1.04 times (see Page 112).



A separate agenda item is being processed for approval to buy out the Odessa Housing Finance Corporation interest in the U. T. Permian Basin student apartments known as Falcon's Nest (see Page 44).

This item was presented to the Facilities Planning and Construction Committee in October 2002.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Student Housing Phase II project at U. T. Permian Basin, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge  
Assistant Vice Chancellor for Finance

The University of Texas of the Permian Basin  
Student Housing Phase II

Project Level (Actual \$)	Actual			Forecast						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
Revenues	242,706	203,319	211,254	249,139	403,777	468,010	791,578	842,399	896,512	
Expenses	216,596	185,186	239,890	238,901	219,300	238,236	298,818	308,724	318,973	
Net Income	26,110	18,133	(28,636)	10,238	184,477	229,774	492,760	533,675	577,539	
Pledged Revenue from Bookstore				-	-	80,000	115,000	75,000	30,000	
Revenue Available for Debt Service	26,110	18,133	(28,636)	10,238	184,477	309,774	607,760	608,675	607,539	
Debt Service				70,000	238,000	467,877	467,877	467,877	467,877	
Debt Service Coverage	n.a.	n.a.	n.a.	n.a.	2.64	1.30	1.30	1.30	1.30	

Campus Level: (\$ in millions)	Actual			Forecast						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
Beginning Fund Balance	2.58	3.74	4.77	4.70	6.30	6.29	6.37	6.56	7.10	
Total Current Unrestricted Revenues	17.7	22.5	22.7	22.5	23.1	24.0	25.6	26.6	27.7	
Total Current Unrestricted Expenditures	(15.3)	(17.4)	(18.1)	(19.0)	(20.8)	(21.8)	(23.0)	(23.6)	(24.5)	
Net Revenues	2.4	5.1	4.6	3.6	2.3	2.2	2.6	3.0	3.2	
Debt Service	(1.1)	(2.4)	(2.5)	(1.9)	(2.2)	(2.0)	(2.3)	(2.3)	(2.3)	
Other Mandatory Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Mandatory Transfers	(1.1)	(2.4)	(2.5)	(1.9)	(2.2)	(2.0)	(2.3)	(2.3)	(2.3)	
Nonmandatory Transfers	(0.1)	(1.5)	(2.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
Adjustments	(0.0)	(0.1)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	
Net Increase/(Decrease)	1.2	1.0	(0.1)	1.6	(0.0)	0.1	0.2	0.5	0.8	
Ending Fund Balance	3.7	4.8	4.7	6.3	6.3	6.4	6.6	7.1	7.9	
Debt Service Coverage	2.07	2.09	1.83	1.91	1.04	1.09	1.13	1.27	1.37	
Debt Service as % of Budget	7.0%	12.3%	12.2%	8.9%	9.4%	8.5%	9.3%	9.0%	8.7%	

U.T. System (\$ in millions)	Actual			Forecast						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9	
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)	
Net Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0	
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	
Debt Service	(95.5)	(116.6)	(124.5)	(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)	
Debt Service Coverage	2.04	3.46	2.38	2.30	2.08	2.01	2.13	2.59	3.00	
Debt Service as % of Budget	2.2%	2.5%	2.5%	2.7%	3.2%	3.7%	3.7%	3.6%	3.3%	

12. U. T. Tyler - Student Resident Home: Request for Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Mabry that the U. T. Board of Regents appropriate funds and authorize expenditure totaling \$1,400,000 from Revenue Financing System Bond Proceeds for the Student Resident Home project at U. T. Tyler.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 115, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Tyler, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$1,400,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

## BACKGROUND INFORMATION

The Student Resident Home project at U. T. Tyler is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$1,400,000 with funding from Revenue Financing System Bond Proceeds. The Chancellor approved institutional management of the project and design development in August 2002.

The construction will provide 10,000 gross square feet of student housing for approximately 34 students. The facility is the first resident-type home to be constructed on campus. Additional student housing is needed for Fall Semester 2003 due to increased student enrollment.

The debt will be repaid with net revenues from the housing operation revenues. The annual debt service is projected to be \$96,328. The debt service coverage for the Student Resident Home is expected to be at least 1.44 times. The overall debt service coverage for U. T. Tyler is expected to be at least 1.07 times (see Page 116).

