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Committee Meeting: 5/10/2006

Board Meeting: 5/11/2006
Austin, Texas

John W. Barnhill, Jr., Chairman
H. Scott Caven, Jr.
Rita C. Clements
Robert A. Estrada
Colleen McHugh

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1. **U. T. System: Consideration of possible designation of projects as architecturally or historically significant**

- U. T. Austin Chilling Station Replacement
- U. T. Austin Computer Sciences Building
- U. T. Austin Renovation of John W. Hargis Hall with Visitor Center
- U. T. Austin Student Activity Center
- U. T. Dallas Campus Landscape Enhancement Project
- U. T. El Paso Basketball Complex

RECOMMENDATION

It is recommended that the Committee review the following projects scheduled for architectural selection to determine if any should be designated as architecturally or historically significant. Regents' *Rules and Regulations*, Series 80302, requires that proposed projects be reviewed to determine if any are of special interest because of proposed building site, historical or cultural significance, proposed use, or other unique characteristics. For projects of special interest, the Facilities Planning and Construction Committee will select the architect.

U. T. Austin

Chilling Station Replacement (See Page 149 and Item 14 on Page 110 in the Academic Affairs Committee)

Proposed Project Cost: \$35,000,000

Anticipated Delivery Method: Construction Manager at Risk

Computer Sciences Building (See Page 150 and Item 11 on Page 106 in the Academic Affairs Committee)

Proposed Project Cost: \$67,000,000

Anticipated Delivery Method: Construction Manager at Risk

Renovation of John W. Hargis Hall with Visitor Center (See Page 151 and Item 12 on Page 107 in the Academic Affairs Committee)

Proposed Project Cost: \$3,500,000

Anticipated Delivery Method: Construction Manager at Risk

Student Activity Center (See Page 152 and Item 13 on Page 109 in the Academic Affairs Committee)

Proposed Project Cost: \$44,000,000

Anticipated Delivery Method: Construction Manager at Risk

U. T. Dallas

Campus Landscape Enhancement (See Page 153 and Item 15 on Page 111 in the Academic Affairs Committee)

Proposed Project Cost: \$10,000,000

Anticipated Delivery Method: Competitive Sealed Proposals

U. T. El Paso

Basketball Complex (See Page 154 and Item 16 on Page 112 in the Academic Affairs Committee, and Items 1 and 2 on Page Docket - 18)

Proposed Project Cost: \$10,600,000

Anticipated Delivery Method: Construction Manager at Risk

Chilling Station Replacement U. T. Austin

Project Description. The new modern and energy efficient Chilling Station Replacement is being requested for addition to the FY 2006-2011 Capital Improvement Program at a total project cost of \$35,000,000 (See Item 14 on Page 110). This project will construct a new building of approximately 27,000 gross square feet to replace Chilling Station No. 2 containing equipment around 50 years old. The project will also involve building a new cooling tower, within the power plant complex, to serve the chillers. Chilling Station No. 2 and related cooling tower will be demolished after this new Chilling Station Replacement is completed. Demolition of the existing Chilling Station No. 2 will accommodate the new building for Computer Sciences. The cost to demolish Chilling Station No. 2 is included in the Computer Sciences Building project.

Proposed Site. The project will occupy a site adjacent to the Hal C. Weaver Power Plant Annex currently occupied in part by an addition on the east end of T. U. Taylor Hall, containing two antiquated auditorium classrooms. The new cooling tower supporting the new chilling station will replace an existing wooden cooling tower, around 30 years old, in the power plant yard between the Power Plant Annex building and PPL (Hal C. Weaver Power Plant), both part of the power plant complex.

Age. The proposed new building is a new facility that will replace Chilling Station No. 2, built in 1930.

Current/Past Use of the Building, and Compliance with the Campus Master Plan. Design guidelines in the Campus Master Plan will dictate the appearance of the new building, plus its connection to the adjacent existing Power Plant. The current use of Chilling Station No. 2 is to provide chilled water to cool the campus. The current system provides 7,500 tons of cooling and the new system will provide 10,000 tons of cooling, plus equipment intended to improve the power plant efficiency. The additional capacity is needed to support campus growth and cooling needs. Demolition of the existing building structure will allow the construction of a new building to support the Department of Computer Sciences.

Other Relevant Information. The proposed site lies south of the Power Plant Annex, just to the east of T. U. Taylor Hall.

Computer Sciences Building U. T. Austin

Project Description. The Computer Sciences Building is being requested for addition to the FY 2006-2011 Capital Improvement Program at a total project cost of \$67,000,000 (See Item 11 on Page 106). This project will construct a new building of approximately 138,500 gross square feet.

