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Agenda
FACILITIES AND PROPERTY COMMITTEE
December 4, 2013

1:00 p.m.
Claiborne Building
Thomas Jefferson Room 1-136 A&B
1201 North Third Street
Baton Rouge, LA 70802

I. Call to Order

II. Roll Call

III. Consent Agenda (Small Capital Projects Report)

1. LSU A&M – Grandstand Canopy Bird Control at Alex Box Stadium
2. NSU – ADA Modifications for Roy Hall, John Kyser Hall, & A.A. Fredericks Fine Arts Center
3. NSU – Conversion of Roy Hall for Electronic & Continuing Education
4. NSU – Replacement of Electrical Distribution at Bienvenu Hall
5. NSU – Replacement of Elevator at Bienvenu Hall

IV. Act 959 Projects

1. LSU A&M – Re-Roof Student Health Center Building
2. LSU A&M Veterinary School – Construction of Linear Accelerator Vault
3. LSU HSC – Shreveport – Budget Increase for G/J Wing 4th Floor Patient Room Upgrades

V. Project Utilizing Alternative Means of Financing (3rd Party Project)

1. Louisiana Tech University – Student/Athletic Facility

VI. Other Business

VII. Adjournment

Committee Members: Chris Gorman, Chair; Albert Sam II, Vice Chair; Charlotte Bollinger; Brooksie Bonvillain; Raymond Brandt; Richard Lipsey; Joseph Wiley; Louisiana Community and Technical College System Representative; Louisiana State University System Representative; Southern University System Representative; and University of Louisiana System Representative

Executive Summary

Facilities and Property December 4, 2013

- I. **Call to Order**
- II. **Roll Call**
- III. **Consent Agenda (Small Capital Projects Report)**

In accordance with the Facilities Policy, small capital project proposals are reviewed by staff and approved where appropriate, and thereafter, reported at the next meeting of the Facilities and Property Committee. BoR staff may approve small capital projects internally ranging from \$175,000 to \$500,000 without seeking further approval of the Board or Facility Planning & Control (FP&C).

Staff has approved the following small capital projects since the previous report:

1. **Louisiana State University A&M – Grandstand Canopy Bird Control at Alex Box Stadium – Baton Rouge, LA**

This project will protect spectators attending Louisiana State University A&M (LSU) baseball games from bird excrement by preventing the birds from landing on the canopy and light fixtures above the grandstands. This project will also clean and protect the areas that have been previously damaged by the birds. The project scope consists of installation of a bird control system at the underside of the grandstand canopy, the re-lamp/replacement of existing light fixtures, touching up the paint, and cleaning the bird excrement at the suite level. Funding comes from auxiliary funds at a level of \$275,000.

2. **Northwestern State University – ADA Modifications for Roy Hall, John Kyser Hall, and A.A. Fredericks Fine Arts Center – Natchitoches, LA**

Northwestern State University (NSU) completed an extensive ADA assessment in 2010 for the Natchitoches, Shreveport, and Leesville campuses. Modifications for ADA compliance, based on information acquired from the 2010 ADA assessment, will be made at Roy Hall, John Kyser Hall, and the A.A. Fredericks Fine Arts Center on the Natchitoches campus. This project represents only a fraction of the larger current capital outlay request of \$11M to correct items that were apparent in the assessment. Areas such as the public restrooms, signage, and paths of travel on the three campuses will be addressed. Funding comes from “Other” funds; specifically, funds from the Overcollections monies provided to each system during the 2013 Legislative Session for deferred maintenance and operational needs. The estimated project cost is \$185,000.

3. Northwestern State University – Conversion of Roy Hall for Electronic and Continuing Education – Natchitoches, LA

The Office of Electronic and Continuing Education (ECE), Vice President for Technology, Research and Economic Development (TRED), and units of the Information Systems are temporarily located in South Hall. Due to completion of the NSU Student Services Center and Caspari Hall renovations, and in accordance with NSU's master plan, the space formerly occupied by the Registrar's Office, Financial Aid, Provost, and Dean of Arts, Letters and Graduate Studies will be renovated for the ECE and TRED units. This small capital project request is part of a larger \$8M renovation currently in NSU's 5 year capital outlay plan. Work completed during this phase will remain during the major renovation. The project scope consists of the demolition and removal of existing space (formerly occupied by the Financial Aid and Dean of Arts, Letters and Graduate Studies departments) to prep for the ECE and TRED units. Funding comes from Overcollections ("Other" funds) at a level of \$200,000.