This item was presented to the Facilities Planning and Construction Committee in October 2002.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Student Resident Home project at U. T. Tyler, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

The University of Texas at Tyler  
Student Resident Home

Project Level (Actual \$)	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Revenues	-	-	-	-	-	148,500	203,425	208,915	219,479
Expenses	-	-	-	-	-	38,000	41,080	44,192	45,518
Net Income	-	-	-	-	-	110,500	162,345	164,723	173,961
Transfers	-	-	-	49,000	-	-	-	-	-
Debt Service	-	-	-	49,000	-	-	-	-	-
Ending Balance	-	-	-	-	-	33,500	99,517	167,913	245,546
Debt Service Coverage	-	-	-	n.a.	1.00	1.44	1.69	1.71	1.81

Campus Level: (\$ in millions)

	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Beginning Fund Balance	4.68	4.64	7.72	8.27	8.69	7.86	7.71	8.06	8.46
Total Current Unrestricted Revenues	25.4	32.9	33.3	36.8	38.1	39.2	41.8	44.4	46.0
Total Current Unrestricted Expenditures	(24.4)	(27.9)	(30.7)	(34.3)	(33.9)	(35.3)	(36.7)	(38.2)	(39.7)
Net Revenues	1.0	5.0	2.6	2.5	4.1	3.9	5.1	6.2	6.4
Debt Service	(1.1)	(1.5)	(1.5)	(1.4)	(3.5)	(3.6)	(4.7)	(3.3)	(3.2)
Other Mandatory Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Mandatory Transfers	(1.1)	(1.5)	(1.5)	(1.4)	(3.5)	(3.6)	(4.7)	(3.3)	(3.2)
Nonmandatory Transfers	0.1	(0.3)	(0.5)	(0.8)	(1.5)	(0.5)	0.0	(2.5)	(2.5)
Adjustments	(0.0)	(0.1)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Net Increase/(Decrease)	(0.0)	3.1	0.5	0.4	(0.8)	(0.1)	0.3	0.4	0.6
Ending Fund Balance	4.6	7.7	8.3	8.7	7.9	7.7	8.1	8.5	9.1
Debt Service Coverage	0.85	3.33	1.77	1.86	1.19	1.10	1.07	1.87	1.96
Debt Service as % of Budget	4.5%	5.1%	4.6%	3.8%	9.3%	9.2%	11.4%	8.0%	7.6%

U.T. System (\$ in millions)

	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)
Net Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Debt Service	(95.5)	(116.6)	(124.5)	(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)
Debt Service Coverage	2.04	3.46	2.38	2.30	2.08	2.01	2.13	2.59	3.00
Debt Service as % of Budget	2.2%	2.5%	2.5%	2.7%	3.2%	3.7%	3.7%	3.6%	3.3%

13. U. T. Southwestern Medical Center - Dallas - Thermal Energy Plant - Phase 2: Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, and President Wildenthal that the U. T. Board of Regents amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the Thermal Energy Plant - Phase 2 at U. T. Southwestern Medical Center - Dallas from \$30,000,000 from Performance Contracts to \$25,000,000 from Revenue Financing System Bond Proceeds and \$5,000,000 from Interest on Local Funds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 119, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Southwestern Medical Center - Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$25,000,000



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

### BACKGROUND INFORMATION

The Thermal Energy Plant - Phase 2 at U. T. Southwestern Medical Center - Dallas is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$30,000,000 with funding from Performance Contracts.

U. T. Southwestern Medical Center - Dallas has requested a change in funding to \$25,000,000 from Revenue Financing System Bond Proceeds and \$5,000,000 from Interest on Local Funds. The project has been divided into two parts. The first part includes the installation of energy efficient lighting that will result in energy savings. Local Funds will be used to purchase and install the lighting. The second part includes a high-voltage substation and distribution, standby power generation, and replacement of two aged steam chillers with new electric chillers. Significant additional savings can be derived from using Revenue Financing System Bond Proceeds to finance the work.

The \$25,000,000 in Revenue Financing System debt will be repaid from the project's energy savings. The annual debt service is projected to be \$3,044,034 with projected debt service coverage of at least 1.15 times. The overall debt service coverage for U. T. Southwestern Medical Center - Dallas is expected to be at least 2.52 times. The financing forecast for this project is set forth on Page 120.

This item was presented to the Health Affairs Committee and the Facilities Planning and Construction Committee in October 2002.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Thermal Energy Plant – Phase 2 project at U. T. Southwestern Medical Center - Dallas, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, the Tenth Supplemental Resolution, and the Eleventh Supplemental Resolution.