Proposed Site. A site adjacent to existing buildings housing the Department of Computer Sciences space and currently occupied by Chilling Station No. 2 will become available when the existing chilling station is replaced in a separate project by a modern, energy-efficient chilling station adjacent to the existing Power Plant Annex. The new Computer Sciences Building will connect to T. U. Taylor Hall and the Applied Computational Engineering and Sciences Building.

Age. The proposed new building is a new facility.

Current/Past Use of the Building, and Compliance with the Campus Master Plan. Design guidelines in the Campus Master Plan will dictate the appearance and height of the new building plus its connection to the adjacent existing buildings. The current use of T. U. Taylor Hall is academic space to support the Department of Computer Sciences.

Other Relevant Information. The proposed site lies just north of the E. P. Schoch Building and the East Mall.

Renovation of John W. Hargis Hall with Visitor Center U. T. Austin

Project Description. The Renovation of John W. Hargis Hall with Visitor Center is being requested for addition to the FY 2006-2011 Capital Improvement Program at a Total Project Cost of \$3,500,000 (See Item 12 on Page 107). This project will renovate John W. Hargis Hall to upgrade the building for life safety and accessibility compliance while also adding a visitor center and making improvements to space that houses Freshman Admissions.

Proposed Site. John W. Hargis Hall is located just north of the Frank C. Erwin Special Events Center, at the corner of Martin Luther King, Jr. Boulevard and Red River Street.

Age. John W. Hargis Hall was built in 1888.

Current/Past Use of the Building, and Compliance with the Campus Master Plan. The proposed project does not envision making any substantial change to the exterior appearance of the building.

Other Relevant Information. Formerly Building H of the Little Campus property (now the Heman Sweatt Campus); renamed in 1983 for former special assistant to the president of the University.

Student Activity Center U. T. Austin

Project Description: The Student Activity Center is being requested for addition to the FY 2006-2011 Capital Improvement Program at a Total Project Cost of \$44,000,000 (See Item 13 on Page 109). This project will construct a new building of approximately 125,000 gross square feet.

Proposed Site: The Student Activity Center will be constructed on an existing parking lot, located on the East Mall near the Dr. Martin Luther King, Jr., statue, Gregory Gymnasium, and the new Gregory Gymnasium Aquatic Complex. This location will place the new facility in the geographic center of the core campus. The Campus Master Plan recognized the value of this central location and recommended the parking lot north of Gregory Gymnasium as a prime site for a future building.

Age: The proposed building is a new facility.

Current/Past Use of the Building, and Compliance with the Campus Master Plan:

The Campus Master Plan recognized the value of this central location and recommended the parking lot north of Gregory Gymnasium as a prime site for a future building. Recommendations in the Campus Master Plan will guide the appearance and height of the new building.

Other Relevant Information: A thorough Feasibility Study looked at several possible sites and revealed the proposed site as the prime location for the Student Activity Center.

Campus Landscape Enhancement Project U. T. Dallas

Project Description. The Campus Landscape Enhancement Project will be in the FY 2006-2011 Capital Improvement Program at a Total Project Cost of \$10,000,000 as a repair and rehabilitation project (See Item 15 on Page 111). This project will enhance the campus perimeter along Campbell Road frontage, the University Boulevard entrance, the campus central plaza surrounded by the McDermott Library, the Student Union, the Founders Building and the Cecil H. and Ida Green Center for the Study of Science and Society, and the secondary project elements such as the north mall and Rutford Avenue. This project will also provide recommendations regarding parking, vehicular traffic, and placement of future buildings and housing.

Proposed Site. This project involves the entire U. T. Dallas campus.

Age. Not Applicable.

Current/Past Use of the Project, Compliance with the Campus Master Plan. This project is in keeping with the U. T. Dallas Campus Master Plan 2003 update which calls for enhancing the open space and landscaping and developing visibility to the community on all sides.

Other Relevant Information. U. T. Dallas is using the competitive sealed proposal for project delivery and is issuing Requests for Qualifications for the Landscape Architect selection.

Basketball Complex U. T. El Paso

Project Description: The Basketball Complex is being requested for addition to the FY 2006-2011 Capital Improvement Program at a Total Project Cost of \$10,600,000 (See Item 16 on Page 112). This project will construct a new building of approximately 41,000 gross square feet.

Proposed Site: The Basketball Complex will be constructed adjacent to the Don Haskins Special Events Center. This location currently has a small building of 2,006 gross square feet which houses the University Ticket Center. This small building was previously a gas station and was acquired by the University in 1977. This small building is not historically significant.

Age: The proposed building is a new facility.

