

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
Committee Chairman Clements

Date: November 8, 2001

Time: Following the Meeting of the Health Affairs Committee

Place: Room 401, Robert R. Muntz Library, U. T. Tyler

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1. U. T. Arlington - University Village West Apartments (Project No. 301-076): Request for Approval to Increase Total Project Cost; Appropriate Additional Funds and Authorize 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 Witt that the U. T. Board of Regents:

- a. Revise the total project cost for the University Village West Apartments at U. T. Arlington from \$8,804,000 to \$17,608,000
- b. Appropriate additional funds and authorize expenditure totaling \$8,804,000 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 77, the U. T. Board of Regents resolves that:

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

- c. U. T. Arlington, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$8,804,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The University Village West Apartments project at U. T. Arlington is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$8,804,000 with funding from Revenue Financing System Bond Proceeds.

The original project consists of construction of approximately 113,500 gross square feet, capable of housing 270 students, and includes a commons building, swimming pool, and related site improvements. The increased project scope will expand the project by adding five more buildings capable of housing an additional 270 students, and includes related site improvements. U. T. Arlington has requested that the total project cost be increased from \$8,804,000 to \$17,608,000 with the additional funding of \$8,804,000 from Revenue Financing System Bond Proceeds.

The increased project scope is due to increasing enrollment and consistently high demand for university-owned and operated apartment units on campus. There is currently a waiting list of over 1,100 students for on-campus apartments and a residence hall waiting list of another 300 students. The project is in the best interest of the University and complies with the strategic plan at U. T. Arlington.

Total debt of \$17,608,000 will be repaid from revenues generated by existing housing, which currently consists of 16 apartment complexes, and from net revenues from the University Village West Apartments, projected to be operational for the Fall Semester of FY 2003. Annual debt service during the construction period is projected to be \$594,270 in FY 2002 assuming a 4.5% short-term borrowing rate. A portion of the construction interest expense will be offset by interest earned on bond proceeds and revenues from existing housing will cover the

remaining interest expense. In FY 2003, the annual debt service is projected to be \$1,535,146 based on a 6.0% long-term borrowing rate with a 20-year amortization period. The annual debt service coverage on the project is expected to be at least 1.2 times, and overall debt service coverage for the component is expected to be at least 1.6 times. The financing forecast for this project is set forth on Page 78.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 10th day of October, 2001

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

2. U. T. Austin - Utility Infrastructure Expansion/Upgrade - Phase I (Project No. 102-085) and Utility Infrastructure Expansion/Upgrade, Phase II: Request for Approval to Combine Projects; Approve 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:

- a. Approve combining the Utility Infrastructure Expansion/Upgrade - Phase I and Utility Infrastructure Expansion/Upgrade, Phase II projects into one project to be designated as the Utility Infrastructure Upgrade at U. T. Austin
- b. Appropriate additional funds and authorize expenditure of \$28,500,000 from Revenue Financing System Bond Proceeds.

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

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

and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System

- c. U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$28,500,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Utility Infrastructure Expansion/Upgrade - Phase I project at U. T. Austin, approved by the U. T. Board of Regents in May 2001, is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$8,000,000 with funding from Revenue Financing System Bond Proceeds. The Utility Infrastructure Expansion/Upgrade, Phase II project 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 2001-2002 Capital Budget at a preliminary project cost of \$28,500,000 with funding from Revenue Financing System Bond Proceeds. Both projects are approved for institutional management.

The combined Utility Infrastructure Upgrade project consists of a series of upgrades. Cooling tower number one, originally constructed in 1955, has exceeded its useful life and is being replaced. The capacity of the Harris substation is being upgraded from 56 megavolt ampere (MVA) to 100 MVA, including an upgrade to the switchgear. A new 25 megawatt (MW) steam turbine will be added to meet projected campus electrical growth, and a bypass for heat recovery steam generator eight will be installed.

The additional debt for the Phase II portion of the project is to be repaid through the power plant service department budget. The power plant recovers its cost by charging the Education and General Budget for utilities consumed by Education and General facilities and by charging the Auxiliary Enterprise units for the utilities they

consume. This rate of recovery method results in an effective 1.0 times debt service coverage for the project. Therefore, the analysis for the debt coverage is performed at the campus level.