4. Northwestern State University – Replacement of Electrical Distribution at Bienvenu Hall – Natchitoches, LA

Recent electrical faults in aging equipment have caused the facility to lose power off and on. The main electrical system has caused arc flashes and become a hazard to employees working in or near the mechanical room. After testing was completed to determine the fault, it was recommended that NSU replace the main distribution panel (MDP) for this facility as it may continue to go out and may never come back on again. The project will demolish and remove the bus and electrical distribution panel, install new electrical conduit and MDP, and install controls to provide regulation through the Building Management System. The project also replaces and relocates the transformer away from the high pressure gas main. Funding comes from Overcollections ("Other") funds at a level of \$220,000.

5. Northwestern State University – Replacement of Elevator at Bienvenu Hall – Natchitoches, LA

On Thursday, October 10, 2013, a single phase electrical event occurred causing the motor to the Montgomery Elevator unit to burn up filling the first and second floors of Bienvenu Hall with smoke. The Natchitoches Fire Department closed the facility for approximately 6 hours due to the high levels of carbon monoxide and damage to the electrical components. The project scope consists of replacing the motor, controls, and gears of the existing Montgomery Elevator with a hydraulic unit, relocating the control room from the basement to the 1st floor, and making any necessary ADA improvements. NSU is working with the Office of Risk Management (ORM) and the State Elevator Inspector's office for replacement of this unit. Replacement of the unit is vital to those employees and students requiring the elevator to meet ADA needs. Funding comes from ORM – Building Use Fees ("Other" funds) at a level of \$175,000.

The Senior Staff recommends approval of the consent agenda for the small capital projects report as presented.

IV. Act 959 Projects

Act 959 of 2003 provides that certain capital construction projects may be performed by postsecondary educational institutions without going through the traditional capital outlay process. Such projects shall not exceed \$5,000,000 and funding must come from self-generated revenue, auxiliary income, grants, donations, local or federal funds, or building use fees. Funds cannot come from the operating budget of the institution or deferred maintenance allocations. At the same time, no debt can be incurred on the project and approval by the respective management board, the Board of Regents, and the Joint Legislative Committee on the Budget (JLCB) is required. Projects are administered by FP&C. FP&C can, at its option, delegate administration of the project to the institution if that institution has the capacity to do so. BoR staff received three projects submitted for consideration under the provisions of Act 959 of 2003.

(1) The LSU System, on behalf of LSU A&M, requests consideration of a project to re-roof the Student Health Center (SHC) building. The roof on the SHC building is a 70 plus year old clay tile roof, and the last major roof work was completed 18 year ago. For the last several years the SHC has been experiencing multiple leaks, which were temporarily repaired at the time of each event. Due to numerous weather events in the past year (per LSU staff), the SHC had several major leaks which caused extensive damage to the building's interior.

The SHC Building project scope consists of re-roofing the existing building located on Infirmary Road on the main campus of LSU A&M. Project includes removal and disposal of the existing 16,577 SF clay tile roof and 5,560 SF of built up roofing, removal/disposal of the flashing and membrane to the roof deck, repair or replacement of the decking as required, installation of new copper flashings and vents, and waterproofing of the membrane. In addition, the exterior wall, overhang, and doors will be pressure washed. Silicone caulk residue in the cracks will be removed, and any cracks will be filled with a combination of epoxy caulk, sand, and split pea gravel. The total estimated cost of the project is \$1,000,000 and will be paid using the Student Health Center's cash reserves. No debt will be incurred.

