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Board Meeting: 11/15/2012
Tyler, Texas

Printice L. Gary, Chairman
James D. Dannenbaum, Vice Chairman
Alex M. Cranberg
R. Steven Hicks
Robert L. Stillwell

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9. U. T. Medical Branch - Galveston: Victory Lakes Specialty Care Center Expansion - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	5:20 p.m. Action <i>Mr. O'Donnell</i>	Action	172
10. U. T. Medical Branch - Galveston: Campus Infrastructure at Victory Lakes - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	5:25 p.m. Action <i>Mr. O'Donnell</i>	Action	174
Adjourn	5:30 p.m.		

1. **U. T. System Board of Regents: Review of Consent Agenda items, if any, referred for Committee consideration**

(The proposed Consent Agenda is at the back of the book.)

2. U. T. System: Fiscal Year 2012 Energy Utility Task Force Report

REPORT

Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, will provide the annual report on the progress of the Energy Utility Task Force for Fiscal Year 2012. The Task Force was created in February 2001 to evaluate and recommend strategies for U. T. System institutions to reduce energy consumption, better manage commodity price risk, and leverage purchasing power to reduce energy costs.

Initial recommendations and energy consumption reduction goals were presented to, and previously endorsed by, the Board on November 8, 2001, and a 10%-15% reduction in energy usage was targeted for Fiscal Year 2011. On November 10, 2011, the Board approved extending the 2001 baseline energy reduction goals an additional 5%-10% through Fiscal Year 2021. The estimated reduction in energy usage from baseline levels is 24% for Fiscal Year 2012. Since Fiscal Year 2001, reductions in energy consumption per square foot by U. T. System institutions have resulted in cumulative savings of \$338 million.

As most of the low cost energy reduction projects and systems have been installed, what remains is major recapitalization of existing energy inefficient systems to meet the future reduction goals.

3. U. T. M. D. Anderson Cancer Center: Radiology Outpatient Center Two - Amendment of the FY 2013-2018 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President DePinho that the U. T. System Board of Regents amend the FY 2013-2018 Capital Improvement Program (CIP) to include the Radiology Outpatient Center Two project at U. T. M. D. Anderson Cancer Center as follows:

Project No.:	703-X60	
Institutionally Managed:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project Delivery Method:	Design-Build	
Substantial Completion Date:	May 2014	
Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Proposed</u> \$20,000,000
Investment Metrics:	<u>By 2015</u>	
	<ul style="list-style-type: none"> • Increase capacity by reducing appointment waiting time from 30 days to one day • Reduce waiting time from arrival to scan by 30 minutes • Increase images currently performed by other institutions by 5% 	

BACKGROUND INFORMATION

Project Description

This project will expand the diagnostic imaging resources to address space and capacity constraints. The building will be located at the corner of Pressler and Fannin Streets, adjacent to the existing Dan Duncan Family Institute for Cancer Prevention and Risk Assessment. Utilizing premanufactured cassettes and modular building construction, the project will be fast-tracked to meet the needs of current and projected future patient volumes in the immediate area of the main campus. The project will include new roadwork and parking facilities as well as covered drop-off areas for patients.

The existing MRI and CT capacity is insufficient to support budgetary growth goals, and institutional projections have estimated that the need for imaging services will continue to increase. This lack of capacity will negatively impact patient care activities and reduce the financial contribution to the institution. Further exacerbating issues with increasing volume, the institution is currently unable to replace MRI or CT equipment and maintain adequate patient access. The reserve volume capacity cannot absorb the downtime associated with the normal replacement cycles of equipment without overbooking patient schedules, leading to long patient waiting times, patient dissatisfaction, and increased overtime cost of employees. The ability to address the demand for imaging services while maintaining a high level of patient satisfaction by improving patient access is critical.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. The institutionally managed projects are subject to review by the Board of Regents for design development. This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

4. U. T. System: U. T. System Administration Replacement Office Building - Amendment of the FY 2013-2018 Capital Improvement Program to include project (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents amend the FY 2013-2018 Capital Improvement Program (CIP) to include the U. T. System Administration Replacement Office Building project at U. T. System as follows:

