

1. **U. T. Arlington - Allan Saxe Field: Request for Approval to Name Facility (Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Honorific Namings)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Witt that the U. T. Board of Regents rename the existing baseball stadium, Allan Saxe Field, at U. T. Arlington as the Clay Gould Ballpark to recognize Mr. Gould's significant contributions and commitment to the campus.

BACKGROUND INFORMATION

On June 10, 1993, the current stadium was named after Allan Saxe, an Associate Professor of Political Science at U. T. Arlington, who donated funds for the renovation of the baseball facilities in the early-to-mid 1990s. Mr. Saxe is very supportive of the proposed name change to the Clay Gould Ballpark.

Coach Clay Gould had a significant impact on the Arlington community, the University, and the young men who played baseball for U. T. Arlington under his leadership from 1999 through 2001. He is the only U. T. Arlington player to be named Southland Conference Player of the Year in 1993, Male Athlete of the Year in 1993, and was the only player to be nominated for USA Baseball's Golden Spikes Award, college baseball's equivalent of the Heisman Trophy.

Coach Gould began his career as an assistant coach and became head coach at the age of 27. Coach Gould was named co-winner of the 2001 American Baseball Coaches Association/Rawlings South Central Region Coach of the Year Award. He died on June 23, 2001, from cancer after a 16-month battle.

The stadium improvements currently planned or underway include increased stadium seating, improved locker rooms, lighting, a new outfield wall, and a revamped entrance.

The naming of the Clay Gould Ballpark in honor and in appreciation of the leadership of Coach Gould is consistent with the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, and institutional guidelines on the naming of facilities.

This item was presented to the Facilities Planning and Construction Committee in January 2003.

2. **U. T. Arlington - Chemistry and Physics Building (Project No. 301-117): Request for Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval to Increase 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 Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Witt that the U. T. Board of Regents:

- a. Approve design development plans for the Chemistry and Physics Building at U. T. Arlington
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve an increase in the total project cost from \$34,635,945 to \$39,875,945 with additional funding of \$5,240,000 from Revenue Financing System Bond Proceeds
- d. Appropriate funds and authorize expenditure of \$16,635,945 from Tuition Revenue Bond Proceeds, \$13,000,000 from Permanent University Fund Bond Proceeds, and \$10,240,000 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

based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, 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 \$10,240,000
- d. 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 \$16,635,945
- e. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

The Chemistry and Physics Building at U. T. Arlington is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$34,635,945 with funding of \$16,635,945 from Tuition Revenue Bond Proceeds, \$13,000,000 from Permanent University Fund Bond Proceeds, and \$5,000,000 from Revenue Financing System Bond Proceeds. U. T. Arlington has requested that the total project cost be increased by \$5,240,000 with funding from Revenue Financing System Bond Proceeds to fully meet the additional construction costs for the project identified after completing an evaluation of programming requirements for the building.

The new building will comprise 123,667 gross square feet, and will provide undergraduate and graduate teaching and research spaces in the College of Science. Fixed equipment, hood systems, laboratory tables, and other laboratory accessories will be state-of-the-art. The mechanical, electrical, and plumbing systems will be designed for maximum energy efficiency to support the new facility.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The \$10,240,000 of Revenue Financing System debt will be repaid from U. T. Arlington's designated tuition funds. Debt service during construction is projected to be \$262,500. Once the project is completed, annual debt service is projected to be \$836,793. The debt service coverage for the Revenue Bonds is expected to be at least 3.37 times and is reflected on Page 90. The 77th Session of the Texas Legislature authorized \$16,635,945 of tuition revenue bonds to be issued for U. T. Arlington to construct a science building. The debt service coverage for authorized Tuition Revenue Bonds is reflected on Page 91. The overall debt service coverage for U. T. Arlington is expected to be at least 1.62 times.

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

This project was presented to the Facilities Planning and Construction Committee in January 2003.

