

MATERIAL SUPPORTING THE AGENDA

VOLUME XXXIVb

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on

January 14, 1987
January 24, 1987
February 12, 1987
April 9, 1987

The material is divided according to the standing committees and the meetings that were held and is color coded as follows:

White paper - for documentation of all items that were presented before the deadline date.

Blue paper - all items submitted to the Executive Session and distributed only to the Regents, Chancellor and Executive Vice Chancellors of the System.

Yellow paper - emergency items distributed at the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times some people get copies and some do not get copies. If the Executive Secretary was furnished a copy, then that material goes into the appropriate subject file.

AGENDA FOR MEETING
OF
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Date: January 14, 1987

Time: 1:30 p.m.

Place: Regents' Meeting Room, Ninth Floor
Ashbel Smith Hall
201 West Seventh Street
Austin, Texas

- A. Call to Order
- B. Consideration of Amendments to the Capital Improvement Program
- C. Recess to Executive Session Pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Section 2(f): Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations
 - U. T. System: Consideration of the Negotiation of Certain Lease Arrangements Related to the Commercial Vineyards and Winery on West Texas Lands
- D. Reconvene in Open Session for Consideration of the Item Discussed in Executive Session
- E. Other Business
- F. Adjournment

- B. U. T. System: Recommendation for: (a) Extension of U. T. System Capital Improvement Program Through 1991-92 with Approval in Principle of Project Additions; (b) Approval of Specific Capital Improvement Project Authorizations for Fiscal Year 1987-88; (c) Advance Authorization of Selected Equipment Acquisitions for 1987-88; and (d) Authorization of an Emergency Building Renovation Project at U. T. Arlington for Fiscal Year 1986-87.--

RECOMMENDATION

The Office of the Chancellor recommends the following U. T. Board of Regents' actions with regard to the U. T. System six-year Capital Improvement Program:

- (a) Extend the U. T. System Capital Improvement Program one year (through 1991-92), thereby maintaining a continuous six-year plan for planning purposes, and approve in principle addition of the below listed projects to be funded from Permanent University Fund (PUF) Bond Proceeds and other indicated fund sources. Subsequent project authorization for those projects not included in recommendation (b) below or previously authorized for Fiscal Year 1985-86 and 1986-87 will be requested at a future date based on the flow of PUF Bond Proceeds and annual prioritization of component institution project needs.

<u>U. T. System</u>	<u>PUF Bond Proceeds</u>
FY 91-92 Reserve for Repair & Rehabilitation	\$10,000,000
FY 91-92 Reserve for Institutional Equipment	10,000,000
Allocation for Completion of Library Enhancement Program through FY 91-92 (Includes \$1.5 million for completing Library Automation at health component institutions in Fiscal Year 1987-88, \$2.0 million for Library Acquisitions to meet commitments to U. T. Arlington & U. T. Dallas for Collections Catch-up for Fiscal Year 1987-88, and \$4.0 million for additional acquisitions through FY 91-92)	7,500,000
 <u>U. T. Austin</u>	
Microelectronics/Engineering Research Building (Projected total cost of \$20,000,000 with \$10,000,000 from U. T. Austin Fee Reserves)	\$10,000,000

	<u>PUF Bond Proceeds</u>
<u>U. T. San Antonio</u>	
Hemisfair Property Renovation	1,200,000
<u>U. T. Medical Branch - Galveston</u>	
Thermal Energy Plant Expansion (Projected total cost of \$9,250,000 with \$7,250,000 from U. T. Medical Branch Plant Funds)	2,000,000
<u>U. T. Health Science Center - Dallas</u>	
Green Biomedical Research Building	3,000,000
<u>U. T. Health Science Center - San Antonio</u>	
Research Building - Medical Center (Projected total cost of \$20,000,000 with \$10,000,000 from private gifts - bond proceeds allocation is contingent upon dollar-for-dollar match)	10,000,000
Total In-Principle Additions to Plan	\$53,700,000

- (b) Extend project authorization of the U. T. System Capital Improvement Program through Fiscal Year 1987-88 and authorize U. T. System Administration, in consultation with component institution representatives, to proceed with the following specific projects as funds are available, subject to U. T. Board of Regents' approval, as appropriate.