Current/Past Use of the Building, and Compliance with the Campus Master Plan: The Campus Master Plan indicates that development of this site should be in support of activities related to the Don Haskins Special Events Center. This project is therefore in compliance with the Master Plan.

Other Relevant Information: None.

2. **U. T. Arlington: Student Activities Building Renovation and Expansion - Phase I - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Spaniolo that the U. T. System Board of Regents approve the recommendations for the Student Activities Building Renovation and Expansion - Phase I project at The University of Texas at Arlington as follows:

Project Number: 301-226

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: January 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$16,370,005	\$30,000,000

- a. increase total project cost;
- b. approve design development plans;
- c. approval of evaluation of alternative energy economic feasibility;
- d. appropriate funds and authorize expenditure of funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$13,629,995.

BACKGROUND INFORMATION

Debt Service

The total \$30,000,000 in Revenue Financing System debt will be repaid from net revenues generated from campus recreation fees. Average annual debt service on the project is estimated at \$2.1 million. The institution's debt service coverage with the inclusion of this project is expected to be at least 2.5 times and average 2.8 times over FY 2006 - FY 2011.

Previous Board Action

On August 11, 2005, the repair and rehabilitation project was included in the CIP with a preliminary project cost of \$16,370,005 with funding appropriated from Revenue Financing System Bond Proceeds.

Project Description

This project will add 83,000 gross square feet of new space to the existing Activities Building and renovate 102,000 gross square feet of existing space. The project scope will renovate the entrances, existing locker rooms, existing basketball courts, and auditorium. The project scope will add 19,000 gross square feet for a weight and fitness space, a 1/7 mile fitness track, two courts to the existing two basketball courts, a student social area, a learning computer area, and training and office spaces to accommodate the needs of the Campus Recreation programs.

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. System Board of Regents as part of the design development presentation.

3. U. T. Austin: Performing Arts Center Infrastructure Upgrades Phase I and II - Request for approval of design development and approval of evaluation of alternative energy economic feasibility

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Performing Arts Center Infrastructure Upgrades Phase I and II project at The University of Texas at Austin as follows:

Project Number: 102-159

Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build

Substantial Completion Date: September 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$14,200,000
	Unexpended Plant Funds	\$ 500,000
		<u>\$14,700,000</u>

- a. approve design development plans for the exterior appearance of the south elevation of the building resulting from the entry lobby/atrium expansion; and
- b. approve the evaluation of alternative energy economic feasibility.

BACKGROUND INFORMATION

Previous Board Actions

On November 13, 2002, the Phase I project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$400,000 for Programming only with funding from Designated Tuition. Boora Architects was selected for the repair and renovation project for fire and life safety upgrades to the facility. On August 8, 2003, the Phase II project was included in the CIP with a preliminary project cost of \$7,600,000 with funding from Revenue Financing System Bond Proceeds. With the adoption of the CIP on August 11, 2005, Phase I and Phase II of the project were combined in the CIP and the total project cost increased to \$14,700,000 to include additional renovation work and program enhancement work as described in the program document as opportunities for enhanced egress, accessibility, and performing art center support spaces. The total project cost is funded with \$14,200,000 from Revenue Financing System Bond Proceeds and \$500,000 from Unexpended Plant Funds. Under the

proposal, the lobby/atrium was expanded and, as a result, the south facade was changed and enhanced. Because of the proposed change to the exterior appearance, this project is back before the Board of Regents for review and approval.

Project Description

The project is a repair and rehabilitation project consisting of fire and life safety upgrades for the exit path, the fire protection, the mechanical system, and exposed finishes.

Renovation work will include changes to the exterior appearance of the south elevation of the building lobby/atrium at all levels.

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 or an addition to an existing building. Therefore, the Project Architect prepared a renewable energy 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. System Board of Regents as part of the design development presentation.

- 4. **U. T. Austin: Renovations to UFCU Disch-Falk Field - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Renovations to UFCU Disch-Falk Field project at The University of Texas at Austin as follows:

Project Number: 102-225

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: February 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$11,000,000	\$14,000,000
	Gifts	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>
		\$18,000,000	\$21,000,000

- a. increase total project cost;
- b. approve design development plans;
- c. approval of evaluation of alternative energy economic feasibility;
- d. appropriate funds and authorize expenditure of funds; 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. 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. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$3,000,000.

BACKGROUND INFORMATION

Debt Service

The \$14,000,000 in total Revenue Financing System debt will be repaid from net revenues generated from ticket sales. Average annual debt service on the project is estimated at \$1.2 million. The institution's debt service coverage with the inclusion of this project is expected to be at least 1.02 times and average 1.08 times over FY 2008 - FY 2010.