**The University of Texas System
Revenue Financing System
Debt Service Coverage
(\$ in millions)**

	Actual		Forecast						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
As of December 1, 2002:									
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.1	6,152.4	6,430.5	6,767.2	7,086.0
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)
Net Revenues Available for Debt Service	196.6	405.5	297.8	339.9	382.2	443.1	494.7	594.3	660.1
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Debt Service:									
Non - Tuition Related	(66.5)	(76.3)	(83.3)	(105.9)	(122.0)	(169.6)	(179.0)	(174.0)	(165.5)
Tuition Related	(29.0)	(40.2)	(41.2)	(41.3)	(57.9)	(50.6)	(53.5)	(55.1)	(55.1)
Total Debt Service	(95.5)	(116.5)	(124.5)	(147.2)	(179.9)	(220.2)	(232.5)	(229.1)	(220.6)
Debt Service Coverage Without Tuition Bonds (x)	2.92	5.27	3.54	2.80	2.65	2.31	2.46	3.09	3.64
Debt Service Coverage With Tuition Bonds (x)	2.04	3.46	2.38	2.30	2.12	2.01	2.12	2.59	2.98

U. T. Arlington - Chemistry and Physics Building

Designated Tuition (Actual \$)	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Beginning Fund Balance					1,825,048	4,874,988	7,013,277	11,243,643	18,044,317
Designated Tuition Fee Receipts				21,066,421	22,290,280	23,536,509	24,805,434	26,097,383	26,885,524
Existing Debt Service				(5,037,691)	(4,934,621)	(6,726,944)	(5,225,411)	(3,841,923)	(3,362,809)
Chemistry & Physics Building				-	-	(262,500)	(836,793)	(836,793)	(836,793)
Net Revenues After Debt Service				16,028,730	17,355,659	16,547,065	18,743,230	21,418,667	22,685,922
Total Transfers				(14,203,682)	(14,305,719)	(14,408,776)	(14,512,864)	(14,617,993)	(14,724,172)
Ending Fund Balance				1,825,048	4,874,988	7,013,277	11,243,643	18,044,317	26,006,067
Debt Service Coverage				4.18	4.52	3.37	4.09	5.58	6.40

Campus Level: (\$ in millions)	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Beginning Fund Balance	29.4	28.6	33.0	28.6	33.4	46.2	53.8	61.5	71.7
Total Current Unrestricted Revenues	165.0	180.8	194.2	206.7	222.2	228.8	235.5	243.0	248.6
Total Current Unrestricted Expenditures	(152.5)	(165.5)	(179.1)	(188.9)	(196.0)	(203.4)	(209.9)	(216.1)	(222.5)
Net Revenues	12.5	15.3	15.2	17.8	26.2	25.4	25.6	26.8	26.1
Debt Service	(8.8)	(9.4)	(10.7)	(11.0)	(11.3)	(15.6)	(15.7)	(14.3)	(13.9)
Other Mandatory Transfers	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Total Mandatory Transfers	(8.8)	(9.4)	(10.7)	(11.0)	(11.3)	(15.6)	(15.7)	(14.3)	(13.9)
Nonmandatory Transfers	(3.7)	(0.7)	(7.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Adjustments	(0.8)	(0.7)	(1.3)	(1.4)	(1.4)	(1.4)	(1.5)	(1.6)	(1.6)
Net Increase/(Decrease) for Year	(0.8)	4.5	(4.4)	4.8	12.8	7.6	7.7	10.2	9.9
Ending Fund Balance	28.6	33.0	28.6	33.4	46.2	53.8	61.5	71.7	81.6
Debt Service Coverage	1.42	1.63	1.41	1.62	2.32	1.62	1.63	1.87	1.89
Debt Service as % of Budget	5.5%	5.4%	5.6%	5.5%	5.4%	7.1%	7.0%	6.2%	5.9%

U. T. System (\$ in millions)	Actual			Forecast					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.1	6,152.4	6,430.5	6,767.2	7,086.0
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)
Net Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Debt Service	(95.5)	(116.6)	(124.5)	(147.2)	(179.9)	(220.2)	(232.5)	(229.1)	(220.6)
Debt Service Coverage	2.04	3.46	2.38	2.30	2.12	2.01	2.12	2.59	2.98
Debt Service as % of Budget	2.2%	2.5%	2.5%	2.7%	3.2%	3.7%	3.8%	3.6%	3.3%