Annual debt service during the construction period is projected to be \$270,000 in FY 2002 and \$1,640,000 in FY 2003 assuming a 4.5% short-term borrowing rate. Starting FY 2004, the annual debt service is projected to be \$3,182,236 based on a 6.0% long-term borrowing rate with a 20-year amortization period. The annual debt service coverage at the component institution level is expected to be at least 1.6 times. The financing forecast for this project is set forth on Page 83.

Approval of this item will amend the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget to combine the Utility Infrastructure Expansion/Upgrade - Phase I and the Utility Infrastructure Expansion/Upgrade, Phase II projects as the Utility Infrastructure Upgrade at U. T. Austin at a preliminary project cost of \$36,500,000.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Utility Infrastructure Expansion/Upgrade, Phase II 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 10th day of October, 2001

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

3. U. T. Austin - Biological Science - Wet Lab Building (Project No. 102-029): 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 Biological Science - Wet Lab Building at U. T. Austin
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve a total project cost of \$52,000,000
- d. Appropriate funds and authorize expenditure of \$39,000,000 from Permanent University Fund Bond Proceeds and \$13,000,000 from Designated Tuition.

BACKGROUND INFORMATION

The Biological Science - Wet Lab Building at U. T. Austin is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$52,000,000, with funding of \$39,000,000 from Permanent University Fund Bond Proceeds and \$13,000,000 from Designated Tuition.

The construction of a 152,000 gross square foot building will accommodate a portion of the wet-bench laboratory needs presently housed in the Experimental Science and Biological Laboratory Building. Construction of new laboratory space is

more cost effective than renovating existing facilities. This facility will allow high-demand functions to be moved out of older buildings. The older facilities can then be adapted for other lower-demand uses such as office and classroom space.

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 energy, wind energy, biomass, or photovoltaic for the project are not economically feasible.

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

4. U. T. Brownsville - Education and Business Complex (Project No. 902-127): Request for Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

RECOMMENDATION

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

- a. Approve design development plans for the Education and Business Complex at U. T. Brownsville
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve a total project cost of \$26,010,000
- d. Appropriate funds and authorize expenditure of \$26,010,000 from Tuition Revenue Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 88, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. System components, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$26,010,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Education and Business Complex project at U. T. Brownsville is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$26,010,000 with funding from Tuition Revenue Bond Proceeds.

The project includes the construction of a new facility of approximately 98,300 gross square feet at a preliminary project cost of \$26,010,000. This building will initially house new programs that include education, business, and graduate programs approved by the U. T. System and the Texas Higher Education Coordinating Board for the institution.

The 77th Texas Legislature authorized \$26,010,000 of tuition bonds to be issued to allow U. T. Brownsville to construct a life and health science and education facility and to install permanent equipment and other fixtures in the facility. The debt service coverage for the \$26,010,000 is reflected on Page 89. This project financing assumes interim financing at a 4.5% interest rate for FY 2002 and a 6.0% interest rate for 20 years with the fixed rate borrowing to occur in FY 2003.

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 energy, wind energy, biomass, or photovoltaic for the project are not economically feasible.

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 Education and Business Complex at U. T. Brownsville, 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 10th day of October, 2001

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

5. U. T. Dallas - Campus Housing Phase VIII (Project No. 302-012) and Campus Housing Phase VIII - Addition A: Request to Combine Projects

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 approve combining the Campus Housing Phase VIII and Campus Housing Phase VIII - Addition A at U. T. Dallas into one project to be called Campus Housing Phase VIII.

BACKGROUND INFORMATION

The Campus Housing Phase VIII project at U. T. Dallas was approved by the U. T. Board of Regents in August 2000 and included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a preliminary project cost of \$14,000,000, with funding from Revenue Financing System Bond Proceeds. The current housing units have an occupancy rate of more than 98%, and additional housing is needed to meet enrollment growth.

The Campus Housing Phase VIII - Addition A project is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$5,000,000. The addition is comprised of approximately 65,000 gross square feet and will add about 225 beds to the 500 beds in the Campus Housing Phase VIII project. Because of more favorable pricing than anticipated for Phase VIII, it is anticipated that the additional scope of Addition A can be constructed within the original funding previously approved for the Phase VIII project.