	<u>PUF Bond Proceeds</u>
<u>U. T. System</u>	
FY 87-88 Reserve for Repair & Rehabilitation (Previously approved in principle)	\$ 8,500,000
FY 87-88 Reserve for Institutional Equipment (Previously approved in principle)	10,000,000
FY 87-88 Allocation for Library Enhancement Program (Includes \$1.5 million for completing Library Automation at health component institutions and \$2.0 million for Library Acquisitions to meet commitments to U. T. Arlington and U. T. Dallas for Collections Catch-up)	3,500,000
FY 88-89 Allocation for Library Enhancement at U. T. Arlington and U. T. Dallas	2,000,000
FY 89-90 Allocation for Library Enhancement at U. T. Arlington and U. T. Dallas	2,000,000
<u>U. T. Austin</u>	
Microelectronics/Engineering Research Building (Total project cost \$20 million; see (a) above)	10,000,000

PUF Bond
Proceeds

U. T. El Paso

Geology/Materials Science Needs Study &
Preliminary Design/Renovation Feasibility Analysis
(To be funded as a subproject of the Old
Library Renovation project previously
approved in principle) \$ 300,000

U. T. San Antonio

Engineering and Biotechnology Phase I
(U. T. Board of Regents appropriated
\$50,000 and authorized preliminary design
in June 1986 - an additional \$15,000,000
remains on the list of projects
approved in principle for Phase II) 12,850,000

Hemisfair Property Renovation (see (a) above) 1,200,000

U. T. Medical Branch - Galveston

Medical Science and Education Building
(Projected total project cost of
\$25,000,000 with \$5,000,000 from
gift funds - project previously
approved in principle) 20,000,000

Thermal Energy Plant Expansion
(Total project cost \$9,250,000;
see (a) above) 2,000,000

U. T. Health Science Center - San Antonio

Research Building - Medical Center
(Total project cost \$20 million;
see (a) above) 10,000,000

Subtotal projects previously approved
in principle and now proposed for
authorization \$55,650,000

Subtotal new projects from in-principle
additions in (a) above and now
proposed for authorization 26,700,000

Total \$82,350,000

(c) Approval of the following minor projects and advance
allocations from appropriate reserves.

Recommended allocations for the first two projects
listed below are to come from the Fiscal Year 87-88
Equipment Reserve and are recommended at this time to
permit these institutions to maximize external grant
fund opportunities and/or opportunities to recruit
key faculty members. Requested authorizations are
contingent upon realization of the reasons for their
advanced approval and are to be taken from Reserves
for Equipment Purchases authorized for the U. T.
System Capital Improvement Program. Other equipment
allocations from these reserves will be recommended
when the 1987-88 operational budgets are recommended.
The recommended allocation for the third project is
to come from the Reserve for Library Enhancement
Program to purchase a replacement library computer
for the U. T. Health Science Center - San Antonio
which will be compatible with the U. T. System
computer/telecommunications network.

U. T. Arlington

Scanning Tunneling and Analytic Electron Microscopes
(Contingent upon successful recruitment of an
experienced Scanning Tunneling Microscope
Scientist and receipt of \$100,000 from
DARPA as outlined in UTA proposal) \$ 353,900

U. T. Health Center - Tyler

Molecular Biology Laboratory Equipment
(Contingent upon successful recruitment
of a faculty member with expertise in
molecular biology as outlined in the
institutional request) 400,000

U. T. Health Science Center - San Antonio

Replacement Library Computer 632,688

- (d) Allocation of the remaining balance of \$575,000
in the Fiscal Year 1986-87 Reserves for Emergency
Repairs and Equipment is requested in order to
partially fund correction of a very serious
humidity control problem in the U. T. Arlington
Science Building. Upon completion of design,
additional funds will be requested from the 1987-88
Reserves for Repair and Rehabilitation. Total
project cost is expected to be about \$750,000.

BACKGROUND INFORMATION

Explanations - Previous Actions

In October 1985, the U. T. Board of Regents approved in principle a capital improvement program for expenditures of Permanent University Fund (PUF) Bond Proceeds through Fiscal Year 1990-91 and authorized the U. T. System Administration, in conjunction with component institution representatives, to proceed with specific projects through Fiscal Year 1986-87. Subsequently, the U. T. Board of Regents has amended this plan with several specific project-related actions, some of which provided for additional expenditures and some of which authorized projects previously approved only in principle.