3. **U. T. Austin - East Central Towers/East Festival Court of Darrell K Royal - Texas Memorial Stadium: Request for Approval to Name Facility (Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Honorific Namings)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Faulkner that the U. T. Board of Regents name the East Central Towers/East Festival Court of Darrell K Royal - Texas Memorial Stadium at U. T. Austin as the Reese M. Rowling Center to recognize the significant contribution of \$5,000,000 from his son, Mr. Robert B. Rowling, Dallas, Texas.

BACKGROUND INFORMATION

Mr. Robert B. Rowling is a graduate of U. T. Austin, receiving his B.B.A. in 1976, and earning his J.D. from Southern Methodist University Law School. He has been a member of the Longhorn Foundation, McCombs School of Business Advisory Council, and President's Associates. He and his wife, Terry, are current members of the Littlefield Society. Mr. Rowling serves as chairman and chief executive officer of TRT Holdings, Inc., which manages the family's extensive investments in oil and real estate.

Mr. Reese M. Rowling was a wildcat oilman who worked as a geologist for other companies before founding Tana Oil and Gas in 1972. He was able to avoid financial problems faced by other oil companies during the 1980s by keeping his company virtually debt free. In 1989, his son, Robert, became president of TRT Holdings, Inc., the umbrella company for the holdings of Tana Oil and Gas.

The naming of the East Central Towers/East Festival Court of Darrell K Royal - Texas Memorial Stadium in recognition of Mr. Rowling's gift is consistent with the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, and institutional guidelines on the naming of facilities.

This item was presented to the Facilities Planning and Construction Committee in January 2003.

4. **U. T. Austin - Ransom Center Renovation (Project No. 102-987): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds; Rescind Appropriations of Funds; and Appropriation of Funds and Authorization of Expenditure**

RECOMMENDATION

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

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the Ransom Center Renovation at U. T. Austin at a total project cost of \$14,555,200 from \$1,676,000 from Unexpended Plant Funds, \$7,879,200 from Designated Tuition, and \$5,000,000 from Gifts and Grants to \$6,555,200 from Designated Tuition and \$8,000,000 from Gifts and Grants
- b. Rescind appropriation of \$1,324,000 from Designated Tuition
- c. Rescind appropriation of \$1,676,000 from Unexpended Plant Funds
- d. Appropriate funds and authorize expenditure of \$3,000,000 from Gifts and Grants.

BACKGROUND INFORMATION

The Ransom Center Renovation project at U. T. Austin is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$14,555,200 with funding of \$1,676,000 from Unexpended Plant Funds, \$7,879,200 from Designated Tuition, and \$5,000,000 from Gifts and Grants. The Chancellor approved design development, and funds were appropriated and authorized for expenditure on June 20, 2001.

Approval of this item revises the source of funds and changes the appropriation and expenditure to \$6,555,200 from Designated Tuition and \$8,000,000 from Gifts and Grants, thus reimbursing a portion of the Designated Tuition funds from Gifts and Grants.

This project was presented to the Facilities Planning and Construction Committee in January 2003.

5. **U. T. Austin: Request for Approval in Concept of a Tower Memorial Garden**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Faulkner that the U. T. Board of Regents approve the concept of a Tower Memorial Garden on the U. T. Austin campus.

BACKGROUND INFORMATION

The proposed Tower Memorial Garden will establish a permanent memorial to the victims of the August 1, 1966, shootings at the U. T. Austin Tower, and to all those whose lives were affected by that event. The construction will be located in the existing Tower Garden around the biology ponds, immediately north of the Main Building. U. T. Austin is evaluating the option of proceeding with a multiphase project versus a single phase project estimated at \$1,020,000 with funding from Gifts and Grants.

Approval of the proposed garden as an addition to the Capital Improvement Program is not required because it is under the \$2,000,000 threshold for approval of repair and rehabilitation projects, but approval of the concept is consistent with the Board's practice of review of significant outdoor projects including statues or other artwork.