EXECUTED this 14th day of October, 2002

/s/ Philip Aldridge  
Assistant Vice Chancellor for Finance

**U. T. Southwestern Medical Center - Dallas  
Thermal Energy Plant – Phase 2**

Project Level (Actual \$)	Forecast						
	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Beginning Balance	1,391,065	451,710	451,710	758,092	785,972		
Reduction in energy costs	3,059,515	4,321,832	4,661,346	4,711,407	5,059,165		
Incremental costs to achieve savings	(730,950)	(826,089)	(859,221)	(881,402)	(916,418)		
Net Savings	2,328,565	3,495,744	3,802,125	3,830,005	4,142,747		
Debt Service	(937,500)	(3,044,034)	(3,044,034)	(3,044,034)	(3,044,034)		
Annual Savings Before Sharing	1,391,065	451,710	758,092	785,972	1,098,713		
Debt Service Coverage	2.48	1.15	1.25	1.26	1.36		

	Actual						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
<b>Campus Level: (\$ in millions)</b>							
Beg. Fund Balance	197.3	210.8	225.6	231.7	249.1	267.0	289.6
Total Current Unrestricted Revenues	383.7	437.5	462.1	499.0	529.7	559.1	580.2
Total Current Unrestricted Expenditures	(356.0)	(395.3)	(414.0)	(447.0)	(470.2)	(486.6)	(507.5)
Net Revenues	27.7	42.2	48.0	52.0	59.4	72.5	72.7
Debt Service	(9.0)	(13.3)	(12.3)	(15.9)	(19.9)	(23.8)	(28.7)
Other Mandatory Transfers	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.9)	(0.1)
Total Mandatory Transfers	(9.1)	(13.3)	(12.4)	(15.9)	(19.9)	(24.7)	(28.8)
Nonmandatory Transfers	(4.0)	(13.0)	(28.9)	(17.3)	(20.2)	(23.8)	(13.6)
Adjustments	(1.1)	(1.0)	(0.6)	(1.4)	(1.4)	(1.4)	(1.4)
Net Inc./Dec. for Year	13.5	14.8	6.1	17.4	17.9	22.7	29.0
End. Fund Balance	210.8	225.6	231.7	249.1	267.0	289.6	318.6
Debt Service Coverage	3.05	3.16	3.88	3.26	2.98	2.93	2.52
Debt Service to Operating Expenses	2.5%	3.2%	2.9%	3.4%	4.0%	4.7%	5.4%

	Forecast						
	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08
<b>U.T. System (\$ in millions)</b>							
Available Revenues	5,569.5	5,876.5	6,153.6	6,429.4	6,767.1	7,085.9	
Operating Expenses	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)	
Net Available for Debt Service	339.9	382.6	444.3	493.6	594.2	660.0	
Other Mandatory Transfers	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	
Debt Service	(146.8)	(183.3)	(220.7)	(231.1)	(228.9)	(219.7)	
Debt Service Coverage	2.30	2.08	2.01	2.13	2.59	3.00	
Debt Service to Operating Expenses	2.7%	3.2%	3.7%	3.7%	3.6%	3.3%	

14. U. T. Health Science Center - Houston - Expansion of Student Housing (Project No. 701-856): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase the Total Project Cost

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, and President Willerson that the U. T. Board of Regents amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Expansion of Student Housing project at U. T. Health Science Center - Houston from \$7,000,000 to \$28,700,000 with funding from Revenue Financing System Bond Proceeds.

### BACKGROUND INFORMATION

The Expansion of Student Housing project at U. T. Health Science Center - Houston is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$7,000,000 with funding from Revenue Financing System Bond Proceeds.

The project has increased from 96 units of student housing to between 300 and 325 garden style units, predominately one-bedroom apartments. The demand for apartment complex living continues to increase since the project was first proposed, with a current waiting list of 329 students.

This item was presented to the Health Affairs Committee and the Facilities Planning and Construction Committee in October 2002.

15. U. T. Health Science Center - Houston - Indoor Air Quality at the Medical School (Project No. 701-946): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, and President Willerson that the U. T. Board of Regents amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to approve an increase in the total project cost for the Indoor Air Quality at the Medical School project at U. T. Health Science Center - Houston from \$16,200,000 to \$26,200,000 with additional funding of \$10,000,000 from Energy Conservation Financing.

### BACKGROUND INFORMATION

The Indoor Air Quality at the Medical School project at U. T. Health Science Center - Houston is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$16,200,000 with funding of \$13,304,541 from Permanent University Fund Bond Proceeds and \$2,895,459 from Hospital Revenues.

To complete the retrofit of the Medical School Building, U. T. Health Science Center - Houston has requested the increase in the total project cost of \$10,000,000 be funded from Energy Conservation Financing with LoanStar Proceeds utilizing a Memorandum of Understanding with the State Energy Conservation Office. The Memorandum of Understanding will be submitted to the Board for approval via the Docket if the request is approved by the State. These proceeds will be repaid with anticipated cost savings from energy conservation related to the project.

This item was presented to the Health Affairs Committee and the Facilities Planning and Construction Committee in October 2002.