After reviewing institutional priorities and revising projections of PUF Bond Proceeds likely to be available to support the Capital Improvement Program, the Office of the Chancellor makes the recommendations listed above. An amended Capital Improvement Program list reflecting both recommendations in this agenda item and prior actions of the U. T. Board of Regents is attached.

Explanation - Elements of Uncertainty

Expenditures for a typical capital improvement project span three or four years from the time a project is first authorized. Consequently, all funds for the project need not be on hand when it is started. Yet, the U. T. System must be certain that it will have the ability to make payments when due. Increasingly uncertain world oil prices have reduced the prediction accuracy of the amount of PUF Bond Proceeds which can be obligated in future years. Therefore, the Capital Improvement Plan implementation will be monitored periodically and revised as projections change.

The recommended expenditure plan is consistent with current information about projected growth of the fund and projected yield to meet debt service requirements and fund operations at U. T. Austin. It provides adequate opportunities to delay or accelerate projects if subsequent projections are lower or higher. Cumulative projected commitments (based on project start date) and cumulative projected expenditures are shown below.

Cumulative Projected Commitments and Expenditures (in millions)

	<u>Initial Oct. '85</u>	<u>Recommended Plan</u>
Commitments: FY 86-87	202.43	227.04
FY 87-88	293.36	296.56
FY 88-89	324.46	322.89
FY 89-90	344.06	371.39
FY 90-91	370.00	413.53
FY 91-92	N/A	433.33
Expenditures: FY 85-86	52.30	35.36*
FY 86-87	127.30	126.65
FY 87-88	214.06	227.22
FY 88-89	273.30	294.86
FY 89-90	318.16	362.36
FY 90-91	370.00	412.63
FY 91-92	N/A	453.63

*actual

Explanation - Specific Projects

For Fiscal Year 1991-92, the Repair and Rehabilitation Reserve and the Equipment and Library Collection Reserves are recommended to be continued at \$10,000,000 each. Inflation between 1985-86 and 1991-92 will reduce the real purchasing value of these reserves which are being maintained at the 1985-86 level. Specific allocations from Fiscal Year 1987-88 reserves for Repair and Rehabilitation and Equipment will be recommended at the same time that 1987-88 Operating Budgets are submitted for approval, except for the two contingent allocations in (c) above.

Part II of the Library Enhancement Program approved originally in June 1986 provided funding for strengthening library collections in specific fields. This part of the Library Enhancement Program is now recommended to be combined with the Equipment allocations for Fiscal Year 1987-88 and subsequent years, since the programmatic considerations at the campus level are similar for both programs. The component institutions will be asked to submit a prioritized list of projects which includes both Equipment projects and Collection Development needs. To continue the other parts of the Library Enhancement Program through Fiscal Year 1991-92, \$7.5 million is recommended for allocation. Of this amount, \$1.5 million is to be used to complete the library automation network connections at the Health Science Centers in Fiscal Year 1987-88 and \$2.0 million each in Fiscal Year 1987-87, Fiscal Year 1988-89 and Fiscal Year 1989-90 to continue the special Catch-up effort at U. T. Arlington and U. T. Dallas. Except for the third item in (c) above, these amounts will also be allocated at the same time 1987-88 Operating Budgets are submitted for approval. In addition to these amounts, it is anticipated that approximately \$2.0 million from the Available University Fund (AUF) will be used to fund the completion of library automation at U. T. Austin as contemplated in the original Library Enhancement Program.

The U. T. Austin Microelectronics/Engineering Research Building is to be constructed at the Balcones Research Center. The building, of approximately 131,000 gross square feet, is to provide approximately 82,600 square feet of assignable space. Cost is expected to be approximately \$20 million, of which \$10 million would be provided from Permanent University Fund Bond Proceeds and \$10 million from U. T. Austin General Fee funds. In addition, U. T. Austin projects a need for approximately \$17.8 million for departmental equipment to make the facility a workable, first-class research unit. Programs to be housed in this building will be supported by the commitment of twelve endowed chairs and a rapidly growing externally funded research program. The project will be the primary location for the Microelectronics Research Center and will provide significant new facilities for the Material Sciences and Engineering Program and the Manufacturing Systems Engineering Program. In August 1986, the U. T. Board of Regents appropriated \$60,000 from U. T. Austin General Fee balances for a project analysis. The project specifications and cost estimate described above are a result of that study.