This item was presented to the Facilities Planning and Construction Committee as acceptance of an outdoor work of art in January 2003; however, the item has been rewritten to correctly reflect that it is an institutional project to be funded with gift monies rather than a gift of art.

6. **U. T. Tyler: Request for Acceptance of Gift of Outdoor Work of Art**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Mabry that the U. T. Board of Regents accept the gift of an outdoor sculpture titled "Spring Dance" to be displayed in the front flower bed of the Administration Building on the U. T. Tyler campus.

BACKGROUND INFORMATION

The proposed gift from Mrs. Louise H. Ornelas of an outdoor sculpture depicts a spring dance made from bronze by the artist Karl Jensen. The four-foot sculpture will be secured to a concrete base on a raised platform. The cost of installation of a pedestal for the sculpture is negligible and there will be no ongoing maintenance costs.

Acceptance of this gift is recommended as consistent with the Regents' Rules and Regulations, Part One, Chapter VII, Section 1, Subsection 1.2, Subdivision 1.22, relating to approval of acceptance of gifts of outdoor works of art.

This item was presented to the Facilities Planning and Construction Committee in January 2003.

7. **U. T. Southwestern Medical Center - Dallas - Day Care Center (Project No. 303-124): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Revise the Source of Funds; and Appropriation of Funds and Authorization of Expenditure**

RECOMMENDATION

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

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Day Care Center at U. T. Southwestern Medical Center – Dallas from \$1,900,000 to \$3,000,000
- b. Approve design development plans
- c. Approve the evaluation of alternative energy economic feasibility
- d. Revise the source of funds from \$1,700,000 from Interest on Local Funds and \$200,000 from Gifts and Grants to \$3,000,000 from Interest on Local Funds
- e. Appropriate funds and authorize expenditure of \$3,000,000 from Interest on Local Funds.

BACKGROUND INFORMATION

The Day Care Center at U. T. Southwestern Medical Center – Dallas is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$1,900,000 with funding of \$1,700,000 from Interest on Local Funds and \$200,000 from Gifts and Grants. U. T. Southwestern Medical Center – Dallas has requested a change in the source of funds and an increase in the total project cost to \$3,000,000 from Interest on Local Funds.

This project is a cooperative effort between U. T. Southwestern Medical Center – Dallas and U. T. Dallas. The families served by this Center include faculty and staff of U. T. Southwestern Medical Center – Dallas and the U. T. Dallas Callier Center.

The facility, originally planned for 10,000 gross square feet to accommodate 80 children, will consist of approximately 13,450 gross square feet to provide space for 120 children. There will be areas for education, play, meals, counseling, and administration and an exterior playground and associated site improvements. The new addition will be physically connected to the existing childcare program by a covered walk. The new addition will house the infant/toddler/two-year-old program, while the pre-school age program will continue to be housed in the existing facility. The new program will be operated by the U. T. Dallas Callier Center. Construction will begin in July 2003 and end by May 2004 for occupancy in June 2004.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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

This project was presented to the Facilities Planning and Construction Committee in January 2003.

8. **U. T. Southwestern Medical Center - Dallas - Southwestern Medical Park Apartments (Project No. 303-013): Request for Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Reduce the Total Project Cost; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; 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 Acting Executive Vice Chancellor for Health Affairs, and President Wildenthal that the U. T. Board of Regents:

- a. Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to reduce the total project cost for the Southwestern Medical Park Apartments at U. T. Southwestern Medical Center - Dallas from \$19,250,000 to \$17,500,000
- b. Approve design development plans
- c. Approve the evaluation of alternative energy economic feasibility
- d. Appropriate funds and authorize expenditure of \$7,000,000 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 based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, 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. 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. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$7,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

The Southwestern Medical Park Apartments project at U. T. Southwestern Medical Center – Dallas was included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$8,750,000 with funding from Revenue Financing System Bond Proceeds. The Student Housing project was included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$10,500,000 with funding from Revenue Financing System Bond Proceeds. The Southwestern Medical Park Apartments project was combined with the Student Housing project at the August 8, 2002 U. T. Board of Regents' meeting for a total project cost of \$19,250,000 with funding from Revenue Financing System Bond Proceeds.