Previous Board Actions

On August 11, 2005, the project was included in the CIP with a preliminary project cost of \$18,000,000 with funding of \$11,000,000 from Revenue Financing System Bond

Proceeds and \$7,000,000 from Gifts. On October 12, 2005, the Board approved the name change from Disch-Falk Field to the UFCU Disch-Falk Field.

Project Description

This project includes abatement of existing asbestos-containing materials and lead-based paint; renovations and expansion to the seating areas, the press box, player development areas, and public concourses and plazas; renovations and upgrades to concessions and restrooms; renovations to the ticket office; replacement of the field lighting system; a new facade; upgrades to the sound system; a new spectator club area; and new spectator suites. The proposed increase in the total project cost will provide additional improvements to player development areas, accessibility, and fire and life safety elements.

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. System Board of Regents as part of the design development presentation.

5. **U. T. Health Science Center - San Antonio: Cyclotron Addition - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; and appropriation of funds and authorization of expenditure**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Cigarroa that the U. T. System Board of Regents approve the recommendations for the Cyclotron Addition project at The University of Texas Health Science Center at San Antonio as follows:

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: January 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Gifts	\$1,600,000
	Library, Equipment, Repair and Rehabilitation	\$ 500,000
	Unexpended Plant Funds	<u>\$ 900,000</u>
		\$3,000,000

- a. approve design development plans;
- b. approve the evaluation of alternative energy economic feasibility; and
- c. appropriate funds and authorize expenditure of funds.

BACKGROUND INFORMATION

Previous Board Action

On November 10, 2005, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$3,000,000 with funding of \$1,600,000 from Gifts, \$900,000 from Unexpended Plant Funds, and \$500,000 from Library, Equipment, Repair and Rehabilitation (LERR).

Project Description

This project will add approximately 3,000 gross square feet to the Robert F. McDermott Clinical Science Building. Recently, Dr. Peter Fox, Director of the Research Imaging Center (RIC), was successful in recruiting a renowned scientist who requires a state-of-the-art dual beam, negative ion cyclotron. The RIC is used to study basic mechanisms of cognition, learning, development, and aging in animal models for human diseases. One of the RIC's most heavily used resources is the cyclotron. The cyclotron is now a 13 year old single-beam system producing radiotracers that are used for imaging. The purchase of a new cyclotron and associated radio-synthetic equipment will approximately triple the production capacity of the present cyclotron and support radiopharmaceutical research.

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. System Board of Regents as part of the design development presentation.

6. U. T. Health Science Center - Houston: Expansion of RAHC Public Health Satellite - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to decrease total project cost; approval of design development plans; approval of evaluation of alternative energy economic feasibility; approval to revise funding sources; appropriation of funds and authorization of expenditure; and authorization of institutional management

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Willerson that the U. T. System Board of Regents approve the recommendations for the Expansion of RAHC (Regional Academic Health Center) Public Health Satellite project at The University of Texas Health Science Center at Houston as follows:

Project Number: 701-250
Institutionally Managed: Yes No
Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build
Substantial Completion Date: February 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Grants	\$3,000,000	
	Unexpended Plant Funds	\$1,000,000	
		\$4,000,000	
	Library, Equipment, Repair and Rehabilitation		\$3,000,000

- a. decrease total project cost;
- b. approve design development plans;
- c. approve the evaluation of alternative energy economic feasibility;
- d. revise funding sources;
- e. appropriate funds and authorize expenditure of funds; and
- f. authorize U. T. Health Science Center - Houston to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

Previous Board Action

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$4,000,000 with funding of \$3,000,000 from Grants and \$1,000,000 from Unexpended Plant Funds.

Project Description

U. T. Health Science Center - Houston is requesting institutional management for the project. The scope of the project will be revised and the funding sources will be revised from \$3,000,000 from Grants and \$1,000,000 from Unexpended Plant Funds to \$3,000,000 from Library, Equipment, Repair and Rehabilitation (LERR). The project completes approximately 7,600 gross square feet of shell space already existing in the building and creates 4,500 gross square feet of new space in the corner area adjoining the two wings of the existing building. This addition will be used for BSL-3 laboratory space on the second floor, and community outreach and population-based research on the first floor.

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. System Board of Regents as part of the design development presentation.

U. T. Health Science Center - Houston Facilities Management personnel have the experience and capability to manage all aspects of the work.

7. **U. T. M. D. Anderson Cancer Center: Braeswood Parking Garage - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the

U. T. System Board of Regents approve the recommendations for the Braeswood Parking Garage project at The University of Texas M. D. Anderson Cancer Center as follows:

Project Number: 703-252
Institutionally Managed: Yes No
Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build
Substantial Completion Date: August 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$20,000,000	\$35,000,000
	Hospital Revenues	\$ 6,000,000	\$ 8,500,000
		<u>\$26,000,000</u>	<u>\$43,500,000</u>

- a. increase total project cost;
- b. approve design development plans;
- c. approval of evaluation of alternative energy economic feasibility;
- d. appropriate funds and authorize expenditure of funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$35,000,000.

