

Agenda
Board of Regents
Facilities and Land Management Committee
Thursday, September 18, 2014 *2:00 p.m. – 5:00 p.m.
UAS Student Recreation Center, Room 115
University of Alaska Southeast
Juneau, Alaska

**Times for meetings are subject to modifications within the September 18-19, 2014 time frame.*

Committee Members:

Fuller A. Cowell, Committee Chair
Mary K. Hughes, Committee Vice Chair
Dale Anderson

Timothy Brady
Jyotsna Heckman
Patricia Jacobson, Board Chair

I. Call to Order

II. Adoption of Agenda

MOTION

"The Facilities and Land Management Committee adopts the agenda as presented.

I. Call to Order

II. Adoption of Agenda

III. Full Board Consent Agenda

- A. Project Change Request for the University of Alaska Anchorage KPC Kenai River Campus Student Housing Complex**
- B. Project Change Request for the University of Alaska Anchorage KPC Kenai River Campus Career and Technology Education Center**
- C. Project Change Request for the University of Alaska Fairbanks Irving I Repurpose for Veterinary Medicine**
- D. Schematic Design Approval for the University of Alaska Southeast Juneau Campus Modification 2014-2016 Phase 1, Hendrickson Building Renovations**
- E. Approval of Revisions to Regents' Policy 05.11 - Real Property**
- F. Approval of the Bunnell Park Disposal Plan**
- G. Property Acquisition of Bragaw Street Vacant Lot located at 1750 S. Bragaw Street in Anchorage, Alaska**
- H. Property Acquisition of Four-Unit Condo Complex located at 2831 UAA Drive in Anchorage, Alaska**
- I. Restructure of Existing Alaska Housing Finance Corporation Loan for the Four-Unit Condo Complex**
- J. Restructure of Existing Alaska Housing Finance Corporation Loan for University of Alaska Anchorage Housing Deferred Maintenance**

- IV. **New Business**
 - A. **Review of Revisions to Regents' Policy 05.12 – Capital Planning and Facilities Management**
 - B. **University of Alaska Timber Resources Statement of Intent**
- V. **Ongoing Issues**
 - A. **IT Report**
 - B. **UAA Alaska Airlines Center Project Information Item**
 - C. **UAA Engineering and Industry Building Project Information Item**
 - D. **UAA ConocoPhillips Integrated Science Building Re-commissioning Information Item**
 - E. **UAF Engineering Facility Information Item**
 - F. **UAF P3 Student Dining Development Information Item**
 - G. **Deferred Maintenance Spending Report**
 - H. **Construction in Progress Reports**
- VI. **Future Agenda Items**
- VII. **Adjourn**

This motion is effective September 18, 2014."

III. **Full Board Consent Agenda**

- A. Project Change Request for the University of Alaska Anchorage KPC Kenai River Campus Student Housing Complex Reference 11

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents approve the project change request for the University of Alaska Anchorage KPC Kenai River Campus Student Housing Complex as presented in compliance with the campus master plan, and authorizes the university administration to complete construction bid documents to bid and award contracts within the approved budget, and to proceed to completion of project construction with the pavilion, exterior improvements, site drainage improvements, exterior covered parking and storage not to exceed a total project cost of \$17,800,000. This motion is effective September 18, 2014.

POLICY CITATION

In accordance with Regents' Policy 05.12.047, a project change request is required when there are changes in the source of funds, increases or decreases in budget, savings to the construction budget, or material changes in program or project scope identified subsequent to schematic design approval.

Changes > than \$1.0 million will require approval by the board based on recommendations from the Facilities and Land Management Committee.

RATIONALE AND RECOMMENDATION

Reference 11 contains the complete project change request. Chris Turletes, associate vice chancellor of facilities and campus services, will review the request with members of the committee.

- B. Project Change Request for the University of Alaska Anchorage KPC Kenai River Campus Career and Technology Education Center Reference 12

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents approve the project change request for the University of Alaska Anchorage KPC Kenai River Campus Career and Technical Education Center as presented in compliance with the campus master plan, and authorizes the university administration to complete construction bid documents to bid and award contracts within the approved budget, and to proceed to completion of project construction with the R&R projects, instructional equipment purchases and building improvements not to exceed a total project cost of \$1,200,000. This motion is effective September 18, 2014.”

POLICY CITATION

In accordance with Regents’ Policy 05.12.047, a project change request is required when there are changes in the source of funds, increases or decreases in budget, savings to the construction budget, or material changes in program or project scope identified subsequent to schematic design approval.

Changes > than \$1.0 million will require approval by the board based on recommendations from the Facilities and Land Management Committee.

RATIONALE AND RECOMMENDATION

Reference 12 contains the complete project change request. Chris Turletes, associate vice chancellor of facilities and campus services, will review the request with members of the committee.

- C. Project Change Request for the University of Alaska Fairbanks Irving I Repurposing for Veterinary Medicine Reference 13

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents approve the project change request in the amount of \$1,400,000 for the University of Alaska Fairbanks Irving 1 Repurposing for Veterinary Medicine as presented in compliance with the campus master plan, and authorizes the university administration to increase the project budget by \$1,400,000, not to exceed a total project cost of \$5,400,000. This motion is effective September 18, 2014.”