U. T. Southwestern Medical Center – Dallas decreased the building area for the next phase of the apartments, reducing the total project cost for the new construction from \$8,750,000 to \$7,000,000. The complex, which will be available for occupancy in 2004, is designed with two-story to three-story, low-density, garden-type apartments for use by medical and graduate students. There is a high demand for university-owned and operated apartment units on the campus.

The \$7,000,000 in debt will be repaid with net revenues from the combined housing operation revenues. The combined annual debt service on \$17,500,000 is projected to be \$1,464,388. The debt service coverage for the apartments is expected to be at least 1.37 times as reflected on Page 101. The overall debt service coverage for U. T. Southwestern Medical Center – Dallas is expected to be at least 2.52 times.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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

This project was presented to the Facilities Planning and Construction Committee in January 2003.

**U. T. Southwestern Medical Center - Dallas
Southwestern Medical Park Apartments**

Project Level (Actual \$)	Forecast						
	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
Beginning Balance	-	-	64,767	189,191	293,739	459,143	1,441,441
Net Revenues	-	2,745,744	2,827,572	2,827,572	2,911,850	2,911,850	2,911,850
Operating Expenses	-	(739,322)	(761,493)	(781,369)	(804,791)	(804,791)	(804,791)
Net Income	-	2,006,422	2,066,079	2,046,203	2,107,059	2,107,059	2,107,059
Debt Service	(157,500)	(1,464,388)	(1,464,388)	(1,464,388)	(1,464,388)	(1,464,388)	(1,464,388)
Replacement Reserve/Transfers	157,500	(477,267)	(477,267)	(477,267)	(477,267)	(477,267)	(477,267)
Ending Balance	-	64,767	189,191	293,739	459,143	459,143	1,441,441
Debt Service Coverage	1.00	1.37	1.41	1.40	1.44	1.44	1.44

Campus Level: (\$ in millions)	Actual						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Beg. Fund Balance	197.3	210.8	225.6	231.7	249.1	267.0	289.6
Total Current Unrestricted Revenues	383.7	437.5	462.1	499.0	529.7	559.1	590.2
Total Current Unrestricted Expenditures	(356.0)	(395.3)	(414.0)	(447.0)	(470.2)	(486.6)	(507.5)
Net Revenues	27.7	42.2	48.0	52.0	59.4	72.5	81.0
Debt Service	(9.0)	(13.3)	(12.3)	(15.9)	(19.9)	(23.8)	(28.7)
Other Mandatory Transfers	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.9)	(0.1)
Total Mandatory Transfers	(9.1)	(13.3)	(12.4)	(15.9)	(19.9)	(24.7)	(28.8)
Nonmandatory Transfers	(4.0)	(13.0)	(28.9)	(17.3)	(20.2)	(23.8)	(13.6)
Adjustments	(1.1)	(1.0)	(0.6)	(1.4)	(1.4)	(1.4)	(1.4)
Net Inc./(Dec.) for Year	13.5	14.8	6.1	17.4	17.9	22.7	29.0
End. Fund Balance	210.8	225.6	231.7	249.1	267.0	289.6	318.6
Debt Service Coverage	3.05	3.16	3.88	3.26	2.98	2.93	2.52
Debt Service to Operating Expenses	2.5%	3.2%	2.9%	3.4%	4.0%	4.7%	5.4%

U.T. System (\$ in millions)	Forecast						
	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08
Available Revenues	5,569.5	5,876.1	6,152.4	6,430.5	6,767.2	7,086.0	7,086.0
Operating Expenses	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)	(6,425.9)
Net Available for Debt Service	339.9	382.6	444.3	493.6	594.2	660.0	660.0
Other Mandatory Transfers	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Debt Service	(147.2)	(179.9)	(220.2)	(232.5)	(229.1)	(220.6)	(220.6)
Debt Service Coverage	2.30	2.12	2.01	2.12	2.59	2.98	2.98
Debt Service to Operating Expenses	2.7%	3.2%	3.7%	3.8%	3.6%	3.3%	3.3%

