

1. U. T. Austin - Jack S. Blanton Museum of Art - Phase I (Project No. 102-965): Request for Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval of Total Project Cost; and Appropriation of Funds and Authorization of Expenditure

RECOMMENDATION

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

- a. Approve design development plans for the Jack S. Blanton Museum of Art - Phase I at U. T. Austin
- b. Approve evaluation of alternative energy economic feasibility
- c. Approve a total project cost of \$58,500,000
- d. Appropriate funds and authorize expenditure of \$58,500,000 from Gifts and Grants.

BACKGROUND INFORMATION

The Jack S. Blanton Museum of Art - Phase I 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 \$58,500,000 with funding from Gifts and Grants.

The Museum building will be located on the north side of Martin Luther King, Jr. Boulevard at Speedway to form a gateway and an important new southern entrance to the campus with significant visual and physical University connection to the State Capitol and to the City of Austin.

The 100,000 gross square feet of the Phase I Museum building establishes the core of the Museum project and includes areas for the permanent galleries; traveling exhibits; study and research; and support space. The primary mission of the Museum is to house a collection of over 12,000 works of art and to make these available to over 100,000 students and visitors annually.

Since its inception, the Museum has accrued the finest Latin American collection in the United States, complementing its important collection of 20th Century American paintings. Following Board approval on April 14, 2000, the Museum acquired the Suida-Manning Collection of European art. The new facility will allow scholars and visitors alike to fully enjoy this outstanding collection.

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.

This project will be self-supported. Therefore, State funds will not be expended on 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.

2. U. T. Austin - Erwin Center Renovations/Fire and Life Safety/Basketball Practice Facility (Project No. 102-053): Request to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget for Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval to Increase Total Project Cost; Approval to Revise Source of Funds; 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 Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Faulkner that the U. T. Board of Regents amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to:

- a. Approve design development plans for the Erwin Center Renovations/Fire and Life Safety/Basketball Practice Facility project at U. T. Austin

- b. Approve evaluation of alternative energy economic feasibility
- c. Increase the total project cost from \$42,400,000 to \$52,500,000
- d. Revise the source of funds from \$17,500,000 from Revenue Financing System Bond Proceeds, \$9,000,000 from Unexpended Plant Funds, \$9,900,000 from Gifts and Grants, and \$6,000,000 from Auxiliary Enterprise Balances to \$25,750,000 from Revenue Financing System Bond Proceeds, \$15,000,000 from Unexpended Plant Funds, \$5,750,000 from Gifts and Grants, and \$6,000,000 from Auxiliary Enterprise Balances
- e. Appropriate additional funds and authorize expenditure of \$22,750,000 from Revenue Financing System Bond Proceeds, \$15,000,000 from Unexpended Plant Funds, \$5,750,000 from Gifts and Grants, and \$5,000,000 from Auxiliary Enterprise Balances.

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 59, 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 \$22,750,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Erwin Center Renovations/Fire and Life Safety/Basketball Practice Facility 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 \$42,400,000 with funding of \$17,500,000 from Revenue Financing System Bond Proceeds, \$9,000,000 from Unexpended Plant Funds, \$9,900,000 from Gifts and Grants, and \$6,000,000 from Auxiliary Enterprise Balances.

This project involves three stages. Stage 1, the modification and reconfiguration of the basketball seating and its associated life safety renovation at the Frank C. Erwin, Jr. Special Events Center, has been completed. This stage was approved at the May 10, 2001 meeting of the U. T. Board of Regents as the Basketball Support Facility and was funded from \$3,000,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Auxiliary Enterprise Balances.

The project was redesignated as the Erwin Center Renovations/Fire and Life Safety/Basketball Practice Facility in the FY 2002-2007 Capital Improvement Program. During the design process it was determined that additional work was needed for the renovation portion of the project. The design development approval and increase in project scope and budget adjustment requests are being made at this time to accommodate existing building conditions for Stage 2 and Stage 3. Stage 2 will add suites, concession stands, and rest rooms; improve the fire and life safety requirements; and renovate an area of 361,000 gross square feet. Stage 3, the construction of the new basketball practice facility, will add approximately 40,000 gross square feet. The new facility will be located just south of the existing building and will include practice courts, locker rooms, and a storage facility

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.

The \$22,750,000 in debt is to be repaid from net revenues generated from Erwin Center operations, including courtside seating revenue. Annual debt service during the construction period is projected to be \$135,000 in FY 2002 and \$675,000 in FY 2003 assuming a 4.5% short-term borrowing rate. The interest expense will be paid from net revenues generated from Erwin Center operations while the project is under construction. The annual debt service is projected to be \$1,983,000 based on a 6% long-term borrowing rate with a 20-year amortization period. The annual debt service coverage for the Men's Athletic Department is expected to be at least 1.34 times, and overall debt service coverage for the component institution is expected to be at least 1.6 times. The financing forecast for this project is set forth on Page 60.

