

Minutes
Physical Planning and Funding Committee
Thursday, May 4, 2006

Committee Chair Regent Salas convened the meeting of the Physical Planning and Funding Committee at 2:05 p.m. in the Room 1511 of Van Hise Hall. Present were Regents Crain and Regent Cuene. Regent Salas and Crain welcomed Regent Cuene to the committee.

I.3.a. Approval of the Minutes of the April 6, 2006 Meeting of the Physical Planning and Funding Committee

Upon the motion of Regent Crain, and the second of Regent Cuene, the minutes of the April 6, 2006 meeting of the Physical Planning and Funding Committee were approved as presented.

I.3.b. UW-Extension: Authority to Grant an Easement for an AT&T Telecommunications Cabinet

This item requested approval of authority for the officers of the Board of Regents to grant a permanent easement in the city of Madison, Dane County, Wisconsin for modification and new installation of telecommunications utilities.

This approval will provide Wisconsin Bell, Inc. (DBA AT&T Wisconsin) a permanent telecommunications utilities easement in the northwest corner of 3817 Mineral Point Road, Madison, Wisconsin and permits AT&T Wisconsin to legally extend telecommunications utilities across university property to area residents and businesses. This request replaces an existing easement.

Upon the motion of Regent Crain and the second of Regent Cuene the Committee approved Resolution I.3.b.

Resolution I.3.b.

That, upon the recommendation of the UW Colleges/UW-Extension Chancellor and the President of the University of Wisconsin System, authority be granted for the officers of the Board of Regents to grant a permanent easement in the city of Madison, Dane County, Wisconsin for modification and new installation of telecommunications utilities.

I.3.c. UW-Madison: Authority to Adjust the Project Scope and Budget of the Health Emotions Research Institute (HERI) Addition Project

This item requested authority to increase the project scope and budget of the Health Emotions Research Institute (HERI) Addition project, located at the University Research Park, 6001 Research Park Boulevard, Madison, Wisconsin by \$3,000,000 Gift Funds for a total revised project cost of \$10,000,000 Gift Funds. The University of Wisconsin Medical Foundation obtained gift funds for this additional work.

This project will add 10,000 gross square feet (GSF) to the 32,000 GSF addition being constructed to the Wisconsin Psychiatric Institute and Clinics (WisPIC) building under the terms of a land use agreement between the Board of Regents and the University of Wisconsin-Medical Foundation. Upon completion of the addition, the university will accept the completed facility as a gift-in-kind from the

foundation. The additional space will provide fourteen clinical and two research beds, four exam rooms, and associated support spaces such as reception areas, equipment rooms, and offices for the UW Comprehensive Sleep Disorders Center.

The university presently has sleep related programs scattered in five separate locations. Four of those programs will cease operation and be consolidated at the proposed HERI Addition and become the UW Comprehensive Sleep Disorders Program. Present sleep program space at the UW and Meriter Hospitals will be reassigned for more urgent clinical purposes and the program at the Medical Sciences Center sleep center will continue. The consolidated sleep program became a reality when the participating institutions— UW Hospital and Clinics, UW Medical Foundation, the School of Medicine and Public Health, and Meriter Hospital—agreed to consolidate their activities after the initial project was submitted for Board of Regents approval. Locating the consolidated sleep studies and follow up clinics as part of the HERI addition will streamline the operation and improve the ability to perform research sleep studies.

In response to a question from Regent Salas, Assistant Dean of Facilities for the School of Medicine and Public Health Mark Wells stated that he did not know that negotiations were underway at the time the committee first approved this project. He said that the enthusiasm created by the original project approval generated more discussion about combining the research and clinical components of the sleep labs into one location. He stated that the consolidation is anticipated to decrease the length of time that is now required for the doctors to serve the population.

Regent Cuene commented on the importance of the work that is accomplished by the sleep center and said she was very supportive of this request.

Upon the motion of Regent Cuene and the second of Regent Crain the Committee approved Resolution I.3.c.

Resolution I.3.c.

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to increase the project scope and budget of the Health Emotions Research Institute (HERI) Addition project, located at the University Research Park, 6001 Research Park Boulevard, Madison, Wisconsin by \$3,000,000 Gift Funds for a total revised project cost of \$10,000,000 Gift Funds.

I.3.d. UW-Madison: Authority to Acquire a Parcel of Land for the Expansion of University Research Park

This item requested authority to acquire 9.358 acres of land in the city of Madison, Dane County for \$3,434,540 Program Revenue Supported Borrowing plus closing costs and any necessary environmental abatement costs. The debt service will be financed with revenues derived from the Research Park.