9. **U. T. Medical Branch - Galveston - Research Facilities Expansion (Project No. 601-036): 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 Acting Executive Vice Chancellor for Health Affairs, and President Stobo that the U. T. Board of Regents:

- a. Approve design development plans for the Research Facilities Expansion project at U. T. Medical Branch - Galveston
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve the total project cost of \$48,000,000
- d. Appropriate funds and authorize expenditure of \$20,000,000 from Tuition Revenue Bond Proceeds, \$18,000,000 from Permanent University Fund Bond Proceeds, and \$10,000,000 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 based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, 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 Code of Federal Regulations.

BACKGROUND INFORMATION

The Research Facilities Expansion project at U. T. Medical Branch – Galveston is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$48,000,000 with funding of \$20,000,000 from Tuition Revenue Bond Proceeds, \$18,000,000 from Permanent University Fund Bond Proceeds, and \$10,000,000 from Gifts and Grants.

This project will renovate and expand approximately 200,000 gross square feet in three major buildings on campus to enable U. T. Medical Branch – Galveston to provide the laboratory, office, and support space and resources necessary for important research activities including the BSL-4 Laboratory Facility project.

The first area involves the existing Physical Plant Building which will be vacated and a new four-story wing will be added to the south of the building. In addition, a fourth story will also be added on top of the existing three-story Physical Plant Building. This building will be used for housing large animals, laboratory research, and support spaces on floors two through four.

The second area to be renovated is the Children’s Hospital. Existing patient care will relocate from the fourth floor to the sixth floor. The fourth floor will then be renovated and reconstructed to support laboratory research and a vivarium for small animals.

The third area will involve new construction of a five-story research laboratory to be constructed between 1108 Strand Street and the Animal Research Center Complex, connecting the two research buildings.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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

The 77th Session of the Texas Legislature authorized \$20,000,000 of tuition revenue bonds to be issued for U. T. Medical Branch – Galveston to renovate and expand research facilities. The debt service coverage for authorized Tuition Revenue Bonds is reflected on Page 105.

This project was presented to the Facilities Planning and Construction Committee in January 2003.

The University of Texas System
 Revenue Financing System
 Debt Service Coverage
 (\$ in millions)

	Actual		Forecast						
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
As of December 1, 2002:									
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.1	6,152.4	6,430.5	6,767.2	7,086.0
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)
Net Revenues Available for Debt Service	196.6	405.5	297.8	339.9	382.2	443.1	494.7	594.3	660.1
Other Mandatory Transfers	(0.8)	(0.7)	(0.7)	(0.8)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Debt Service:									
Non - Tuition Related	(66.5)	(76.3)	(83.3)	(105.9)	(122.0)	(169.6)	(179.0)	(174.0)	(165.5)
Tuition Related	(29.0)	(40.2)	(41.2)	(41.3)	(57.9)	(50.6)	(53.5)	(55.1)	(55.1)
Total Debt Service	(95.5)	(116.5)	(124.5)	(147.2)	(179.9)	(220.2)	(232.5)	(229.1)	(220.6)
Debt Service Coverage Without Tuition Bonds (x)	2.92	5.27	3.54	2.80	2.65	2.31	2.46	3.09	3.64
Debt Service Coverage With Tuition Bonds (x)	2.04	3.46	2.38	2.30	2.12	2.01	2.12	2.59	2.98

10. **U. T. Medical Branch - Galveston - University Plaza Development (Project No. 601-131): 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 Acting Executive Vice Chancellor for Health Affairs, and President Stobo that the U. T. Board of Regents:

- a. Approve design development plans for the University Plaza Development at U. T. Medical Branch - Galveston
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve a total project cost of \$25,000,000
- d. Appropriate funds and authorize expenditure of \$15,000,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Hospital Revenues.