(2) The next request submitted by the LSU System was on behalf of LSU A&M's School of Veterinary Medicine seeking approval to construct a new linear accelerator vault for the Vet School. Radiation treatment provided by the LSU oncology service (made possible by the use of the linear accelerator) is only available in Louisiana at the LSU Veterinary Teaching Hospital (VTH). This clinical service is integral to many services in the hospital and one that the VTH receives referrals from all over the region. Furthermore, the linear accelerator is a critical piece for performing clinical research and in the recruitment of oncology faculty.

The current linear accelerator is at the "end of its useful life", as designated by the original equipment manufacturer (OEM), and could cease to function at any time. OEM will no longer guarantee replacement parts for the current radiation therapy unit and will no longer offer support or any type of maintenance after January 1, 2016. This results in an emergency situation for the VTH, for the faculty, pet owners and referring veterinarians. In addition, the current linear accelerator represents outdated technology and an upgrade is necessary to conform to current standards in veterinary medicine. A new linear accelerator cannot be installed in the current vault due to the fact it does not meet safety standards regarding room size and wall thickness/shielding limitations required by the newer linear accelerators.

A new radiation therapy vault will provide more space along with a thicker primary radiation shield required for the newer radiation technology. The new radiation therapy vault will be compatible with any radiation therapy machine so future upgrades should not be an issue. The estimated cost to construct a new radiation therapy vault is \$2,000,000. The vault will be funded from the Veterinary Medicine Restricted Hospital fund's existing cash reserves. Going through the normal capital outlay may cause a major interruption in service provided due to the protracted time period involved with capital outlay.

(3) The final request from the LSU System, on behalf of the LSU Health Sciences Center – Shreveport (LSU HSC-S), involves the LSU HSC-S project upgrading the G/J Wing of the 4th Floor Patient Rooms. This project was originally approved by the BoR in April 2011. Additions to the project scope after the original BoR approval necessitated an increased project budget. The BoR Facilities Policy permits a 20% increase in project scope and cost without the need for re-approval, but the first change in project scope resulted in a cost increase greater than 20% of the amount approved by the BoR in 2011. The BoR approved the project scope additions in June 2012, increasing the project's construction budget to \$1,965,000. Five project bids were received on August 28, 2013, with the apparent low bid totaling \$2,757,000 (\$792,000 over the revised funds approved for construction). BoR staff reviewed and confirmed the low bid amount of \$2,757,000.

The completion of the 4th floor renovation project is of primary importance to the institution. LSU HSC-S administration made the decision to use funds originally allocated for equipment purchases for the newly renovated area. In July 2013, LSU HSC-S identified a total of \$3,506,668 available for this project, including \$1,000,000 for equipment. Upon BoR and JLCB approval, the equipment funds will be transferred to continue the renovation as designed. This results in a new project budget of \$3,506,668. The project is funded with the hospital's self-generated funds and no debt will be incurred.

The Senior Staff recommends approval of the three proposed projects submitted by the Louisiana State University System under the provisions of Act 959.

V. Project Utilizing Alternative Means of Financing

BoR staff received a request for a project utilizing alternative means of financing since our last Board meeting.

Background

As a “refresher” for all Board members, this type of financing should be explained in greater detail. There was a time when just about the only way of getting the construction of a major facility accomplished was through the legislative appropriation process. There was an exception, and it had to do with institutions leasing away one acre or less of land it owned for the purpose of constructing houses for fraternal organizations, religious venues, or military science facilities. Over time, the laws were modified to permit broader use of the process, removing the one acre limit, and opening the process to projects that benefit the institution and performed by organizations formed for the purpose of benefitting the university (i.e. a 501(c)(3) not-for-profit tax exempt corporation). Since this was a new approach from the traditional capital outlay appropriation process, it became known as “projects utilizing alternative means of financing”.

The typical format for such projects is as follows: the premises are leased to the 501(c)(3) corporation which then funds (either from available cash or from financing) and constructs the facility (or facilities) all in concert with the expressed needs and wants of the institution. The corporation selects design professionals using a competitive process, and the project may be bid, or perhaps a design/build contract is negotiated (again in a competitive environment as prescribed by law). Upon completion of the work, the facilities may be operated by the corporation until the corporation pays off any indebtedness related to the project, or the corporation may lease back the project to the institution for operation, in which case the lease payments amortize the debt. Where the project is entirely philanthropic in nature and no debt relates to or income derives from the project, the corporation may simply donate the improvements back to the institution upon completion, and the lease terminates. In all cases, a variety of protective measures have been developed by the Board of Regents and are included in the Facilities Policy. These include buyout provisions, limits on who can use such facilities, and a Maintenance Reserve Account so that the resulting facilities will never become a long-range maintenance burden to the state.