BACKGROUND INFORMATION

Debt Service

The \$35,000,000 in Revenue Financing System debt will be repaid from net revenues generated from parking fees. Average annual debt service on the project is estimated at \$3.2 million. Assuming U. T. M. D. Anderson Cancer Center owns the whole project, debt service coverage on the project is expected to be at least 0.64 times and average 1.96 times over FY 2009 - FY 2038.

Previous Board Action

On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$26,000,000 with funding of \$20,000,000 from Revenue Financing System Bond Proceeds and \$6,000,000 from Hospital Revenues.

Project Description

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.

The Braeswood Parking Garage will be used to accommodate parking needs for the Faculty Center Tower, Jesse H. Jones Rotary House International, and future valet requirements. Existing parking facilities and current prioritization leave a main campus shortfall of parking spaces. U. T. M. D. Anderson Cancer Center requires significantly more parking spaces to correct the shortfall and support upcoming facilities such as the Faculty Center Tower. The Braeswood Parking Garage will be designed to accommodate up to 2,400 vehicles. In addition to the design and construction of the parking garage, the revised total project cost includes design services only for a future pedestrian bridge connecting the parking garage to the main campus 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. System Board of Regents as part of the design development presentation.

8. **U. T. Arlington: Energy Performance Contract - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Spaniolo that the U. T. System Board of Regents approve the recommendations for the Energy Performance Contract project at U. T. Arlington as follows:

Project Number: 301-228

Institutionally Managed: Yes No

Architecturally or Historically Significant: Yes No

Project Delivery Method: Performance Contract

Substantial Completion Date: August 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$15,000,000	\$18,000,000

- a. increase the total project cost;
- b. appropriate additional funding of \$3,000,000 from Revenue Financing System Bond Proceeds and authorize expenditure; 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. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$3,000,000.

BACKGROUND INFORMATION

Debt Service

The incremental \$3,000,000 in Revenue Financing System debt will be repaid from energy cost savings. The institution's debt service coverage is expected to average 2.98 times over FY 2006 - FY 2011.

Previous Board Action

On August 11, 2005, the repair and rehabilitation project was included in the CIP with a preliminary project cost of \$15,000,000 with funding appropriated from Revenue Financing System Bond Proceeds.

Project Description

U. T. Arlington has been working closely with Siemens Buildings Technologies, Inc. and Carter & Burgess, Inc. engineering firms to determine the most attractive energy cost reduction measures to incorporate into the project. Buildings have been surveyed for electrical, HVAC, water, passive, and renewable energy measures and annual dollar savings have been reported. The study has resulted in the acceptance of 18 energy cost reduction measures, thus the increase in the total project cost.

9. U. T. Austin: Applied Research Lab Expansion - Phase II - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Applied Research Lab Expansion - Phase II project at The University of Texas at Austin as follows:

Project Number: 102-080

Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build

Substantial Completion Date: April 2007

Total Project Cost:	<u>Source</u> Grants	<u>Current</u> \$3,000,000	<u>Proposed</u> \$3,500,000
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- a. increase the total project cost; and
- b. appropriate additional funds and authorize expenditure of funds.

BACKGROUND INFORMATION

Previous Board Action

On August 8, 2001, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$2,500,000 with funding from Grants. On February 9, 2006, the Board approved the design development plans, increased the total project cost to \$3,000,000, and funding was appropriated from Grants.

Project Description

This project will provide increased research space for the Applied Research Lab by adding approximately 17,000 gross square feet to the existing McKinney Wing at the J. J. Pickle Research Campus with additional administrative offices and technical work spaces. The increase in total project cost will allow for the project scope and increases in costs and fees.

10. U. T. Austin: Nueces Garage - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to reduce total project cost and redesignate project as the San Antonio Garage Additional Parking Levels

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Nueces Garage project at The University of Texas at Austin as follows:

Project Number: 102-246
Architecturally or Historically Significant: Yes No
Project Delivery Method: Design/Build
Substantial Completion Date: February 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$20,500,000	\$8,500,000

- a. reduce the total project cost; and
- b. redesignate project as San Antonio Garage Additional Parking Levels.

BACKGROUND INFORMATION

Previous Board Action

On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$20,500,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

A new parking garage on Nueces Street has been planned for years, but a joint effort with a property owner never materialized and U. T. Austin has no vacant land west of campus on which to build a new garage. The top of the existing San Antonio Garage offers the best immediate solution to the shortage of parking to serve the west side of campus. Two additional levels of parking will be constructed to add 400 new parking spaces to the San Antonio Garage.