Approval of this item amends the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget to combine the Campus Housing Phase VIII and the Campus Housing Phase VIII - Addition A as Campus Housing Phase VIII at U. T. Dallas at a total project cost of \$14,000,000, and results in projected savings of \$5,000,000.

6. U. T. Dallas - School of Management (Project No. 302-075): 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 Jenifer that the U. T. Board of Regents:

- a. Approve design development plans for the School of Management at U. T. Dallas
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve a total project cost of \$38,000,000
- d. Appropriate funds and authorize expenditure of \$30,000,000 from Permanent University Fund Bond Proceeds and \$8,000,000 from Gifts and Grants.

BACKGROUND INFORMATION

The School of Management at U. T. Dallas is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 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 new building includes construction of 180,000 gross square feet, with an alternative to add 20,000 gross square feet of classroom space. The types of space included are academic spaces such as classrooms, classroom/labs, faculty offices, space for the executive education program, research centers, program offices, building support spaces, and administrative spaces such as the Dean's suite, advising office, and external relations office.

The new School of Management Building will fulfill two major U. T. Dallas objectives: the consolidation of all School of Management programs into one facility, and providing classrooms which are designed for interactive and distance learning with the use of state-of-the-art audiovisual and information technology. Both of these objectives will enhance the probability of accreditation for the program, as indicated in a preliminary accreditation review.

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 energy, wind energy, biomass, or photovoltaic for the project are not economically feasible.

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

7. U. T. Tyler - Student Health and Kinesiology (Project No. 802-019): Request for Approval to Revise the Source of Funds; Approval to Reduce Appropriation and Expenditure of Funds; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

RECOMMENDATION

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

- a. Revise the source of funds for the Student Health and Kinesiology Building at U. T. Tyler from \$9,700,000 from Permanent University Fund Bond Proceeds and \$9,600,000 from Gifts and Grants to \$9,700,000 from Permanent

University Fund Bond Proceeds, \$3,600,000 from Gifts and Grants, and \$6,000,000 from Revenue Financing System Bond Proceeds

- b. Approve a reduced appropriation and expenditure of \$6,000,000 from Gifts and Grants
- c. Appropriate funds and authorize expenditure of \$6,000,000 from Revenue Financing System Bond Proceeds.

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

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Tyler, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$6,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Student Health and Kinesiology project at U. T. Tyler is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$19,300,000, with funding of \$9,700,000 from Permanent University Fund Bond Proceeds and \$9,600,000 from Gifts and Grants.

The project was approved by the U. T. Board of Regents in February 2001. U. T. Tyler has requested the funding change of \$6,000,000 from Gifts and Grants to Revenue Financing System Bond Proceeds.

Of the \$6,000,000 authorized to be financed by Revenue Financing System Bond Proceeds, \$4,400,000 represents interim financing that will be retired upon receipt of a pledged gift from a major donor. The remaining authorization of \$1,600,000 represents the maximum amount of permanent financing that could be necessary should additional gift collection prove unsuccessful. Debt service will be repaid from designated tuition. Annual debt service during the construction period is projected to be \$202,500 in FY 2002 assuming a 4.5% short-term borrowing rate. In FY 2003, the annual debt service is projected to be \$337,495 based on a 6.0% long-term borrowing rate with a 20-year amortization period. The annual debt service coverage based on the designated tuition budget is expected to be at least 5.1 times, and overall debt service coverage for the component institution is expected to be at least 1.3 times. The financing forecast for this project is set forth on Page 96.

Approval of this item amends the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget to change the funding sources to \$9,700,000 from Permanent University Fund Bond Proceeds, \$6,000,000 from Revenue Financing System Bond Proceeds, and reduces the appropriated amount of \$9,600,000 from Gift and Grants to \$3,600,000 from Gifts and Grants.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 10th day of October, 2001

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

8. U. T. Southwestern Medical Center - Dallas - North Campus Phase 4 (Project No. 303-024) and North Campus Phase 3 Expansion - Radiation Oncology Center (formerly Radiation Oncology Center) (Project No. 303-990): Request for Approval to Combine Projects; Revise the Source of Funds; Approval to Reduce Appropriation and Expenditure of Funds; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