Approval of this request will permit acquisition of a nine acre parcel of land on the south-east boundary of the 113-acres acquired by the University of Wisconsin-Madison in 2001 known as the Shapiro & Weston property. New development of the land will be a continuation of the University Research Park. University Research Park, Inc. negotiated the purchase price responsive to market

conditions after completion of two appraisals of \$2,350,000 and \$3,348,000. An environmental audit and soil samples have been completed and an assessment has been obtained which demonstrates no major environmental risk. This acquisition will provide a cohesive “front door” for the first phase of University Research Park expansion.

University Research Park Director Mark Bugher discussed the purchase by saying that this southeast corner property was identified for several years as an important parcel to purchase since it would provide a key entrance to the Park. Bugher explained that after a series of negotiations the owners and the Park arrived at an agreed purchase price and he told the committee that he expects Madison City council approval in June.

In answer to a question from Regent Salas regarding the difference between the two appraisals, Bugher explained that property located in the same area was in huge demand and that comparable vary widely in their cost per square foot in the present market driven pricing system in Madison. Bugher continued by saying that they expect to eventually house 53 companies with 10,000 employees when the Park is completely developed.

In response to a question from Regent Crain whether it would be problematic to not purchase the property, Bugher responded that it would be problematic because the Park needs this property to complete the overall design and continue the theme of the Park.

Upon the motion of Regent Crain and the second of Regent Salas the Committee approved Resolution I.3.d.

Resolution I.3.d.

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to acquire 9.358 acres of land in the city of Madison, Dane County for \$3,434,540 Program Revenue Supported Borrowing plus closing costs and any necessary environmental abatement costs.

I.3.e. UW-Madison: Authority to Amend Agreements Contained in the Master Term Sheet with Madison Real Estate Properties for the Redevelopment of the University Square Development Project Mall and University Parking Lot 47

This item requested authority to amend the Master Term Sheet with Madison Real Estate Properties for the redevelopment of the University Square Development Project.

The State of Wisconsin and the University of Wisconsin-Madison are partnering with Madison Real Estate Properties (MREP) to engage the developer (Executive Management Incorporated) to construct a master condominium project on the development parcel which will create a minimum of four condominium units; the University Unit, one or more Retail Units, one or more Private Housing Unit(s), and a Parking Unit. The complete project will be approximately 1,104,656 square feet including parking. The University Unit portion will occupy approximately 229,779 square feet of the project, and will consist of offices for the bursar, registrar, Student Financial Services, University Health Service, and a student activity center.

The university's participation in the project requires the execution of five agreements, including a ground lease (the "Ground Lease") between the Board of Regents and MREP leasing a portion of the university property to MREP for purposes of creating the development parcel and an easement agreement permitting the use of a portion of the university property in connection with the development. The parties will also execute a Development Agreement and Purchase Agreement. Additionally, the university will be either a party or third party beneficiary to architect's and construction manager's agreements pursuant to which the development will be constructed. The master term sheet also contemplated that the university would obtain a Right of First Offer regarding the balance of the project not owned by the university. Finally, the university will, as part of the Purchase Agreement, have certain approval rights over the Condominium Declaration.

This request amends the master term sheet as follows:

- (a) Amend the original closing language in the Purchase Agreement to change the closing date from the completion of construction to May 26, 2006. This amendment of the closing language to permit purchase of the University Unit prior to the commencement of construction in May 2006 will permit the developer to minimize transfer tax liability and eliminates a majority of the university's estimated \$2,156,400 in property tax liability for the development period.
- (b) Eliminates the Right of First Offer Agreement between the Board of Regents of the University of Wisconsin System and MREP requiring each party to seek an offer to purchase from the other party 365 days before selling its unit or units to a third party. The Right of First Offer agreement requires each party to seek an offer to purchase from the other party 365 days before selling its unit or units to a third party. At the end of the 365 day waiting period, either party can still refuse the offer. As such, there is no advantage to the university in retaining this agreement; however, elimination of the agreement permits the developer to obtain project financing and retain the structure of its housing partnership.

In response to a question from Regent Salas regarding why the Right of First Offer item was originally included in the term sheet, Associate Vice Chancellor Alan Fish stated that it would have given the campus a year's notice before the property was sold which the university now considers to be an unnecessary protection.

Upon the motion of Regent Crain and the second of Regent Salas the Committee approved Resolution I.3.e.

Resolution I.3.e.

That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to amend the Master Term Sheet with Madison Real Estate Properties for the redevelopment of the University Square Development Project.

I.3.f. UW-Oshkosh: Approval of the Design Report and Authority to Construct the South Campus Parking Ramp Project

This item requested approval of the Design Report and authority to: (a) increase the project enumerated budget by \$232,000 Program Revenue Supported Borrowing (b) replace \$321,000 of Program Revenue Supported Borrowing with an equal amount of General Fund Supported Borrowing - Utilities Repair and Renovation, and (c) construct the South Campus Parking Ramp project at an estimated total project cost of \$7,551,000 (\$7,230,000 Program Revenue Supported Borrowing, and \$321,000 General Fund Supported Borrowing - Utilities Repair and Renovation). General Fund Supported Borrowing (GFSB) is being added to the budget to fund a portion of the tennis court reconstruction which is included in this project. GFSB is normally used to fund 85 percent of this type of work, and the \$312,000 represents that percentage of the cost of reconstructing the existing courts.