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 Erwin Center Renovations/Fire and Life Safety/Basketball Practice Facility 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, and the Tenth Supplemental Resolution.

EXECUTED this 15th day of January, 2002

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

Forecast

3. U. T. Austin - Texas Swim Center Renovation - Phase I (Project No. 102-983) and Texas Swim Center Renovation - Phase II: Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Combine Projects; Approval to Increase the Total Project Cost; and Appropriation of Additional Funds and Authorization of Expenditure

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Faulkner that the U. T. Board of Regents amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to:

- a. Approve combining the Texas Swim Center Renovation - Phase I and II at U. T. Austin into one project to be designated as the Lee and Joe Jamail Texas Swimming Center Renovation – Phases I and II
- b. Increase the total project cost from \$3,000,000 to \$5,300,000
- c. Appropriate additional funds and authorize expenditure of \$2,000,000 from Designated Tuition and \$300,000 from Auxiliary Enterprise Balances.

BACKGROUND INFORMATION

The Texas Swim Center Renovation – Phase I at U. T. Austin is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget, approved by the U. T. Board of Regents in August 2001, at a preliminary project cost of \$3,000,000 with funding from Designated Tuition. Design development and appropriation of funds for Phase I were approved by the Chancellor in March 2001. The Texas Swim Center Renovation – Phase II at U. T. Austin, approved by the U. T. Board of Regents in August 2001, is included in the FY 2002-2007 Capital

Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$2,000,000 with funding to be appropriated from Designated Tuition. The additional funding of \$300,000 will be appropriated from Auxiliary Enterprise Balances. Both projects are designated as Repair and Rehabilitation projects. The Texas Swim Center was completed in 1979 and the naming in honor of Lee and Joe Jamail was approved by the U. T. Board of Regents on February 11, 1993.

U. T. Austin requests approval to combine the two projects into a single project to be designated as the Lee and Joe Jamail Texas Swimming Center Renovation – Phases I and II. Phase I work will consist of renovation and refurbishment for the facility to comply with the Americans with Disabilities Act requirements, replacing pool windows, repairing bulkheads, replacing view booth windows, and life safety revisions. Phase II work will include upgrades to locker rooms, fire sprinklers, and pool hydraulics. There is a slight increase in the scope of work which is needed for additional repair and maintenance items that were identified in Phase I.

4. U. T. Dallas - School of Management (Project No. 302-075): 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; 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 Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Jenifer 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 School of Management at U. T. Dallas from \$30,000,000 from Permanent University Fund Bond Proceeds and \$8,000,000 from Gifts and Grants to \$30,000,000 from Permanent University Fund Bond Proceeds, \$1,325,000 from Unexpended Plant Funds, \$2,935,000 from Revenue Financing System Bond Proceeds, and \$3,740,000 from Gifts and Grants

- b. Appropriate funds and authorize expenditure of \$38,000,000 with funding of \$30,000,000 from Permanent University Fund Bond Proceeds, \$1,325,000 from Unexpended Plant Funds, \$2,935,000 from Revenue Financing System Bond Proceeds, and \$3,740,000 from Gifts and Grants.

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 65, 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. 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 \$2,935,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The School of Management project at U. T. Dallas is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$38,000,000 with funding of \$30,000,000 from Permanent University Fund Bond Proceeds and \$8,000,000 from Gifts and Grants.

The U. T. Board of Regents approved the design development plans, total project cost, and alternative energy economic feasibility on November 8, 2001. The funding approval was deferred and it is now proposed the project be funded with \$30,000,000 from Permanent University Fund Bond Proceeds, \$1,325,000 from Unexpended Plant Funds, \$2,935,000 from Revenue Financing System Bond Proceeds, and \$3,740,000 from Gifts and Grants. The \$1,325,000 of Unexpended Plant Funds and the \$2,935,000 from Revenue Financing System Bond Proceeds will be repaid as the additional gifts are received.

Revenue Financing System debt will initially fund \$2,935,000 of the project cost, as construction of the project will proceed at a faster pace than the collection of gifts. The debt is to be retired as the additional gifts are collected. The Revenue Financing System debt will be initially payable from Designated Tuition to ensure the project has sufficient cash flow to meet debt service needs, in the event that gifts are not collected as projected. The following analysis is therefore based on cash flows from the Designated Tuition budget. Annual debt service during the construction period is projected to be \$90,000 in FY 2003 assuming a 4.5% short-term borrowing rate. In FY 2004, the annual debt service is projected to be \$387,962 based on a 6.0% long-term borrowing rate with a 20-year amortization period. The annual debt service coverage based on U. T. Dallas' projected Designated Tuition budget is expected to be at least 11.5 times and overall debt service coverage for the component institution is expected to be at least 1.2 times. The financing forecast for this project is set forth on Page 66.

