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FOR
FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

Committee Meeting: 2/10/2016

Board Meeting: 2/11/2016
Galveston, Texas

Brenda Pejovich, Chairman
David J. Beck
Alex M. Cranberg
Wallace L. Hall, Jr.
R. Steven Hicks

	Committee Meeting	Board Meeting	Page
Convene	<i>12:30 p.m.</i> <i>Chairman Pejovich</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>12:30 p.m.</i> Discussion	Action	379
<u>Additions to CIP</u>			
2. U. T. Dallas: Student Housing Phase VII - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)	<i>12:35 p.m.</i> Action <i>President ad interim Wildenthal</i>	Action	380
3. U. T. Health Science Center - Houston: Academic Extension Building Renovation - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt (Final Board approval)	<i>12:45 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	382
<u>Design Development Approval</u>			
4. U. T. Southwestern Medical Center: U. T. Southwestern Monty and Tex Moncrief Medical Center at Fort Worth - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; approval of design development; approval of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	<i>12:50 p.m.</i> Action <i>President Podolsky</i> <i>Mr. O'Donnell</i>	Action	384
Adjourn	<i>1:00 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The proposed Consent Agenda is located at the back of the book. The Consent Agenda item assigned to this Committee is on [Page 762](#).

2. U. T. Dallas: Student Housing Phase VII - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President *ad interim* Wildenthal that the U. T. System Board of Regents amend the FY 2016-2021 Capital Improvement Program (CIP) to include the Student Housing Phase VII project at U. T. Dallas as follows:

Project No.:	302-997	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	July 2017	
Total Project Cost:	<u>Source</u> Revenue Financing System Bond Proceeds ¹	<u>Proposed</u> \$33,500,000
Funding Note:	¹ Revenue Financing System (RFS) proposed to be repaid from rental revenue	
Investment Metric:	<ul style="list-style-type: none">• Directly support the University's Strategic Plan imperative of increasing enrollment to more than 27,500 students by 2017	

BACKGROUND INFORMATION

Previous Action

On October 7, 2015, the Chancellor approved this project for Definition Phase.

Project Description

U. T. Dallas is critically short of housing space to accommodate current and new students who wish to live on campus. In addition to increased student enrollment, a much larger percentage of today's students are full-time, residential students who make use of campus facilities. The University has constructed 2,200 beds in the past six years and currently has a waiting list of 1,200 students.

The proposed residence hall will contain a mix of one-bedroom, two-bedroom, and four-bedroom configurations for a total of 400 beds. Encompassing approximately 165,000 gross square feet, the four-story project will provide entry-level areas for reception, administration, a common laundry facility, and a computer lounge. Study space for students will be located on each floor. Exterior amenities will include surface parking, bike racks, and patio seating areas.

Current student housing is operating at 100% occupancy. U. T. Dallas provides approximately 4,750 beds for students, and the total number of beds will increase to 5,550 with the completion of the Student Housing Phase VI and VII projects.

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.

Below is a chart comparing U. T. Dallas' housing costs:

U. T. Dallas Housing Phase	Housing Type	Building Cost *	Beds	Avg. \$/Bed	U. T. System Avg. \$/Bed
I, II, III, V	Dormitory	\$110,297,830	1,604	\$68,764	\$54,315
IV	Dormitory	\$ 37,699,038	600	\$62,832	\$54,315
VI	Apartment	\$ 30,170,000	400	\$75,425	\$69,772
VII	Apartment	\$ 26,193,521	400	\$65,484	\$69,772

* Building Costs have been escalated to 2015 dollars from the project's mid-point of construction.

3. U. T. Health Science Center - Houston: Academic Extension Building Renovation - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, 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 amend the FY 2016-2021 Capital Improvement Program (CIP) to include the Academic Extension Building Renovation project at U. T. Health Science Center - Houston as follows:

Project No.: 701-937

Institutionally Managed: Yes

Project Delivery Method: Construction Manager-at-Risk

Substantial Completion Date: November 2019

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds ¹	\$23,000,000

Funding Note: ¹Revenue Financing System (RFS) proposed to be repaid from indirect cost recovery and practice plan funds

- a. approve a total project cost of \$23,000,000 with funding from RFS Bond Proceeds;
- b. appropriate funds;
- c. authorize U. T. Health Science Center - Houston to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Health Science Center - 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 \$23,000,000.

BACKGROUND INFORMATION

Debt Service

The \$23,000,000 in RFS debt will be repaid from indirect cost recovery and practice plan funds. Annual debt service on the \$23,000,000 RFS debt is expected to be \$1.8 million. The institution's debt service coverage is expected to be at least 2.7 times and average 3.2 times over FY 2016-2021.