POLICY CITATION

In accordance with Regents’ Policy 05.12.047, a project change request is required when there are changes in the source of funds, increases or decreases in budget, savings to the construction budget, or material changes in program or project scope identified subsequent to schematic design approval.

Changes > than \$1.0 million will require approval by the board based on recommendations from the Facilities and Land Management Committee.

RATIONALE AND RECOMMENDATION

Reference 13 contains the complete project change request. Scott Bell, associate vice chancellor for facilities services, will review the request with members of the committee.

- D. Schematic Design Approval for the University of Alaska Southeast Juneau Campus Modification 2014-2016 Phase 1, Hendrickson Building Renovations Reference 14

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents approve the schematic design approval request for the University of Alaska Southeast Juneau Campus Modifications 2014-16 Phase 1, Hendrickson Building Renovations as presented in compliance with the campus master plan, and authorizes the university administration to complete construction bid documents to bid and award a contract within the approved budget, and to proceed to completion of project construction not to exceed a total project cost of \$5,371,000. This motion is effective September 18, 2014.”

POLICY CITATION

In accordance with Regents' Policy 05.12.043, schematic design approval represents approval of the location of the facility, its relationship to other facilities, the functional relationship of interior areas, the basic design including construction materials, mechanical, electrical, technology infrastructure, and telecommunications systems, and any other changes to the project since formal project approval.

TPC > \$4 million will require approval by the board based on recommendations from the Facilities and Land Management Committee.

RATIONALE AND RECOMMENDATION

Reference 14 contains the complete schematic design approval request. Keith Gerken, director for facilities services, will review the request with members of the committee.

E. Approval of Revisions to Regents' Policy 05.11 – Real Property

References 15

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents approve the revisions to Regents' Policy 05.11 - Real Property as presented. This motion is effective September 18, 2014.”

RATIONALE AND RECOMMENDATION

In 2011, President Gamble requested a formal policy review and any recommendations for modification. Kit Duke, associate vice president of facilities and land management, Jim Lynch, associate vice president for treasury and procurement services, and Mike Hostina, general counsel, discussed and drafted proposed policy revisions to Chapter 05.11 - Real Property, in order to address state statute changes and improve clarity.

At the August 12, 2014 special Facilities and Land Management Committee meeting, Kit Duke, associate vice president of facilities and land management, presented recommended changes to the committee to review and recommend revisions to Chapter 05.11. Based on the recommendations of the regents present and comments submitted prior to the meeting, changes were made to the proposed policy language for Chapter 05.11.

Reference 15 contains the proposed policy revisions and guidelines. Jim Lynch, associate vice president for treasury and procurement services, and Kit Duke, associate vice president of facilities and land management, will review the request with members of the committee.

F. Approval of the Bunnell Park Disposal Plan

Reference 16

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents approve the Bunnell Park Disposal Plan and authorizes UA Land Management, with concurrence of the chief financial officer, to sell Lots 5A and 6A located in the Bunnell Park subdivision in Fairbanks in accordance with the disposal plan as presented. This motion is effective September 18, 2014.”

POLICY CITATION

P05.11.060. Negotiation, Approval, and Execution of University Real Property Transactions.

All university real property transactions and agreements are subject to the following:

B. The board shall approve:

4. real property transactions that have not been approved as part of a development plan and are expected to result in receipts or disbursements of \$1,000,000 or more in value; and

RATIONALE AND RECOMMENDATION

The University of Alaska, Facilities and Land Management Office (FLM) received a written offer from The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints (LDS) to purchase approximately 7.59 acres of land referenced as Lots 5A & 6A (aerial photo in Reference 16) of the Bunnell Park (BP) subdivision located at the SE corner of Geist Road and to-be-built Dennison Court for \$1,400,000. The property was recently appraised for \$1,410,000.

It should be noted that the sale of 7.59 acres contained in Lots 5A & 6A, leaves approximately 21 contiguous acres on Lots 3 & 4 available for future development or use by the university as well as 1.2 acres on a non-contiguous site (Lot 3A).

Beyond the sales price, the disposal of the BP parcels will provide other benefits that will increase the value and utility of the remaining 21 acres. BP has a high economic “barrier to entry” (development) as the up-front development costs (installation of Dennison Court and a signaled intersection) necessary to develop the “1st Acre” is estimated to exceed \$365,000. These up-front development costs will be incurred by LDS as they will need to construct at least two-thirds of

Dennison Court. Per a discussion with the Department of Transportation, LDS will be required to provide a signaled intersection at Geist and Dennison (est. cost: \$250,000 - \$400,000) in order to access Lots 5A & 6A. These improvements will increase the future value and development potential of the university's remaining 21 acres.

Facilities and Land Management recommends selling the property for \$1,400,000 to the LDS. The university's return on investment (ROI) when considering a sale price of \$1,400,000 plus the estimated infrastructure improvements that benefit the university's remaining Bunnell Park parcels results in a ROI of approximately 7.9 percent.