RECOMMENDATION

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

- a. Approve combining the North Campus Phase 4 and the North Campus Phase 3 Expansion - Radiation Oncology Center (formerly Radiation Oncology Center) projects at U. T. Southwestern Medical Center - Dallas into one project as the North Campus Phase 4 project
- b. Revise the source of funds from \$80,000,000 from Permanent University Fund Bond Proceeds, \$60,000,000 from Gifts and Grants, \$15,000,000 from MSRDP, and \$100,000,000 from Revenue Financing System Bond Proceeds or Tuition Revenue Bond Proceeds to \$80,000,000 from Permanent University Fund Bond Proceeds, \$47,500,000 from Gifts and Grants, \$7,500,000 from MSRDP, \$80,000,000 from Revenue Financing System Bond Proceeds, and \$40,000,000 from Tuition Revenue Bond Proceeds
- c. Approve a reduced appropriation and expenditure of \$7,500,000 from MSRDP, \$20,000,000 from Revenue Financing System Bond Proceeds, and \$12,500,000 from Gifts and Grants
- d. Appropriate funds and authorize expenditure of \$40,000,000 from Tuition Revenue Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 100, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. System components, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$40,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The North Campus Phase 4 project and the Radiation Oncology Center project at U. T. Southwestern Medical Center – Dallas were approved by the U. T. Board of Regents in May 2001. The institution now requests combining the two projects.

The North Campus Phase 4 project is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$255,000,000, with funding of \$80,000,000 from Permanent

University Fund Bond Proceeds, \$80,000,000 from Revenue Financing System Bond Proceeds, \$47,500,000 from Gifts and Grants, \$40,000,000 from Tuition Revenue Bond Proceeds, and \$7,500,000 from MSRDP.

The U. T. Board of Regents previously approved, at its May 10, 2001 meeting, \$100,000,000 in Revenue Financing System debt to be repaid from indirect cost recovery revenues associated with research activities at the U. T. Southwestern Medical Center - Dallas. Subsequent to May 10, 2001, the 77th Texas Legislature authorized \$40,000,000 of tuition bonds to be issued for U. T. Southwestern Medical Center - Dallas for North Campus Phase 4 construction. Therefore, the total Revenue Financing System debt to be covered from indirect cost recovery revenues associated with research is now \$80,000,000. The debt service coverage for the remaining \$40,000,000 is reflected on Page 101. This project financing assumes interim financing at a 4.5% short-term borrowing rate for FY 2002 and a 6.0% long-term borrowing rate for 20 years with the fixed rate borrowing to occur in FY 2003.

The Radiation Oncology Center project was originally approved at the May 13, 1999 U. T. Board of Regents' meeting with funding of \$10,000,000 appropriated from MSRDP funds. Additional funding of \$5,000,000 from MSRDP was appropriated on May 10, 2001, increasing the total project cost to \$15,000,000.

Under this recommendation, the MSRDP of \$15,000,000 will be reduced to \$7,500,000, and the original appropriation of \$60,000,000 from Gifts and Grants will be reduced to \$47,500,000.

Approval of this item amends the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget to combine the North Campus Phase 4 and the Radiation Oncology Center projects as the North Campus Phase 4 project at U. T. Southwestern Medical Center - Dallas at a total project cost of \$255,000,000.

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 North Campus Phase 4 project at U. T. Southwestern Medical Center - Dallas, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution as amended, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, and the Tenth Supplemental Resolution.

EXECUTED this 10th day of October, 2001

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

9. U. T. Health Science Center - San Antonio - D. D. Hachar Building (Project No. 402-021): Request for Approval to Increase the 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 Cigarroa that the U. T. Board of Regents:

- a. Approve the increase of the total project cost for the D. D. Hachar Building at U. T. Health Science Center – San Antonio from \$4,000,000 to \$7,800,000
- b. Appropriate additional funds and authorize expenditure totaling \$3,800,000 with funding of \$3,300,000 from Tuition Revenue Bond Proceeds and \$500,000 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 105, the U. T. Board of Regents resolves that:

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

- c. U. T. System components, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$3,300,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The D. D. Hachar Building at U. T. Health Science Center - San Antonio (formerly the Laredo Campus Extension) is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget with a preliminary project cost of \$7,800,000 with funding of \$3,300,000 from Tuition Revenue Bond Proceeds, \$2,500,000 from Gifts and Grants, and \$2,000,000 from Interest on Local Funds.