- 11. U. T. Southwestern Medical Center - Dallas: Laboratory Research and Support Building (formerly Biosafety Level Three Laboratory) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Wildenthal that the U. T. System Board of Regents approve the recommendations for the Laboratory Research and Support Building [formerly Biosafety Level Three (BSL-3) Laboratory] project at U. T. Southwestern Medical Center - Dallas as follows:

Project Number: 303-203

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: December 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$25,000,000	\$36,600,000

- a. increase the total project cost;
- b. appropriate additional funding of \$11,600,000 from Revenue Financing System Bond Proceeds and authorize expenditure; 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. Southwestern Medical Center - Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$11,600,000.

BACKGROUND INFORMATION

Debt Service

The \$36,600,000 total debt service in Revenue Financing System debt will be repaid from indirect cost recovery revenues. Annual debt service on the project is estimated at \$16.6 million. Debt service coverage on the project is expected to be at least 0.91 times and average 1.35 times over the first 10 years of operation (FY 2006 - FY 2015).

Previous Board Actions

On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$9,600,000 with funding of \$7,200,000 from Grants and \$2,400,000 from Unexpended Plant Funds. On May 12, 2005, the Board approved the design development plans and increased the total project cost to \$25,000,000 with revised funding appropriated from Revenue Financing System Bond Proceeds.

Project Description

The facility will be a four-story building containing approximately 76,111 gross square feet. Two floors will serve as pathogen-free vivarium facilities for animal holding, procedures, laboratories, cage washing and autoclave, and associated material handling and storage. The increase in total project cost is to finish out the shell space in the remaining two floors. The need to complete the space is based on recruitment plans for department chairs and expansion of the vivarium.

12. U. T. M. D. Anderson Cancer Center: Bastrop Research and Education Building (Phase I of the Bastrop Facility Strategic Plan) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; revise funding sources; and appropriation of funds and authorization of expenditure

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. System Board of Regents approve the recommendations for the Bastrop Research and Education Building (Phase I of the Bastrop Facility Strategic Plan) project at The University of Texas M. D. Anderson Cancer Center as follows:

Project Number: 703-195

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: January 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$10,000,000	
	Hospital Revenues (Phase I)	\$ 7,000,000	\$26,000,000
	Grants (Phase I)	\$ 4,000,000	\$ 4,000,000
		<u>\$21,000,000</u>	<u>\$30,000,000</u>

- a. increase total project cost;
- b. revise funding sources; and
- c. appropriate funds and authorize expenditure of \$19,000,000 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Board Actions

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$9,000,000 with funding from Hospital Revenues. With the adoption of the FY 2006-2011 CIP on August 11, 2005, the project was included in the CIP with a preliminary project cost of \$21,000,000 with funding of \$10,000,000 from Revenue Financing System Bond Proceeds, \$7,000,000 from Hospital Revenues, and \$4,000,000 from Grants. On November 10, 2005, the Board approved the Bastrop Research and Education Building (BREB) (Phase I) design development plans and appropriated \$7,000,000 from Hospital Revenues and \$4,000,000 from Grants.

Project Description

The scope of the project has been increased to build out previous portions of the building not relating to the core functions. U. T. M. D. Anderson Cancer Center is requesting a revision to the funding sources for the second stage of the BREB at a combined total project cost of \$30,000,000, inclusive of both stages. The project consists of a building of approximately 34,000 gross square feet to provide basic research laboratories, education space, primate research laboratories, pathology support, and various site and infrastructure upgrades. The building will be consistent with the low rise/low profile theme of the Bastrop campus and will contain a combination of laboratories and offices and conference and teaching spaces.

The recruitment of Christian Abee, D.V.M., to the Bastrop campus has created a need to house his owl monkey and squirrel monkey colonies. Dr. Abee had already secured a National Institutes of Health (NIH) grant at his previous position with the University of South Alabama. This grant is currently being transferred to U. T. M. D. Anderson Cancer Center. Combining the scope of the NIH grant with the BREB and the previously scheduled pathology renovation for this campus revealed that efficiencies could be gained by combining these programs into one building. The BREB will support institutional objectives for accommodating vivarium and office space needs, and increasing research, education, and support space with the construction of this new facility.