Projects utilizing alternative means of financing sometimes involve student self-assessed fees, as is the case with a portion of the funding for the Louisiana Tech project outlined below. Students (typically through the Student Government Association) may approach the administration, or in some cases, the administration suggests the needs the students might address. Typically, a student referendum is conducted. Certain shortcomings include light voter turnout and the fact that because of build times, some students may pay for something they will not be around to benefit from. To work around that, sometimes fees are not initiated until construction is complete, or perhaps seniors are declared exempt. Typically however, that is not the case. The student voter process is deemed to be the only appropriate means to present such issues, and is accepted as such.

Louisiana Tech University Project: Student/Athletic Facility

Staff received a request from the University of Louisiana System (ULS), submitted on behalf of Louisiana Tech University (La Tech), for consideration of a project to construct and equip a new athletic complex and other student facilities on campus. In 2010, La Tech officials unveiled the “Quest for Excellence” campaign (Q4E) geared toward enhancing the University’s athletic facilities. Since Q4E began, more than \$3M has been invested in numerous facility renovations, additions, and improvements, including the baseball locker room and ticket office, expansion of the softball stands, press box and fence renovations, lighting for the soccer field, renovations to the Scotty Robertson Memorial Gym court, and the video display board and sound system in the Thomas Assembly Center. At the December 3, 2010 ULS Board meeting, La Tech introduced preliminary plans for the development and funding of the student/athletic facility project.

The ULS and La Tech are now ready to proceed with the design and construction of the new south end zone athletic complex which will close the south end of Joe Aillet Stadium. This phase is considered to be the centerpiece of the Q4E campaign and will benefit all La Tech student athletes. The proposed facility will be a three-story facility, consisting of approximately 70,000 SF located in the south end zone of the football stadium. The facility will include a new state-of-the-art strength and conditioning complex (utilized by all 16 of the University’s athletic programs) and football

locker room, including a supplement and nutrition bar. The 2nd story will house football coaches' offices and team and position meeting rooms. The 3rd story of the facility contains the club level seating, including premium seating options with 302 chair back seats, multi-functional dining space seating up to 360, a private dining room with field view, and a full service commercial kitchen. In addition to generating additional revenues for the University and the athletic department, this area will be utilized for campus, student, and community events.

La Tech seeks approval to enter into Ground and Facilities Leases with Innovative Student Facilities, Inc, a 501(c)(3) corporation ("Corporation"). The Ground Lease allows the Corporation access to the property in which the expansion will take place, and the Facilities Lease provides for the ULS Board and La Tech to lease back the completed facility for its use. The Facilities Lease will also provide for payment of debt service on the proposed bonds to be issued by the Louisiana Local Government Environmental Facilities and Community Development Authority on behalf of the ULS Board and the Corporation.

The total estimated cost of the proposed athletic complex is approximately \$18 million. Funding for the project will come from two sources: (1) Approximately \$10M coming from private funds and donations; and (2) Up to \$9M derived from the issuance of tax-exempt bonds. Principal and interest on the proposed Series 2014 bonds is secured and payable by rental payments to the Corporation under the Facilities Lease by the Board and solely from the Student Fee dedicated to the student/athletic facility. La Tech plans to begin construction in March of 2014, and the project must be completed by June 2015. Prior to termination of the Facilities Lease, the ULS Board and the University will have the option to purchase the facility.

Louisiana Tech and the ULS are seeking conditional approval from the Board, dependent on ULS Board approval December 6, 2013.

The Senior Staff recommends the Facilities and Property Committee conditionally approve the alternatively financed project and related leases submitted by Louisiana Tech University, dependent on ULS Board approval December 6, 2013.

VI. Other Business

VII. Adjournment