The U. T. San Antonio Hemisfair property renovation project will complement the Hemisfair renovation currently being undertaken by the City of San Antonio. It will also complement the previously funded renovation of the adjoining U. T. Institute of Texan Cultures. To insure that complementarity, a comprehensive project analysis will be undertaken before specific designs are recommended for U. T. Board of Regents approval. Tentative plans include demolition of one building (9,764 square feet) and renovation of three others as well as relandscaping and lighting the area. However, before final design decisions are made, the economics of replacement versus renovation will be carefully analyzed in the context of potential joint use by both U. T. San Antonio and the U. T. Institute of Texan Cultures. The result of that project analysis will be presented to the U. T. Board of Regents prior to the appointment of a design firm.

Completion of the Green Biomedical Research Building at U. T. Health Science - Dallas will accommodate additional externally funded research activities, including activities closely affiliated with the growing Hughes Institute program. The project consists of completion of approximately 25,000 square feet of shell space which will yield approximately 15,000 additional assignable square feet of research space.

The expansion of the Thermal Energy Plant at the U. T. Medical Branch - Galveston is expected to cost approximately \$9.25 million, of which only \$2 million is to be provided from PUF Bond Proceeds. The current system is at capacity, thus the expansion of the plant will provide the capacity to serve additional buildings as well as to serve existing buildings more efficiently. A major part of the expansion program is the development of a cogeneration capability. The project will also allow some existing, less efficient twenty-five year old chillers to be retired for use as emergency standby equipment.

The U. T. Health Science Center - San Antonio proposes to build a new research facility matching PUF Bond Proceeds dollar-for-dollar with private gifts raised in the community and from industrial support. The building will house expanded and rapidly growing research programs in the medical sciences, including the joint program with U. T. Austin in Pharmacy.

PART A
PROJECTS APPROVED IN PRINCIPLE

The University of Texas System
Capital Improvement Program 1985-1992
Approved in Principle Through January 1987

	Original Plan (Oct 1, 1985)	Subsequent Changes	Recommended Additions (Jan, 1987)	Total
U.T. System				
Institutional Equipment & Library	\$ 59,250,000	\$	\$ 10,000,000	\$ 69,250,000
Library Enhancement		12,249,500	7,500,000	19,749,500
Library Budget Augmentation		7,500,000		7,500,000
Repair and Rehabilitation	58,410,000		10,000,000	68,410,000
Supercomputer	20,000,000			20,000,000
MCC Advance		9,300,000		9,300,000
U.T. Arlington				
Engineering Building Addition & Renovation	38,500,000			38,500,000
Cooper Street Modifications	2,600,000			2,600,000
U.T. Austin				
Remodeling & Expansion of Goldsmith Hall & Site Development	11,000,000			11,000,000
Expansion of Physical Plant Facilities Phase I	12,500,000			12,500,000
Nuclear Engineering Teaching Laboratory	5,860,000			5,860,000
Microelectronics/Engineering Research Building			10,000,000	10,000,000
U.T. Dallas				
Animal Care Facility (Emergency)	400,000			400,000
Multipurpose & Engineering Start-up Space	4,800,000			4,800,000
Engineering & Computer Science Building	17,500,000			17,500,000
U.T. El Paso				
Physical Plant Facilities	6,900,000	880,000		7,780,000
Renovate Former Library Facility	4,700,000			4,700,000
U.T. Permian Basin				
Campus Computers	750,000			750,000
Re-Roofing Mesa Building	200,000			200,000
U.T. San Antonio				
Campus Electricity System (Emergency)	500,000			500,000
Engineering /Biotechnical Addition Phase I & Phase II	27,900,000			27,900,000
Renovation of Public Areas at the Institute of Texan Cultures	2,130,000			2,130,000
Hemisfair Property Renovations			1,200,000	1,200,000
U.T. Tyler				
Space Completion & Renovation	3,800,000			3,800,000
Liberal Arts Complex	12,000,000			12,000,000
Dallas Health Science Center				
Clinical Science Building	8,000,000			8,000,000
Imaging Center	3,900,000			3,900,000
Green Biomedical Research Building			3,000,000	3,000,000
Galveston Medical Branch				
Medical Science & Education Buildings	20,000,000			20,000,000
Expansion of Thermal Energy Plant			2,000,000	2,000,000
Houston Health Science Center				
Addition to Dental Science Building	8,000,000			8,000,000
Ambulatory Care Facility	5,000,000			5,000,000
San Antonio Health Science Center				
Basic Science Buildings/5th Level	3,400,000			3,400,000
Expansion for Medical/Clinical Research	15,500,000			15,500,000
Research Building-Medical Center			10,000,000	10,000,000
Cancer Center				
Learning Resources Center	1,500,000			1,500,000
Clinic Remodeling	5,000,000			5,000,000
Tyler Health Center				
Clinic Expansion & Family Practice Clinic	10,000,000			10,000,000
	<u>\$370,000,000</u>	<u>\$ 29,929,500</u>	<u>\$ 53,700,000</u>	<u>\$453,629,500</u>