Project No.:	101-690	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	March 2016	
Total Project Cost:	<u>Source</u> Revenue Financing System Bond Proceeds ¹	<u>Proposed</u> \$102,417,000
Funding Note:	¹ Revenue Financing System debt is proposed to be repaid from Available University Fund and lease income	
Investment Metric:	Reduce the financial operating expenses of the current U. T. System complex	

BACKGROUND INFORMATION

U. T. System seeks to consolidate its offices from five buildings in the downtown area into one building in the downtown area. A task force comprised of U. T. System officials has extensively studied the feasibility of different options and determined that constructing a single replacement facility with aboveground parking is the best option. This more efficient facility is projected to save \$2-\$5 million annually and generate net present value savings of over \$50 million over the next 30 years. These savings will be directed toward student success. The building will be located on U. T. System-owned land north of Seventh Street in downtown Austin to maintain proximity to U. T. Austin, the Texas Capitol, and U. T. System employee residences.

The 16-level structure (with one level below ground) will be comprised of approximately 258,500 gross square feet for office space. The building will have a modern board room adapted for videoconferencing, U. T. System office and meeting space, as well as central conference and eating spaces, and limited retail space. Additionally, the project will include garage capacity for 650-700 cars.

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

5. U. T. Dallas: School of Management Phase II - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents approve the recommendations for the School of Management Phase II project at U. T. Dallas as follows:

Project No.: 302-642
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: August 2014
Total Project Cost:

<u>Source</u>	<u>Current</u>
Revenue Financing System Bond Proceeds ¹	\$20,000,000
Permanent University Fund Bond Proceeds	<u>\$ 5,000,000</u>
	\$25,000,000

Funding Note: ¹ Revenue Financing System Bond Proceeds to be repaid from Designated Tuition

Investment Metrics: By 2017

- Increase enrollment by 5,000 full-time equivalent students
- Increase tenure-track faculty from 493 to 610

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$25,000,000 with funding of \$20,000,000 from Revenue Financing System Bond Proceeds and \$5,000,000 from Permanent University Fund Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$20,000,000.

BACKGROUND INFORMATION

Debt Service

The \$20,000,000 in aggregate Revenue Financing System debt will be repaid from Designated Tuition. Annual debt service on the \$20,000,000 Revenue Financing System debt is expected to be \$1,300,000. The institution's debt service coverage is expected to be at least 2.2 times and average 2.6 times over FY 2013-2018.

Previous Board Action

On August 25, 2011, the project was included in the CIP with a total project cost of \$25,000,000 with funding of \$20,000,000 from Revenue Financing System Bond Proceeds and \$5,000,000 from Permanent University Fund Bond Proceeds.

Project Description

The approximately 108,000 gross square foot addition to the existing Naveen Jindal School of Management building will include classrooms, seminar rooms, classroom laboratories, student support space, and offices. The project will also provide for common business school functional space including a trading lab, economics lab, career center, media center, interview rooms, and an expansion to the Executive Education center. Part of the third and all of the fourth floors of this addition will be shelled space to realize efficiencies of scale and provide impetus for future gifts.

A centerpiece of the project will be a two-story common area fronting a new courtyard. Together, the common and courtyard areas will provide space for individual and group study, casual collaboration, and café service. The project will also include parking and additional chilling plant capacity.

The University is facing a critical space crunch as enrollment has increased from 14,500 students in 2007 to a projected 20,000 students this fall; a 30% increase in four years. The School of Management, the University's largest and most highly ranked school, and a world-leading research business school, is critical to U. T. Dallas' Strategic Plan growth imperative. The School interacts closely with the Engineering School, collaborating in systems engineering and management. The School of Management launched the Institute for Innovation and Entrepreneurship, the focal point for technology commercialization and business start-up, the success of which has created the need for more space.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with existing campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with similar existing campus buildings.