In August 2000, the U. T. Board of Regents approved the building name and preliminary project cost of \$4,000,000, with funding of \$2,000,000 from Gifts and Grants and \$2,000,000 from Interest on Local Funds. The preliminary project cost was inadequate to meet the program need and current construction cost.

The project will consist of a new facility of approximately 20,000 gross square feet in Laredo, Texas, as an extension of the U. T. Health Science Center - San Antonio. This project will provide offices for the Area Health Education Center and South Texas/Border Initiative programs, as well as classrooms, laboratories, administrative areas, and conferencing facilities.

The 77th Texas Legislature authorized \$28,900,000 of tuition bonds to be issued for U. T. Health Science Center - San Antonio to construct a facility for student services and academic administration and to construct and develop a facility at the Laredo

Campus Extension for educational and administrative purposes. Of the \$28,900,000 authorized, \$3,300,000 will be used for the D. D. Hachar Building. The debt service coverage for the \$3,300,000 is reflected on Page 106. This project financing assumes interim financing at a 4.5% interest rate for FY 2002 and a 6.0% long-term borrowing rate with a 20-year amortization to occur in FY 2003.

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 D. D. Hachar Building at U. T. Health Science Center - San Antonio, 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 10th day of October, 2001

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

10. U. T. M. D. Anderson Cancer Center - Ambulatory Clinical Building (Project No. 703-039) and Radiation Oncology Expansion: Request for Approval to Combine Projects 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 Mendelsohn that the U. T. Board of Regents:

- a. Approve combining the Ambulatory Clinical Building and the Radiation Oncology Expansion projects at U. T. M. D. Anderson Cancer Center into one project as the Ambulatory Clinical Building at a total project cost of \$347,000,000
- b. Appropriate funds and authorize expenditure of \$48,000,000 from Hospital Revenues.

BACKGROUND INFORMATION

The Ambulatory Clinical Building at U. T. M. D. Anderson Cancer Center is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$299,000,000, with appropriated funding of \$240,000,000 from Revenue Financing System Bond Proceeds and \$59,000,000 from Hospital Revenues. This project was approved at the U. T. Board of Regents' meeting in May 2001. The Radiation Oncology Expansion project is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$48,000,000, with funding from Hospital Revenues.

U. T. M. D. Anderson Cancer Center requests approval to combine the two projects into a single project. The combined project will house centers and clinics, outpatient diagnostic, treatment/surgery space, imaging services, staff offices, administrative space and support services as part of the Ambulatory Clinical Building. In addition, the combined project would provide expansion space for the Department of Radiation Oncology. The Department currently houses 14 radiation oncology vaults

on the main campus. Projected growth through FY 2009 suggests the need for 15 additional vaults in order to meet demand of the forecasted patient population.

The need for radiation oncological services is directly proportional to the number of new patients seen at U. T. M. D. Anderson Cancer Center. As the institution continues to grow at unprecedented rates, the expansion needs for radiation oncology will continue. Capacity at the main campus is capped at 4,000 new radiation oncology patients per year, based on 10-hour days and an 85% efficiency utilization of 14 existing vaults. Growth is expected to continue through FY 2004 to 6,600 new patients per year with estimates of more than 9,000 new patients in FY 2009.

The development of the Ambulatory Clinical Building and the increased needs of U. T. M. D. Anderson Cancer Center radiation oncology services have led to the conclusion that optimal development of an overall building plan requires consolidation of the two previously approved projects into a single Ambulatory Clinical Building project, which would include the building, infrastructure, and buildout of radiation oncology vaults.

Approval of this item will amend the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget to combine the Ambulatory Clinical Building and the Radiation Oncology Expansion as the Ambulatory Clinical Building at a total project cost of \$347,000,000.