13. U. T. M. D. Anderson Cancer Center: South Campus Vivarium Facility - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. System Board of Regents approve the recommendations for the South Campus Vivarium Facility project at The University of Texas M. D. Anderson Cancer Center as follows:

Project Number: NA
Institutionally Managed: Yes No
Architecturally or Historically Significant: Yes No
Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: July 2007

Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Current</u> \$25,000,000	<u>Proposed</u> \$45,000,000
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- a. increase the total project cost; and
- b. appropriate funds and authorize expenditure of \$20,000,000 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Board Action

On August 11, 2005, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$25,000,000 with funding from Hospital Revenues. On November 10, 2005, the Board approved the design development plans and appropriated \$25,000,000 from Hospital Revenues.

Project Description

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.

U. T. M. D. Anderson Cancer Center continues to develop the South Campus area with increasing numbers of researchers being located at the South Campus and new buildings being constructed. Adequate and convenient access to animals has become critical. To address this need, this project is a redevelopment of the existing Physical Plant Building. Upon completion, the existing Physical Plant Building will include animal holding, procedure, and attendant support functions.

The South Campus Vivarium was originally conceived as a five phase expansion of the existing Vivarium within the Smith Research Building. The existing Smith Research Building Vivarium is currently at over 95% capacity. With the recent completion of the South Campus Research Building Two and the impending construction of the Center for Advanced Biomedical Imaging Research Building, the forecasted requirements for research animals on South Campus now exceed the animal capacity originally planned for Phase I. U. T. M. D. Anderson Cancer Center needs to move forward now with Phases II through V to provide adequate animal housing on the South Campus. Phases II through V allow for additional animal housing and support infrastructure, required mechanical equipment, and office space for additional staff.

14. **U. T. Austin: Request to Name the Visitors' Center at McDonald Observatory as the Frank N. Bash Visitors' Center at McDonald Observatory**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Powers that the U. T. System Board of Regents approve the naming of the Visitors' Center at McDonald Observatory as the Frank N. Bash Visitors' Center at McDonald Observatory to recognize the significant contributions and commitment of Dr. Frank N. Bash to McDonald Observatory.

BACKGROUND INFORMATION

The Visitors' Center is the astronomical public education outreach office for the McDonald Observatory. The Center, completed in 2002, hosts over 130,000 visitors per year, offering educational displays and programming of the Texas Astronomy Education Center, daily tours of the research facilities, and solar viewing programs as well as “star parties” for nighttime viewing.

Dr. Frank N. Bash has dedicated a significant part of his professional career to the development of McDonald Observatory as a premier site for professional astronomers and casual observers alike. Dr. Bash began teaching in the Astronomy Department at U. T. Austin as a Faculty Associate in 1967, and in 1981 he became a Professor. He served as Chairman of the Astronomy Department from 1982 to 1986. Dr. Bash served from 1989-2003 as Director of McDonald Observatory, one of the world's foremost astronomical research institutions. He was a pioneer in public outreach and informal science education.

As Director of McDonald Observatory, Dr. Bash led the effort for design, funding, and construction of The William P. Hobby - Robert E. Eberly Spectroscopic Survey Telescope, which has the largest primary mirror in the world. He also led the effort to expand the public outreach programs of McDonald Observatory through construction of the Observatory's Visitors' Center, development of the Texas Astronomy Education Center, and *StarDate* radio, which reaches millions of people each day in English, Spanish, and German.

A gift of \$2 million was made in 1999 by Mr. William C. Nowlin, Jr., and Mrs. Bettye H. Nowlin, of Austin, Texas, which completed the funding needed for construction of the Visitors' Center. At the time of the gift, Mr. and Mrs. Nowlin expressed their desire that the Visitors' Center building be named in honor of Dr. Bash. Since U. T. System rules prohibit naming a facility for an active faculty member, the request was delayed. Dr. Bash retired as Director of McDonald Observatory in 2003, and he will retire from his faculty position in May 2006.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Series 80307, relating to the naming of facilities because of the significant contributions to U. T. Austin by Dr. Bash.

15. **U. T. Medical Branch - Galveston: Discussion of long-term plan for clinical activities and Jennie Sealy Hospital Replacement project**

PURPOSE

During a joint meeting with the Board's Health Affairs Committee, President Stobo will discuss the long-term plan for clinical activities at U. T. Medical Branch - Galveston, including the proposed Jennie Sealy Hospital Replacement project, using the materials attached on Pages 177 - 179.

BACKGROUND INFORMATION

The Jennie Sealy Hospital, owned by the Sealy & Smith Foundation, is leased and operated by U. T. Medical Branch - Galveston. The facility is 40 years old and approaching the end of its useful life. The Foundation wishes to contribute \$100 million to replace the Hospital (which is estimated to be a \$250 million project) and has proposed a mechanism for effecting the development of that replacement facility. This project was included in the Capital Improvement Program (CIP) at the August 11, 2005 Board meeting with a preliminary project cost of \$250 million with funding of \$100 million from Revenue Financing System Bond Proceeds and \$150 million from Gifts.