The project will design and construct a 448 stall parking ramp (136,650 GSF/132,170 ASF) on a parcel of land located at the northwest corner of the intersection of High Street and Osceola Street on the UW-Oshkosh campus. The parking ramp will be a multi-story, above ground cast-in-place post-tensioned concrete parking structure with a brick faced exterior. The perimeter of the structure will be horizontal with internal ramping between levels.

The site preparation will include the demolition of an existing baseball field and twelve existing tennis courts; and the reconstruction of eight new tennis courts with associated fencing and lighting. A portion of the existing surface parking Lot 13, located south of the Kolf Physical Education Center, will be demolished to facilitate the construction of the new tennis courts and a new pedestrian mall between High Avenue and Pearl Avenue. The remainder of Lot 13 will be reconstructed to maintain as many stalls as possible. The project will result in a net increase of 359 parking stalls.

Vice Chancellor Tom Sonnleitner explained details of the parking ramp project and stated that it will meet a critical shortage of campus parking. In response a question from Regent Salas, Assistant Vice President David Miller explained that \$321,000 General Fund Supported Borrowing is included in this request to reconstruct tennis courts that will be relocated by this project.

Upon the motion of Regent Cuene and the second of Regent Crain the Committee approved Resolution I.3.f.

Resolution I.3.f.

That, upon the recommendation of the UW-Oshkosh Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to: (a) increase the project enumerated budget by \$232,000 Program Revenue Supported Borrowing (b) replace \$321,000 of Program Revenue Supported Borrowing with an equal amount of General Fund Supported Borrowing - Utilities Repair and Renovation, and (c) construct the South Campus Parking Ramp project at an estimated total project cost of \$7,551,000 (\$7,230,000 Program Revenue Supported Borrowing, and \$321,000 General Fund Supported Borrowing - Utilities Repair and Renovation).

I.3.g. UW-River Falls: Authority to Adjust the Project Budget and Construct the Dairy Science Teaching Center Project Through a Request for Proposals (RFP) Process

This item requested authority to design and construct the Dairy Learning Center project, and increase the project budget by \$2,100,000 General Fund Supported Borrowing - All Agency Funds, at a total estimated project cost of \$9,313,000 (\$6,713,000 General Fund Supported Borrowing; \$2,100,000 General Fund Supported Borrowing - All Agency Funds, and \$500,000 Gift Funds). This project will be designed and constructed by the contractor who submitted the lowest cost proposal in response to a Request for Proposals (RFP), and will be managed by DSF in a manner similar to that used on standard state projects.

This project will be constructed at the Mann Valley Farm for the College of Agriculture, Food and Environmental Sciences. The new facilities, totaling 66,650 ASF, will accommodate a 96 cow milking herd and 146 young replacement cows necessary to support instruction and research. The project will provide facilities to house dairy cattle throughout all stages of life and will support instruction in state-of-the-art dairy industry practices and technology. Construction will also provide facilities to handle animal waste using the methods that have a low environmental impact. Construction will include: site excavation, service drives, parking, site lighting, fencing; mature cow housing, a special needs barn, a calf barn, a heifer shed; a milking center with contemporary milking equipment; feed bunkers, a bagged feed area, a feed mixing building, hay storage; a classroom/laboratory building; and a manure management system and compost pad.

Detailed justification for this project was provided in documentation included in the 1997-1999, 1999-2001, and 2003-2005 UW System Capital Budget request materials. This project will construct new state-of-the-art dairy farm facilities to support the undergraduate dairy science program at UW-River Falls, one of the largest programs in the country.

The current dairy farm is located near the main campus in an area experiencing rapid urban growth, and is no longer compatible with adjacent land uses. The existing facilities are outdated, in very poor condition, too small to accommodate an optimal herd size, and unable to support instruction in current and developing dairy industry practices. The proposed project will relocate the dairy operations to the Mann Valley Farm, an existing campus lab farm that is located in a rural area two miles northwest of the city of River Falls, and is adequate to support dairy operations and related instructional and research needs.

The scope of this project has been revised several times in response to new programmatic requirements and budget considerations. When it became apparent during programming that the initial budget, enumerated in 1999-2001, was inadequate to construct a complete replacement farm, the project was revised to be funded and built in two phases: a Phase I project funded in the 1999-2001 biennium, and a Phase II project funded in the 2003-2005 biennium.