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 School of Management at U. T. 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, and the Tenth Supplemental Resolution.

EXECUTED this 15th day of January, 2002

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

Forecast

5. U. T. El Paso - Biosciences Facility (Project No. 201-114): 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 Executive Vice Chancellor for Academic Affairs, and President Natalicio 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 Biosciences Facility at U. T. El Paso from \$19,250,000 to \$25,000,000 with additional funding of \$5,750,000 from Revenue Financing System Bond Proceeds.

BACKGROUND INFORMATION

The Biosciences Facility 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 \$19,250,000 with funding of \$12,750,000 from Tuition Revenue Bond Proceeds and \$6,500,000 from Permanent University Fund Bond Proceeds. U. T. El Paso has requested that the total project cost be increased from \$19,250,000 to \$25,000,000 to fund the total square footage for the different phases in the construction. The requested increase of \$5,750,000 is to be funded from Revenue Financing System Bond Proceeds.

The project will construct a new, fully equipped, state-of-the-art biomedical and health science research facility that will enable U. T. El Paso to continue efforts to build health-related research and education programs.

6. U. T. Medical Branch - Galveston - BSL-4 Laboratory Facility (Project No. 601-989): 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 Acting Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Stobo that the U. T. Board of Regents amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to:

- a. Increase the total project cost for the BSL-4 Laboratory Facility at U. T. Medical Branch – Galveston from \$7,500,000 to \$15,500,000
- b. Appropriate additional funds and authorize expenditures totaling \$8,000,000 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 70, 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. 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. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$8,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The BSL-4 Laboratory Facility at U. T. Medical Branch – Galveston is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$7,500,000 with funding from Gifts and Grants.

U. T. Medical Branch – Galveston has requested that the total project cost be increased from \$7,500,000 to \$15,500,000 with the additional funding of \$8,000,000 being requested from Revenue Financing System Bond Proceeds. The construction bids came in higher than expected and the facility will now include equipment with the latest refinements in biological containment in the research environment.

The debt is to be repaid from indirect cost recoveries to be generated from federal contracts with the institution's BSL-4 Laboratory Facility. Annual debt service during the construction period is projected to be \$90,000 in FY 2002 assuming a 4.5% short-term borrowing rate. The interest expense will be paid from other local funds while the project is under construction. In FY 2003, the annual debt service is projected to be \$697,476 based on a 6% long-term borrowing rate with a 20-year amortization period. Other local funds will supplement debt service in FY 2003. By FY 2004, projected indirect cost recoveries on the project will cover the debt service. Therefore, the annual debt service coverage on the completed project is expected to be at least 1.0 times, and overall debt service coverage for the component is expected to be at least 2.4 times. The financing forecast for this project is set forth on Page 71.

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 BSL-4 Laboratory Facility at U. T. Medical Branch - Galveston, 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, and the Tenth Supplemental Resolution.

EXECUTED this 15th day of January, 2002

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

Forecast

7. U. T. Health Science Center - Houston - Indoor Air Quality at the Medical School (Project No. 701-946): Request to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; and Appropriation of Additional Funds and Authorization of Expenditure

RECOMMENDATION

The Chancellor concurs in the recommendation of the Acting Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Willerson 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 Indoor Air Quality at the Medical School at U. T. Health Science Center – Houston from \$13,640,000 to \$16,200,000
- b. Appropriate additional funds and authorize expenditure totaling \$2,560,000 from Hospital Revenues.

BACKGROUND INFORMATION

The Indoor Air Quality at the Medical School project at U. T. Health Science Center - Houston was approved on August 10, 2000 for inclusion in the Capital Improvement Program at a total project cost of \$12,400,000. Following approval of an increase by the Chancellor, the project, as included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget, had a total project cost of \$12,600,000 with funding from Permanent University Fund Bond Proceeds. In December 2001, the Chancellor approved an increase of \$1,040,000 from Hospital Revenues to increase the total project cost to \$13,640,000.

U. T. Health Science Center – Houston has requested that the total project cost be increased from \$13,640,000 to \$16,200,000 to fund the additional indoor air quality remediation work necessary to finish out the project within the Medical School Building. The requested increase of \$2,560,000 is to be funded from Hospital Revenues.

The project is under construction and consists of installation of a laboratory exhaust manifold; ductwork cleaning; and addition of new heating; venting, and air conditioning components in laboratory areas.

This project does not include work associated with a similar project, Renovations of the Medical School Building, which is in the preliminary stages of design and scope development.

8. U. T. Health Science Center - San Antonio - Sam and Ann Barshop Center for Longevity and Aging Studies (Project No. 402-047): Request for Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval of Total Project Cost; and Appropriation of Funds and Authorization of Expenditure

RECOMMENDATION

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

- a. Approve design development plans for the Sam and Ann Barshop Center for Longevity and Aging Studies at U. T. Health Science Center - San Antonio
- 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 \$16,000,000 from Gifts and Grants and \$6,000,000 from Permanent University Fund Bond Proceeds.