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

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Medical Branch - Galveston, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$15,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

BACKGROUND INFORMATION

The University Plaza Development project at U. T. Medical Branch - Galveston is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$25,000,000 with funding of \$15,000,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Hospital Revenues.

Designed as a “non-building”, this project is a new entry plaza with a two-level parking structure including utility infrastructure and a loop road to support an assumed 2.5 to 3 million square feet of new research and clinic space projected for the build-out of the east portion of the U. T. Medical Branch campus. Working with the City of Galveston, 6th Street will be realigned with the City grid and a loop road will be built around a new patient and visitor parking structure to provide direct drop-off access to the existing and future facilities of the east campus that will include the Jennie Sealy Replacement Hospital, a new Diagnostic Services Building, and future outpatient and research facilities. Coordinated with various, ongoing campus improvement projects, the University Plaza Development project will provide the roadway and utility infrastructure for future construction and a new destination hub for campus visitors and patients.

The estimated square footage of the overall project is 500,000 square feet. The cast-in-place foundation and building structure, placed utility networks, and landscaping that span the old seawall allow the project to blend in with the existing environment of Galveston to create a new campus entry and a Tranquility Park for the U. T. Medical Branch - Galveston. The roadway realignment and the new loop

road will control traffic, enhance wayfinding, augment security options, and establish the conduit for clear, easy access to existing facilities and to the future buildings of the east campus.

The \$15,000,000 in debt will be repaid with net revenues from parking operations. The annual debt service once the project is completed is projected to be \$1,032,081. The debt service coverage for the University Plaza Development project is expected to be at least 1.40 times. The overall debt service coverage for U. T. Medical Branch – Galveston is expected to be at least 2.30 times (see Page 109).

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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

This project was presented to the Facilities Planning and Construction Committee in January 2003.

The University of Texas
 Medical Branch - Galveston
 University Plaza Development

Project Level (Actual \$)	Actual					Forecast				
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
Beginning Fund Balance	2,019,088	1,698,359	1,950,915	2,535,903	3,359,845	3,969,433	4,671,198	4,771,502	4,820,593	
Parking Receipts	2,466,100	2,552,992	2,947,597	2,770,300	2,770,300	3,265,699	3,265,699	3,265,699	3,265,699	
Parking Expenses	(1,674,160)	(1,230,899)	(1,466,736)	(1,581,358)	(1,626,962)	(1,673,933)	(1,768,314)	(1,819,527)	(1,824,896)	
Net Revenues	791,941	1,322,093	1,480,861	1,188,942	1,143,338	1,591,766	1,497,385	1,446,172	1,440,803	
Debt Service				(365,000)	(168,750)	(525,000)	(1,032,081)	(1,032,081)	(1,032,081)	
Replacement Reserves and Transfers	(1,112,670)	(1,069,537)	(895,874)	(365,000)	(365,000)	(365,000)	(365,000)	(365,000)	(365,000)	
Ending Fund Balance	1,698,359	1,950,915	2,535,903	3,359,845	3,969,433	4,671,198	4,771,502	4,820,593	4,864,316	
Debt Service Coverage				n.a.	6.78	3.03	1.45	1.40	1.40	

Campus Level: (\$ in millions)	Actual					Forecast				
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
Beginning Fund Balance	142.6	93.7	101.6	87.1	89.2	90.9	90.4	91.4	91.3	
Total Current Unrestricted Revenues	968.7	1,076.9	1,120.0	1,111.5	1,115.4	1,146.7	1,179.4	1,213.6	1,249.6	
Total Current Unrestricted Expenditures	(1,005.9)	(1,054.1)	(1,107.6)	(1,094.2)	(1,083.2)	(1,113.6)	(1,138.8)	(1,167.4)	(1,199.6)	
Net Revenues	(37.3)	22.8	12.4	17.3	32.2	33.1	40.6	46.2	50.0	
Debt Service	(7.5)	(7.7)	(8.1)	(7.5)	(11.5)	(13.7)	(14.3)	(17.2)	(17.1)	
Other Mandatory Transfers	(0.1)	(0.1)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	
Total Mandatory Transfers	(7.5)	(7.7)	(8.1)	(7.5)	(11.5)	(13.7)	(14.3)	(17.2)	(17.1)	
Nonmandatory Transfers	(15.3)	(3.9)	(14.1)	(7.6)	(19.1)	(19.9)	(25.2)	(29.2)	(34.0)	
Adjustments	11.1	(8.2)	(4.6)	-	-	-	-	-	-	
Net Increase/(Decrease) for Year	(48.9)	7.9	(14.5)	2.2	1.7	(0.5)	1.0	(0.2)	(1.1)	
Ending Fund Balance	93.7	101.6	87.1	89.2	90.9	90.4	91.4	91.3	90.2	
Debt Service Coverage	(4.95)	2.95	1.52	2.30	2.81	2.41	2.83	2.68	2.93	
Debt Service as % of Budget	0.7%	0.7%	0.7%	0.7%	1.0%	1.2%	1.2%	1.5%	1.4%	