16. U. T. Health Science Center - Houston - Freeman Building Replacement: Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, and President Willerson that the U. T. Board of Regents amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the Freeman Building Replacement project at U. T. Health Science Center - Houston from \$29,000,000 from Permanent University Fund Bond Proceeds and \$51,000,000 from Insurance Claims to \$29,000,000 from Gifts and Grants and \$51,000,000 from Insurance Claims.

### BACKGROUND INFORMATION

The Freeman Building Replacement project at U. T. Health Science Center - Houston is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$80,000,000 with funding of \$29,000,000 in Permanent University Fund Bond Proceeds and \$51,000,000 in Insurance Claims.

Since construction of the Freeman Building has not started, U. T. Health Science Center - Houston has requested that the \$29,000,000 in Permanent University Fund Bond Proceeds approved by the Board in November 2001 for the Freeman Building Replacement project be transferred back to the Research Expansion Project and that the funding be replaced with \$29,000,000 from Gifts and Grants (see Item 17 on Page 124).

This item was presented to the Facilities Planning and Construction Committee in October 2002.

17. U. T. Health Science Center - Houston - Research Expansion Project (Project No. 701-059): Request to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, and President Willerson that the U. T. Board of Regents amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the Research Expansion Project (also known as The Institute of Molecular Medicine Building) at U. T. Health Science Center - Houston from \$21,000,000 from Permanent University Fund Bond Proceeds and \$99,000,000 from Gifts and Grants to \$50,000,000 from Permanent University Fund Bond Proceeds and \$70,000,000 from Gifts and Grants for a preliminary project cost of \$120,000,000.

### BACKGROUND INFORMATION

The Research Expansion Project at U. T. Health Science Center – Houston is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$120,000,000 with funding of \$21,000,000 from Permanent University Fund Bond Proceeds and \$99,000,000 from Gifts and Grants.

Revision of the source of funds is recommended as the institution wishes to proceed with replacement of the Research Expansion Project prior to the Freeman Building Replacement (see Item 16 on Page 123). Approval of this item will restore \$29,000,000 in Permanent University Fund Bond Proceeds initially approved for the Research Expansion Project that was temporarily reallocated to the Freeman Building Replacement project in November 2001. U. T. Health Science Center - Houston has requested that the \$21,000,000 from Permanent University Fund Bond Proceeds be increased by \$29,000,000 to be transferred from the Freeman Building Replacement project. The funding of \$99,000,000 from Gifts and Grants will be reduced to \$70,000,000.

This item was presented to the Health Affairs Committee and the Facilities Planning and Construction Committee in October 2002.

18. U. T. Health Center - Tyler: Request for Acceptance of Gift of Outdoor Work of Art

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, and President Garvey that the U. T. Board of Regents accept the gift of an outdoor sculpture honoring Camp Fannin veterans for the entrance of the U. T. Health Center - Tyler campus.

### BACKGROUND INFORMATION

The proposed gift of an outdoor sculpture depicts a soldier made from bronze standing in the center of a star configuration with each point of the star representing a branch of the United States Armed Services. The soldier sculpture will be provided by Angela Mia of El Paso, Texas. The five-sided pedestal seating area will provide visitors to the memorial a place to reflect on the past and remember those who served in all wars. The permanent memorial is to preserve the historical legacy of Camp Fannin, the World War II camp that was on the site of the current Health Center, and to honor the 250,000 individuals trained there.

Acceptance of this gift is recommended as consistent with the Regents' Rules and Regulations, Part One, Chapter VII, Section 1, Subsection 1.2, Subdivision 1.22, relating to approval of acceptance of gifts of outdoor works of art. An endowment will be established by the Camp Fannin Association to cover installation and to care for the monument.

This item was presented to the Facilities Planning and Construction Committee in October 2002.



## INFORMATIONAL REPORT

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

#### REPORT

The quarterly report on Historically Underutilized Businesses for building construction for the U. T. System is set forth below. The total expenditures for Building Construction and Other Facilities by the Office of Facilities Planning and Construction through the fourth quarter for Fiscal Year 2002 were approximately \$292,000,000. Of that amount, 9.3% was paid to Certified Historically Underutilized Businesses, 1.28% was paid to Graduated Historically Underutilized Businesses, and Non-Certified Historically Underutilized Businesses received 12.9% for a total of 24% or approximately \$70,091,000. By comparison in Fiscal Year 2001, 10.20% was paid to Certified Historically Underutilized Businesses, 1.47% was paid to Graduated Historically Underutilized Businesses, and Non-Certified Historically Underutilized Businesses received 2.10% for a total of 13.77% or \$22,692,000.

This information will be forwarded for inclusion in the U. T. System Administration HUB Report to the State.