Discussions are ongoing with the Sealy & Smith Foundation concerning the Jennie Sealy Hospital Replacement financing, structure, and execution. The development of a replacement facility is subject to a State law requiring the Sealy & Smith Foundation to retain title to the Jennie Sealy Hospital, and for U. T. Medical Branch - Galveston to lease and operate the hospital.

The proposed structure of the development includes the following elements and issues:

- The Foundation will manage the design and construction of the Jennie Sealy Hospital Replacement building shell and a completed clinical support building.
- The Foundation will provide approximately \$85 million to build the Jennie Sealy Hospital Replacement building shell and \$15 million to build the clinical support building.
- U. T. System Administration and U. T. Medical Branch - Galveston will manage the design and construction of the proposed \$150 million build-out of the Jennie Sealy Hospital Replacement building.

- The Foundation will give adequate assurances that it will provide a fully finished and weather tight building exterior, finished connections to existing adjacent buildings, and necessary site work to complete the connections to existing parking and pedestrian ways for the Jennie Sealy Hospital Replacement building.
- U. T. System Administration will provide design review and project construction quality assurance inspection.
- The Board of Regents will review the architectural design and location of the Jennie Sealy Hospital Replacement building and the clinical support building, and the lease of the Jennie Sealy Hospital Replacement building.
- Ownership of the Jennie Sealy Hospital Replacement building and the clinical support building will be retained by the Foundation, while U. T. Medical Branch - Galveston will lease and operate both buildings, consistent with State law.
- The Foundation is expected to issue debt to fund its \$100 million contribution.
- Real property may need to be sold or exchanged with the Foundation so that property underlying the proposed structures would belong to the Foundation.

Facilities Plan for the Clinical Enterprise

BACKGROUND

- U. T. M. B. has a long tradition of serving all patients, with a special emphasis on underserved populations including the uninsured, Medicaid and the incarcerated.
- Historically, U. T. M. B. has also provided services to a steady population of patients with other 3rd party payor sources including the commercially insured (Medicare, Medicaid, Texas Department of Criminal Justice).
- However, U. T. M. B. has become heavily reliant on clinical revenue from governmental sources which represents over 80% of the U. T.M. B. Hospitals and Clinic's revenue. Approximately 15 - 20% of our patients have commercial insurance.
- We believe it is important for the clinical enterprise to increase the volume of patients seen and proportion of patients who have favorable reimbursement (Medicare, commercial insurance).
- To do this, U. T. M. B. needs two new facilities: an ambulatory care facility located off the island in League City (Victory Lakes) and a specialty care tower on the main campus to replace dated operating rooms, labor and delivery suites and intensive care units.

PLAN

- U. T. M. B.'s long-term plan for clinical activities includes volume growth that must be targeted and designed in a way that attracts patients with 3rd party payor sources which includes:
 - First class facilities
 - Strategically located
 - Cost effective
 - High quality

- Commitment to service excellence
- Consistent with market needs
- Partnership with other providers in the community
- The Jeanie Sealy Replacement Hospital (Replacement Hospital), along with the Victory Lakes Specialty Care and Diagnostic Center (Victory Lakes), are the cornerstones of the necessary facility upgrades.
- The Replacement Hospital will provide easy access to a state-of-the-art, high quality, patient centered environment.
- Victory Lakes, strategically located in high growth areas on the Mainland, will act as the primary referral source of new patients requiring specialty services to the Galveston main campus.
- As with the Replacement Hospital, Victory Lakes is being designed with service excellence, efficiency, quality, safety and patient satisfaction in the forefront. The facility will house several of U. T. M. B.'s programs of excellence (gastroenterology, women's and children's services, senior care).
- In addition to growth as a means to achieve financial excellence, U. T. M. B. has hired Navigant Consulting to review in detail U. T. M. B.'s existing operations.
- U. T. M. B.'s goal for the Navigant engagement is to improve U. T. M. B.'s existing margins by \$50-70 million per year through revenue enhancements and cost reductions.
- The goals for our clinical enterprise are complex:
 - Increase the volume of outpatients seen (by approximately 30%) by increasing productivity among existing faculty (this will be facilitated by the new compensation plan implemented in the School of Medicine).

- Change the population of inpatients with the Replacement Hospital (new specialty tower) resulting in fewer inpatients with a higher severity of illness (e.g. transplants) and better reimbursement.
- Change our payor mix with an increase in Medicare, a decrease in Medicaid, and an increase in commercial insurance (presently 15-20% to 20-25%). This percentage change in commercial patients is achievable and will have the anticipated financial impact only if accompanied by the previously mentioned increase in volume.