BACKGROUND INFORMATION

The Sam and Ann Barshop Center for Longevity and Aging Studies at U. T. Health Science Center - San Antonio 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 of \$16,000,000 from Gifts and Grants and \$6,000,000 from Permanent University Fund Bond Proceeds.

The Center will be a state-of-the-art research facility designed to support scientists to develop and employ the latest molecular techniques to discover genes that enhance health and longevity. The building will contain approximately 48,000 gross square feet of research laboratories, computational research facilities, research support areas, and administrative and building support facilities.

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.

9. U. T. M. D. Anderson Cancer Center - Bone Marrow Transplantation Laboratory: 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; and Appropriation of Additional Funds and Authorization of Expenditure

RECOMMENDATION

The Chancellor concurs in the recommendation of the Acting Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn 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 Bone Marrow Transplantation Laboratory at U. T. M. D. Anderson Cancer Center from \$4,100,000 to \$6,800,000
- b. Appropriate additional funds and authorize expenditure of \$2,700,000 from Hospital Revenues.

BACKGROUND INFORMATION

The Bone Marrow Transplantation Laboratory at U. T. M. D. Anderson Cancer Center is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$4,100,000 with funding from Hospital Revenues. The project entails renovation of existing space and includes demolishing and rebuilding mechanical, electrical, and plumbing systems to meet strict U. S. Food and Drug Administration (FDA) standards for Good Manufacturing Practices (GMP) laboratories. The FDA has indicated that biological agents and extensively manipulated hematopoietic cellular transplants must be prepared under GMP conditions and have issued regulations governing marrow and blood stem cell transplantation.

The scope and budget for this project has expanded because of recent regulatory changes promulgated by the FDA for GMP laboratories. These regulatory changes have required reprogramming of the laboratory to include additional circulation space and redesign of the entire heating, venting, and air conditioning systems to regulate airflow and pressurization within the laboratory. The revisions are intended to ensure a unidirectional flow of staff, products, and air through the laboratory, decreasing the possibility of cross-contamination of products produced in the laboratory. Further, additional program space has been added to accommodate the increased cell storage requirements of the bone marrow transplantation program.

On May 11, 2000, the project was approved by the U. T. Board of Regents for institutional management.

10. U. T. M. D. Anderson Cancer Center - HMB Parking Replacement Garage (Project No. 703-116): 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 Acting Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. Board of Regents:

- a. Approve design development plans for the HMB Parking Replacement Garage at U. T. M. D. Anderson Cancer Center
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve a total project cost of \$21,600,000

- d. Appropriate funds and authorize expenditure of \$19,400,000 from Revenue Financing System Bond Proceeds and \$2,200,000 from Hospital Revenues.

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 79, 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. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$19,400,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The HMB Parking Replacement Garage at U. T. M. D. Anderson Cancer Center is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$21,600,000 with funding of \$19,400,000 from Revenue Financing System Bond Proceeds and \$2,200,000 from Hospital Revenues.

The project is the first of two proposed above-grade parking structures. Located south of the Ambulatory Clinical Building, the parking garage will be connected to the Ambulatory Clinical Building by an above-grade pedestrian bridge. This site is located between Houston Lighting and Power transformers and the Texas Energy Cooperative central plant, and is not readily suited to construction of occupied space for patient care. The site does lend itself well for vehicle parking for the adjacent development. Additionally, the second floor of the parking garage provides a potential site for emergency generators to service the future buildings on the Houston Main Building (HMB) site.

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 debt is to be repaid from revenues generated by the U. T. M. D. Anderson Cancer Center HMB Parking Replacement Garage. Annual debt service during the construction period is projected to be \$218,250 in FY 2002 and \$873,000 in FY 2003 assuming a 4.5% short-term borrowing rate. The interest expense will be paid from institutional reserves while the project is under construction. In FY 2004, the annual debt service is projected to be \$1,691,380 based on a 6% long-term borrowing rate with a 20-year amortization period. Using existing Texas Medical Center parking rates and operating expenses projected by the component institution, the annual debt service coverage on the completed project is expected to be at least 1.2 times, and overall debt service coverage for the component institution is expected to be at least 3.0 times. The financing forecast for this project is set forth on Page 80.

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

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 HMB Parking Replacement Garage at U. T. M. D. Anderson Cancer Center, 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, and the Tenth Supplemental Resolution.

EXECUTED this 15th day of January, 2002

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

Forecast

INFORMATIONAL REPORT

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

REPORT

Committee Chairman Clements will summarize Historically Underutilized Business (HUB) expenditures for building construction.