11. U. T. M. D. Anderson Cancer Center - George and Cynthia Mitchell Basic Sciences Research Building (Project No. 703-959) and Basic Sciences Research Building (Shell Buildout) (Project No. 703-052): Request for Approval to Combine Projects; 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 combining the George and Cynthia Mitchell Basic Sciences Research Building and the Basic Sciences Research Building (Shell Buildout) project at U. T. M. D. Anderson Cancer Center into one project as the George and Cynthia Mitchell Basic Sciences Research Building
- b. Appropriate funds and authorize expenditure of \$20,000,000 from Tuition Revenue Bond Proceeds, \$5,000,000 from Hospital Revenues, and \$22,300,000 from Gifts and Grants for a total project cost of \$221,900,000.

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 112, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged

Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System

- c. U. T. System components, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$20,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Basic Sciences Research Building at U. T. M. D. Anderson Cancer Center was approved in August 2000, and funding was appropriated at a preliminary project cost of \$174,600,000, with funding of \$75,000,000 from Gifts and Grants, \$32,200,000 from Revenue Financing System Bond Proceeds, \$30,000,000 from Permanent University Fund Bond Proceeds, and \$37,400,000 from Hospital Revenues. The construction of the new facility of approximately 525,000 square feet is dedicated to research, the Graduate School of Biological Sciences, and vivarium space. The Building was renamed as the George and Cynthia Mitchell Basic Sciences Research Building by the Board of Regents on February 14, 2001, following Executive Session discussion of a negotiated gift in honor of the contributions of George and Cynthia Mitchell to U. T. M. D. Anderson Cancer Center since 1962, such as the establishment of the Alando J. Bellantyne Distinguished Chair of Head and Neck Surgery in honor of George Mitchell’s late brother-in-law, a head and neck surgeon who served on the Cancer Center faculty for almost 50 years, and the pledge of \$20,000,000 for the Basic Sciences Research Building project, the third largest gift ever donated to U. T. M. D. Anderson Cancer Center.

The Basic Sciences Research Building (Shell Buildout) is included in the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget at a preliminary project cost of \$47,300,000, with funding of \$25,000,000 from

Hospital Revenues and \$22,300,000 from Gifts and Grants. The proposed buildout consists of 87,000 gross square feet which includes 81,000 gross square feet of laboratory and laboratory support space and 6,000 gross square feet of office space.

Because of the deficient state of existing research facilities, the desire to consolidate functions, and the need to accommodate the demands of continually changing technology, U. T. M. D. Anderson Cancer Center proposes to build out shell space in the Basic Sciences Research Building during initial construction. U. T. M. D. Anderson Cancer Center is seeking approval to combine these two projects into a single project.

This project provides a unique opportunity for U. T. M. D. Anderson Cancer Center to leverage funds because of a potential National Institutes of Health (NIH) construction grant related to the creation of space for a molecular genetics research program. Delay of the project will create a significant risk of non-approval of the pending NIH construction grant.

The 77th Texas Legislature authorized \$20,000,000 of tuition bonds to be issued for U. T. M. D. Anderson Cancer Center to construct a basic science research building. Therefore, U. T. M. D. Anderson Cancer Center requests a funding change of \$20,000,000 from Hospital Revenues to Tuition Revenue Bond Proceeds that will reduce the Hospital Revenues to \$5,000,000. The debt service coverage for the \$20,000,000 is reflected on Page 113. This project financing assumes interim financing at a 4.5% interest rate for FY 2002 and a 6.0% interest rate for 20 years with the fixed rate borrowing to occur in FY 2003.

Approval of this item will amend the FY 2002-2007 Capital Improvement Program and the FY 2001-2002 Capital Budget to combine the George and Cynthia Mitchell Basic Sciences Research Building and the Basic Sciences Research Building (Shell Buildout) as the George and Cynthia Mitchell Basic Sciences Research Building at a total project cost of \$221,900,000.

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 Basic Sciences Research Building 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 10th day of October, 2001

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

INFORMATIONAL REPORT

U. T. System: Report on Architecturally Significant Project

REPORT

Committee Chairman Clements will report that, at its October 2, 2001 meeting, the Facilities Planning and Construction Committee selected the design firm of Overland Partners, San Antonio, Texas, for the Sam and Ann Barshop Center for Longevity and Aging Studies at U. T. Health Science Center - San Antonio, an architecturally significant project.