6. U. T. Dallas: Student Housing Living Learning Center, Phase IV - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents approve the recommendations for the Student Housing Living Learning Center, Phase IV project at U. T. Dallas as follows:

Project No.: 302-678
Housing/Dining/Recreation Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: July 2014
Parking Garage Project Delivery Method: Competitive Sealed Proposals
Substantial Completion Date: October 2014

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds ¹	\$70,000,000
	Auxiliary Enterprises Balances ²	\$ 3,000,000
	Unexpended Plant Funds ³	<u>\$ 2,000,000</u>
		\$75,000,000

Funding Notes:
¹ Revenue Financing System debt is proposed to be repaid from rental income, auxiliary food service revenue, parking fees, and activity center fees
² Auxiliary Enterprises Balances are from parking fees and rental income
³ Unexpended Plant Funds are from balance of funds from project close-out

Investment Metric: This project will directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students by 2017, for a total student population of 21,000.

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$75,000,000 with funding of \$70,000,000 from Revenue Financing System Bond Proceeds, \$3,000,000 from Auxiliary Enterprises Balances, and \$2,000,000 from Unexpended Plant Funds;
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master

Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$70,000,000.

BACKGROUND INFORMATION

Debt Service

The \$70,000,000 in aggregate Revenue Financing System debt will be repaid from housing and parking revenues, and activity center fees. Annual debt service on the \$70,000,000 Revenue Financing System debt is expected to be \$4,600,000. The institution's debt service coverage is expected to be at least 2.2 times and average 2.6 times over FY 2013-2018.

Previous Board Action

On November 10, 2011, the project was included in the CIP with a total project cost of \$75,000,000 with funding of \$70,000,000 from Revenue Financing System Bond Proceeds, \$3,000,000 from Auxiliary Enterprises Balances, and \$2,000,000 from Unexpended Plant Funds.

Project Description

This project will combine residential, student learning spaces, recreational facilities, and dining services into one, shared complex. The facility containing approximately 339,000 gross square feet will house 600 students as well as classrooms, student success centers, and offices to support living learning communities within the building. The dining facility will provide meal plan dining for 800 students, retail food purchase, and a Campus Store. The recreation facility will be located directly above dining and contain a large court area that can accommodate two full-size convertible basketball courts, a large fitness/cardio area, dance/exercise studio, lockers, and staff offices. The project will also include a 750 car parking garage.

Current student housing is operating at 100% occupancy. U. T. Dallas provides approximately 3,098 beds and a private provider houses approximately 2,056 beds on campus. There is a waiting list of 400 students as of July 2012. The total number of on-campus beds will increase to 6,154 upon completion of Phase IV scheduled for July 2014 and the anticipated opening of the Student Housing Living Learning Center, Phase V scheduled for Fall 2013. These beds will be reserved for use by incoming freshman students, with any unused beds being rented to upper-class students.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with existing campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with similar types of student housing.

7. U. T. Pan American: Academic and Administration Building Addition - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Nelsen that the U. T. System Board of Regents approve the recommendations for the Academic and Administration Building Addition project at U. T. Pan American as follows:

Project No.:	901-712	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	June 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Higher Education Assistance Fund (HEAF)	\$ 7,140,000
	Unexpended Plant Funds ¹	\$ 4,760,000
		\$11,900,000

Funding Note: ¹ Unexpended Plant Funds are from Designated Tuition

- Investment Metrics:**
- Increase freshman to junior retention by 1% per year from 2015 to 2018
 - Increase classroom space to provide 128 additional instructional sections to be taught in the general classrooms

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$11,900,000 with funding of \$7,140,000 from HEAF and \$4,760,000 from Unexpended Plant Funds.

BACKGROUND INFORMATION

Previous Board Action

On May 3, 2012, the project was included in the CIP with a total project cost of \$11,900,000 with funding of \$7,140,000 from HEAF and \$4,760,000 from Unexpended Plant Funds.

Project Description

The three-level facility will be designed to commercial standards and will add approximately 40,640 gross square feet for the new University College program, general classrooms, administration and faculty offices, and support space. Currently, administration and compliance functions are scattered throughout the campus. The new building will blend programmatically and architecturally with the adjacent University Center and the Marialice Shary Shivers Administration Buildings.