Previous Actions

On May 14, 2015, the Board authorized the purchase of the land and the existing Texas Medical Center Library building for immediate office use and future development and campus expansion. The Board deferred approval of this project (formerly known as the Medical School Extension Building Renovation project) at the same meeting. On September 28, 2015, the Chancellor approved the Academic Extension Building Renovation project for Definition Phase.

Project Description

This project will renovate the five story, 160,000 gross square foot (GSF) Academic Extension Building. The institution's faculty and staff currently occupy two floors of the building, and an additional floor that is vacant offers an opportunity for future growth. The Texas Medical Center Library occupies the basement and first floor, and the Baylor College of Medicine occupies a small portion of the building. As a tenant in the building, the Texas Medical Center Library will receive a tenant improvement allowance to renovate its space. The tenant improvement allowance of \$8.6 million is included in the Total Project Cost of this project.

The close proximity of this building to the institution's medical school makes it a critical facility for the long-term future growth of the University. The original facility was constructed in 1954 and a second phase was added in 1975. The mechanical, electrical, and plumbing systems are all original to the building. The outdated and antiquated systems will be replaced with modern, energy efficient systems to allow this facility to be viable for the next 20 years.

At \$106 per GSF, the cost for this renovation is significantly lower than the replacement cost, estimated to be \$331 per GSF.

This proposed repair and rehabilitation 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 President for approval at a later date. It has been determined that this project would best be managed by U. T. Health Science Center - Houston Facility Management personnel who have the experience and capability to manage all aspects of the work, especially as it requires extensive coordination with the building occupants.

4. U. T. Southwestern Medical Center: U. T. Southwestern Monty and Tex Moncrief Medical Center at Fort Worth - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; approval of design development; approval of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Podolsky that the U. T. System Board of Regents amend the FY 2016-2021 Capital Improvement Program (CIP) to include the U. T. Southwestern Monty and Tex Moncrief Medical Center at Fort Worth project at U. T. Southwestern Medical Center as follows:

Project No.: 303-1009
Institutionally Managed: Yes
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: November 2016

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds ¹	\$40,000,000
	Medical Services, Research and Development Plan/Professional Fees	\$36,948,185
		\$76,948,185

Funding Note: ¹ Revenue Financing System (RFS) to be repaid from Medical Services, Research and Development Plan/Professional (MSRDP) Fees

- Investment Metrics:**
- Increase annual outpatient clinic visits to 80,000 by 2021
 - Expand clinical enterprise to Fort Worth and surrounding areas
- a. approve a total project cost of \$76,948,185;
 - b. approve design development plans;
 - c. authorize U. T. Southwestern to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
 - d. appropriate funds and authorize expenditure of \$40,000,000 from RFS Bond Proceeds and \$36,948,185 from MSRDP Fees; and
 - e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. Southwestern Medical Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$40,000,000.

BACKGROUND INFORMATION

Debt Service

The 40,000,000 in RFS debt will be repaid from MSRDP Fees. Annual debt services on the \$40,000,000 RFS debt is expected to be \$3.1 million. The institution's debt service coverage is expected to be at least 2.6 times and average 3.0 times over FY 2016-2021.

Previous Actions

On August 20, 2015, the Board approved the purchase of the land and partially completed building for this project and authorized naming of the facility. On September 21, 2015, Executive Vice Chancellor Greenberg approved this project for Definition Phase.

Project Description

The U. T. Southwestern Monty and Tex Moncrief Medical Center at Fort Worth will expand clinical services in Fort Worth beyond cancer-related treatments. The 105,000 gross square foot, three-story facility will have 10 clinics, laboratory services, and an imaging center. The clinic space will include exam and procedure rooms for multiple specialties, including Urology, Ophthalmology, Dermatology, Physical Medicine and Rehabilitation, Neurology, Upper Respiratory, and Musculoskeletal.

The clinical expansion will strengthen the institution's ability to serve residents of Fort Worth and surrounding areas, improving access to medical care, research, and educational opportunities. The expansion will also allow patients to create a primary care contact near their homes, while generating specialty and inpatient acute care referrals to the main campus in Dallas.

At the time of purchase, the building core and shell were 80% complete and the interior finish was 15% complete. Site improvements (e.g., parking lots, street improvements) had not begun. In September 2015, U. T. Southwestern received approval, as part of the Definition Phase, to spend \$5 million to complete the remaining 20% of the building core and shell, site work, clinical programming, and schematic design for the finish-out of the outpatient facility. The initial purchase cost of \$28.5 million and the subsequently approved \$5 million are included in the Total Project Cost of this project.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. It has been determined that this project would best be managed by U. T. Southwestern Medical Center Facility Management personnel who have the experience and capability to manage all aspects of the work.

Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 50 years

Building Systems: 30 years

Interior Construction: 30 years

The interior and exterior appearance and finish are consistent with the Moncrief Cancer Institute, which is located nearby and will give U. T. Southwestern Medical Center facilities a consistent look. 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.