U. T. System (\$ in millions)	Actual					Forecast				
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	
Available Revenues	4,363.1	4,967.6	5,247.0	5,569.5	5,876.1	6,152.4	6,430.5	6,767.2	7,086.0	
Operating Expenses	(4,166.5)	(4,562.1)	(4,949.2)	(5,229.6)	(5,493.9)	(5,709.3)	(5,935.8)	(6,172.9)	(6,425.9)	
Net Available for Debt Service	196.6	405.5	297.8	339.9	382.6	444.3	493.6	594.2	660.0	
Other Mandatory Transfers	(95.5)	(0.7)	(0.7)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	
Debt Service	2.04	(116.6)	(124.5)	(147.2)	(179.9)	(220.2)	(232.5)	(229.1)	(220.6)	
Debt Service Coverage	2.2%	3.46	2.38	2.30	2.12	2.01	2.12	2.59	2.98	
Debt Service as % of Budget	0.7%	2.5%	2.5%	2.7%	3.2%	3.7%	3.8%	3.6%	3.3%	

11. **U. T. Health Science Center - Houston - Research Expansion Project (Institute of Molecular Medicine) (Project No. 701-059): 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 Acting Executive Vice Chancellor for Health Affairs, and President Willerson that the U. T. Board of Regents:

- a. Approve design development plans for the Research Expansion Project at U. T. Health Science Center - Houston
- b. Approve the evaluation of alternative energy economic feasibility
- c. Approve the total project cost of \$120,000,000
- d. Appropriate funds and authorize expenditure of \$70,000,000 from Gifts and Grants and \$50,000,000 from Permanent University Fund Bond Proceeds.

BACKGROUND INFORMATION

The Research Expansion Project at U. T. Health Science Center – Houston is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$120,000,000 with funding of \$70,000,000 from Gifts and Grants and \$50,000,000 from Permanent University Fund Bond Proceeds.

This new building will be a comprehensive basic research facility of 206,000 gross square feet, designed to support research and collaboration in the area of molecular medicine. The facility will house dry and wet laboratories, offices, conferencing areas, and a 200-seat assembly facility. A vivarium capable of supporting a transgenic rodent colony will be included. The facility will house 80 to 100 Principal

Investigators (PI). Each PI will support four or five researchers (graduate assistants, lab technicians, and post-doctoral fellows). Office and conference room support for these personnel will be provided.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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

This project was presented to the Facilities Planning and Construction Committee in January 2003.

INFORMATIONAL REPORT

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

The quarterly report on Historically Underutilized Businesses for building construction for the U. T. System is set forth below.

REPORT

The total expenditures for Building Construction and Other Facilities by the Office of Facilities Planning and Construction through the first quarter of Fiscal Year 2003 were approximately \$114,357,726. Of that amount, 13.79% was paid to Certified Historically Underutilized Businesses, 1.04% was paid to Graduated Historically Underutilized Businesses, and Non-Certified Historically Underutilized Businesses received 10.33% for a total of 25.16% or approximately \$28,771,093.

This information was included in the materials submitted to the Facilities Planning and Construction Committee in January 2003 and will be included in the U. T. System Administration HUB Report to the State.