U. T. Pan American is working to establish a new University College that will focus on providing entering undergraduate students with a smooth and successful transition to college life by

unifying the support services and resources necessary for students to succeed and reduce the time required for graduation. University College space will include general classroom space and all administrative offices necessary for the functioning of the college including: a teaching and learning center to support successful undergraduate learning and faculty teaching development; staff office space for administering undergraduate programs that are focused on undergraduate success, including grant-funded success projects; and conference space. Additional space will include the University Writing Center, Office of International Programs, and Office of Student Engagement and Experimental Learning to create an efficient academic center.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 25-30 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with existing campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with similar existing campus buildings.

8. U. T. Health Science Center - Houston: University Housing, Phase III Expansion - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Colasurdo that the U. T. System Board of Regents approve the recommendations for the University Housing, Phase III Expansion project at U. T. Health Science Center - Houston as follows:

Project No.: 701-709
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: May 2014
Total Project Cost:

<u>Source</u>	<u>Current</u>
Revenue Financing System Bond Proceeds ¹	\$24,591,000

Funding Note: ¹ Revenue Financing System Bond Proceeds to be repaid from rental income

Investment Metrics:

- Contribute to an overall lower cost of living for tenants by providing at or below market rents
- Maintain 95% or higher occupancy rate

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$24,591,000 from Revenue Financing System Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that:
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Health Science Center - Houston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$24,591,000.

BACKGROUND INFORMATION

Debt Service

The \$24,591,000 in aggregate Revenue Financing System debt will be repaid from housing revenues. Annual debt service on the \$24,591,000 Revenue Financing System debt is expected to be \$1,600,000. The institution's debt service coverage is expected to be at least 2.3 times and average 3.6 times over FY 2013-2018.

Previous Board Action

On August 23, 2012, the project was included in the Capital Improvement Program with a total project cost of \$24,591,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The proposed project will add 172 new apartment units containing a total of approximately 177,500 gross square feet. The mix of units will include 104 one-bedroom and 68 two-bedroom units. The new units will be located on 5.1 acres of vacant University land adjacent to the Phase I and Phase II Student and Faculty Housing, allowing for shared resources such as maintenance staff, security, leasing office, and site amenities. An adjacent parking structure with approximately 244 parking spaces will be included.

There is a critical need for additional housing capacity on campus. To support the mission of the University, it is critical to be able to attract and retain students and faculty. By providing on-campus housing at a cost-effective rate, U. T. Health Science Center - Houston will offer an environment that will compete with top-notch research institutions. Current campus housing consists of 806 apartment units with a waiting list of over 300 individuals. The Texas Medical Center Laurence H. Favrot Tower Apartments, which has traditionally provided housing for approximately 200 residents with ties to the Medical Center, has announced that the Favrot Tower will close effective August 31, 2012, and this will add to the demand for housing.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with existing campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient access and redundancy to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with existing campus buildings and local private sector housing.

9. U. T. Medical Branch - Galveston: Victory Lakes Specialty Care Center Expansion - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents approve the recommendations for the Victory Lakes Specialty Care Center Expansion project at U. T. Medical Branch - Galveston (UTMB) as follows:

Project No.: 601-721
Project Delivery Method: Design-Build
Substantial Completion Date: February 2015
Total Project Cost:

<u>Source</u>	<u>Current</u>
Revenue Financing System Bond Proceeds ¹	\$ 82,000,000

Funding Note: ¹ Revenue Financing System debt is proposed to be repaid from Hospital Revenues

Investment Metrics:

- Expand access for mainland patients by providing procedures and surgeries requiring up to 72-hour stay (on average)
- Ensure viability of Orthopedic, General Surgery, Cardiology, and Women's Services programs
- Increase surgical cases, diagnostic, and treatment services

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$82,000,000 from Revenue Financing System Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Medical Branch - Galveston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$82,000,000.