This project was bid twice. Bids for the Phase I work were received in December of 2002 resulting in a project budget that was 43 percent over the approved budget. The project was redesigned with a reduced scope of work that incorporated both Phase I and Phase II portions and then was re-bid. Bids for this combined phase project were received in July, 2004 would have resulted in a total project cost that was 44 percent over the approved budget. In December 2004, the State Building Commission declined to authorize an increase in budget for this project, and authorized a waiver of state statute to

allow a competitive RFP process. This process was used in an attempt to use private sector expertise to design and construct a cost effective project. The RFP was written to reflect a revised scope of work that would meet minimum instructional and research needs, but that had less complex buildings.

Only one April 2006 proposal was received which results in an estimated project budget \$1,056,000 less than the \$3,156,000 increase that would have been necessary had the July 2004 bid been accepted.

Regent Salas explained the historical background of this project to the committee and mentioned a variety of efforts made to reduce costs when the project bids came in higher than the project budget.

Assistant Vice President Miller discussed the creation of an Request for Proposals (RFP) for this project and the solution to use \$2,100,000 General Fund Supported Borrowing - All Agency Funds to fund the budget funding shortfall.

In response to a question from Regent Cuene, UW-River Falls Chancellor Donald Betz answered that the entire dairy program has been significantly hampered by the delay in the construction of this dairy science teaching facility. UW-River Falls Campus Planner Dale Braun, added that there are 200 majors in dairy science, and 400 majors in animal science, and that both of those majors will use this facility. In response to a question from Regent Craine, Braun answered that 60 percent of the dairy science majors are female students.

Upon the motion of Regent Crain and the second of Regent Salas the Committee approved Resolution I.3.g.

Resolution I.3.g.

That, upon the recommendation of the UW-River Falls Chancellor and President of the University of Wisconsin System, authority be granted to design and construct the Dairy Learning Center project, and increase the project budget by \$2,100,000 General Fund Supported Borrowing - All Agency Funds, at a total estimated project cost of \$9,313,000 (\$6,713,000 General Fund Supported Borrowing; \$2,100,000 General Fund Supported Borrowing - All Agency Funds, and \$500,000 Gift Funds)

I.3.m. Report of the Assistant Vice President

- Building Commission Actions - Assistant Vice President David Miller reported that the Building Commission approved about \$40 million for projects at their April meeting. The funding breakdown for those projects was \$7.5 million General Fund Supported Borrowing, \$31.8 million Program Revenue, and \$.7 million Gift and Grant Funds. (For more detail about those projects, please see the chart at the end of these minutes.)

Miller told the committee to expect information about the Executive Order concerning sustainability standards and a follow up discussion of 2007-09 Capital Budget options at their June meeting.

i.3.x. Additional items that may be presented to the Committee with its approval

No additional items were presented to the Committee.

Adjournment

The Physical Planning and Funding Committee adjourned at 3:10 p.m.

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April 2006 SBC Actions on Projects for May 2006 PPF Committee Meeting		
Campus	Project / Funding	Amt. Approved
MSN	Sale of Hanson Forest Land to US Forest Service for \$2,200,000	Approved
MSN	Chadbourne Residence Hall Renovation	6,599,000
MSN	Lease for Institute for Influenza Viral Research program	Approved
MSN	Engineering Student Learning Center	538,000
MSN	WI Institute for Discovery - Land Exchange, etc.	Approved
MSN	Engelmann Field Exterior Floodlighting	171,000
PKS	Third Central Chiller Installation	1,339,000
PKS	Student Union Expansion project	25,191,000
SYS	Construct All Agency Maintenance and Repair Projects Total = \$6,210,000	0
	LAX Whitney Freezer/Cooler Repl 478,500	40,000
	MSN Chamberlin Hall Lab Renv (Incr) 200,000	3,574,500
	PLT Art Bldg Infrastructure Maint 2,373,000	875,000
	OSH Dempsey Hall Office Rmdl 1,106,000	558,000
	LAX Htg Plnt FeedWater/Deaerator Repl 360,000	160,800
	MSN 21st Century Telcomm Ext Ph 2 444,000	524,500
	MSN Babcock Dr/Linden Dr Utility Connect 486,000	88,200
	MSN Campus Dr Bike Path Ph 1 834,000	389,000
	OSH Steam Dist Tunnel Repr 447,000	
	OSH Substation Switchgear Repl 2,050,000	
	PKS Inner Loop Road Reconst 977,000	
	PLT South Res Hall Lot/Road Walks 2,485,000	
	STP Htg Plnt Boiler/Deaerator Repl 2,136,000	
	WTW Wyman Mall Utility Repl 115,000 - PLANNING	
	WTW Multi-Res Hall Emer Gen Inst 335,000 - HELD OVER - Now all PRSB	
	April SBC Meeting TOTAL	\$40,048,000