PART B
 PROJECTS AUTHORIZED
 THROUGH FISCAL YEAR 1987-88

The University of Texas System
 Capital Improvement Program 1985-1992
 Funding Authorizations Through January 1987

	Original Plan (Oct 1, 1985)	Subsequent Changes	Recommended Authorizations (Jan, 1987)	Total
U.T. System				
Institutional Equipment & Library	\$ 19,250,000	\$	\$ 10,000,000	\$ 29,250,000
Library Enhancement		12,249,500	7,500,000	19,749,500
Library Budget Augmentation		7,500,000		7,500,000
Repair and Rehabilitation	14,540,000		8,500,000	23,040,000
Supercomputer	20,000,000			20,000,000
MCC Advance		9,300,000		9,300,000
U.T. Arlington				
Engineering Building Addition & Renovation	38,500,000			38,500,000
Cooper Street Modifications		2,600,000		2,600,000
U.T. Austin				
Remodeling & Expansion of Goldsmith Hall & Site Development	11,000,000			11,000,000
Expansion of Physical Plant Facilities Phase I	12,500,000			12,500,000
Nuclear Engineering Teaching Laboratory	5,860,000			5,860,000
Microelectronics/Engineering Research Building			10,000,000	10,000,000
U.T. Dallas				
Animal Care Facility (Emergency)	400,000			400,000
Multipurpose & Engineering Start-up Space	4,800,000			4,800,000
Engineering & Computer Science Building	17,500,000			17,500,000
U.T. El Paso				
Physical Plant Facilities	6,900,000	880,000		7,780,000
Renovate Former Library Feasibility Analysis			300,000	300,000
U.T. Permian Basin				
Campus Computers	750,000			750,000
Re-Roofing Mesa Building	200,000			200,000
U.T. San Antonio				
Campus Electricity System (Emergency)	500,000			500,000
Engineering /Biotechnical Addition Phase I		50,000	12,850,000	12,900,000
Renovation of Public Areas at the Institute of Texan Cultures	2,130,000			2,130,000
Hemisfair Property Renovations			1,200,000	1,200,000
U.T. Tyler				
Space Completion & Renovation	3,800,000			3,800,000
Dallas Health Science Center				
Clinical Science Building	8,000,000			8,000,000
Imaging Center	3,900,000			3,900,000
Galveston Medical Branch				
Medical Science & Education Buildings			20,000,000	20,000,000
Expansion of Thermal Energy Plant			2,000,000	2,000,000
Houston Health Science Center				
Addition to Dental Science Building	8,000,000			8,000,000
Ambulatory Care Facility	5,000,000			5,000,000
San Antonio Health Science Center				
Basic Science Buildings/5th Level	3,400,000			3,400,000
Expansion for Medical/Clinical Research	15,500,000			15,500,000
Research Building-Medical Center			10,000,000	10,000,000
	<u>\$202,430,000</u>	<u>\$32,579,500</u>	<u>\$82,350,000</u>	<u>\$317,359,500</u>