BACKGROUND INFORMATION

Debt Service

The \$82,000,000 in aggregate Revenue Financing System debt will be repaid from Hospital Revenues. Annual debt service on the \$82,000,000 Revenue Financing System debt is expected to be \$5,300,000. The institution's debt service coverage is expected to be at least 2.2 times and average 2.5 times over FY 2013-2018.

Previous Board Action

On August 23, 2012, the project was included in the Capital Improvement Program with a total project cost of \$82,000,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

The project will include a 142,000 gross square foot (GSF) addition to the existing Specialty Care Center at Victory Lakes on the Victory Lakes Campus in League City, Texas. The project will include additional operating rooms, an emergency department, observation units, and associated support space that will allow for procedures and surgeries requiring up to an average 72-hour stay. This project represents the next step in implementation of the Campus Master Plan, and includes consideration for future expansion to meet the needs of the community.

The Center's ambulatory surgery and complex diagnostic services will be expanded to provide 39 inpatient beds, 17 emergency/urgent care beds, additional operating rooms, endoscopy rooms, and 25,000 GSF of shell space for future development. Increased imaging capabilities including an X-ray fluoroscopy facility, ultrasound, and CT unit will be added within the existing facility.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with existing campus buildings and aligned with the Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with other hospitals in similar use. See the related item on the Campus Infrastructure at Victory Lakes project (Item 10 on the next page).

10. U. T. Medical Branch - Galveston: Campus Infrastructure at Victory Lakes - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents approve the recommendations for the Campus Infrastructure at Victory Lakes project at U. T. Medical Branch - Galveston (UTMB) as follows:

Project No.: 601-723
Project Delivery Method: Design-Build
Substantial Completion Date: August 2014
Total Project Cost:

<u>Source</u>	<u>Current</u>
Revenue Financing System Bond Proceeds ¹	\$8,080,000

Funding Note: ¹ Revenue Financing System debt is proposed to be repaid from Hospital Revenues

Investment Metrics:

- Support the UTMB strategic plan via cost effective and sustainable energy solutions
- Continue development of the Victory Lakes Campus in alignment with its master plan

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$8,080,000 from Revenue Financing System Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Medical Branch - Galveston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$8,080,000.

BACKGROUND INFORMATION

Debt Service

The \$8,080,000 in aggregate Revenue Financing System debt will be repaid from Hospital Revenues. Annual debt service on the \$8,080,000 Revenue Financing System debt is expected to be \$526,000. The institution's debt service coverage is expected to be at least 2.2 times and average 2.5 times over FY 2013-2018.

Previous Board Action

On August 23, 2012, the project was included in the Capital Improvement Program with a total project cost of \$8,080,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

This project will include an approximately 5,000 gross square foot central plant facility to provide added thermal utilities, normal and emergency electrical power, and redundancy for each system at the Victory Lakes Campus. The system will be capable of independently providing electricity, hot water, chilled water, and steam for a period of 72 hours. The design will provide for three 400 ton chillers, 6 million BTUH's of building hot water, air handling equipment, building management control systems, plumbing and fire protection, medical gases, electrical requirements including emergency power, lighting systems, fire alarm system, telephone, and data requirements for the project. This first phase will also include distribution to feed the Victory Lakes Specialty Care Center Expansion project.

UTMB has engaged in extensive reviews, both technical and financial, of various options to provide sustainable utilities infrastructure for both the UTMB main campus and for the Victory Lakes campus. The outcome of this effort is an emphasis on the ability of UTMB to provide a large portion of the electrical and thermal utility needs of each campus on its own site. This approach will support each mission area with infrastructure that is efficient and sustainable through various conditions and events.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 60-75 years
- Building Systems: 25-30 years
- Interior Construction: 60-75 years

The exterior appearance and finish of the utility plant are consistent with existing campus buildings and with the existing Campus Master Plan as they apply. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are simple and utilitarian as appropriate for a utility plant. See the related item on the Victory Lakes Specialty Care Center Expansion project (Item 9 on Page 172).

Pages 176 - 182 left intentionally blank