Ashok Roy, vice president for finance and administration and Kit Duke, associate vice president for facilities and land management, will answer any questions regarding the disposal.

- G. Property Acquisition of Bragaw Street Vacant Lot located at 1750 S. Bragaw Street in Anchorage, Alaska Reference 17

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents approve the purchase of the Bragaw Street Vacant Lot located at 1750 S. Bragaw Street in Anchorage, Alaska in accordance with the property acquisition plan for an amount not to exceed \$1,600,000. This motion is effective September 18, 2014.”

POLICY CITATION

In accordance with Regents' Policy 05.11.050, Real Property Acquisitions –

- C. Other Real Property Acquisitions.

The chief finance officer shall consider acquisitions or exchanges of property adjacent to existing university real property, when such property consolidates university real property holdings or enhances the access or development potential of other university real property. When economically feasible, and in the university's best interests, the chief finance officer may acquire or invest in real property that will enhance the university real property portfolio.

RATIONALE AND RECOMMENDATION

Statewide Facilities and Land Management (FLM) recommends the university purchase approximately 2 acres (1750 S. Bragaw) located at 1750 S. Bragaw. This property is located diagonally across the street from university's 1815

Bragaw building. As shown in Reference 17, this parcel has both practical and strategic value. The extension of Bragaw Street (summer 2015/2016) through UAA campus to connect with Elmore Road creates a new “Northern Gateway” to UAA. Strategically, the parcel’s location along this important corridor provides the university with the ability to influence future development patterns.

The property was valued at \$1,550,000 in August 2013. The seller has agreed to sell the property to the university for \$1,500,000. As a pure investment opportunity, the land should appreciate significantly over the next 5 to 10 years as traffic counts increase, due to the adjustment in traffic patterns from the extension of Bragaw Street to Elmore Road. The parcel could also be developed into any number of uses, including but not limited to: office, retail, housing, educational, hospitality (restaurant), parking lot or as a multi-use complex.

The property will be held as an investment property of the Land Grant Endowment Trust Fund Inflation-Proofing Fund.

Ashok Roy, vice president for finance and administration and Kit Duke, associate vice president for facilities and land management, will answer any questions regarding the acquisition.

- H. Property Acquisition of a Four-Unit Condo Complex located at 2831 UAA Drive in Anchorage, Alaska Reference 18

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents approve the purchase of a four-unit condo complex located at 2831 UAA Drive in Anchorage, Alaska in accordance with the property acquisition plan. This motion is effective September 18, 2014.”

POLICY CITATION

In accordance with Regents’ Policy 05.11.050, Real Property Acquisitions –

- A. Campus Land Acquisitions.

In order to provide an adequate land base to support current and future campus programs, the chief finance officer shall pursue strategic land acquisitions that meet the goals of the university’s educational mission. To facilitate such real property acquisitions, the chief finance officer shall consider relevant campus land acquisition plans, as approved by the board as part of campus master plans.

RATIONALE AND RECOMMENDATION

A high-end condominium complex containing four units (condos) located on property adjacent to the UAA's main Anchorage campus has become available for purchase. These condos could be used to house faculty members, administrators, graduate students, visiting scholars, or researchers. The condos acquisition price would be \$1,600,000 which is approximately \$28,000 below their combined appraised value.

The purchase of these units provides UAA Housing with additional units to meet the unmet demand for graduate, faculty and scholar housing; additional revenue; and would allow UAA to positively impact one of its gateway entrances, by maintaining the upkeep of the condos in the coming years and not allow them to slip into disrepair.

- I. Restructure of Existing Alaska Housing Finance Corporation Loan for the Four-Unit Condo Complex Reference 18

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents (1) authorize the chief financial officer to arrange for and execute all documents necessary to restructure the existing debt with Alaska Housing Finance Corporation in an amount not to exceed \$1,600,000 to provide for the University of Alaska to purchase the four-unit condo complex located at 2831 UAA Drive in Anchorage, Alaska; and (2) authorize the chief financial officer in case of need to utilize working capital to the extent deemed appropriate. This motion is contingent upon approval of the four-unit condo complex property acquisition and is effective September 18, 2014.”

POLICY CITATION

In accordance with Regents' Policy 05.04.020, Facilities and Real Property Improvements –

- A. All facilities and other real property debt issuances must be approved by the board. The reallocation of more than \$250,000 in general revenue bond proceeds between components of a general revenue bond "project" shall be approved by the board. Lesser amounts may be approved by the chief finance officer or the officer's designee.
- C. Refunding or refinancing debt must be approved by the board and shall be issued only if it results in a net present value savings, eliminates restrictive covenants or provides other benefits that can be clearly demonstrated.

RATIONALE AND RECOMMENDATION

A high-end condominium complex containing four units (condos) located on property adjacent to the UAA's main Anchorage campus has become available for purchase. These condos could be used to house faculty members, administrators, graduate students, visiting scholars, or researchers. The condos acquisition price would be \$1,600,000, which is approximately \$28,000 below their combined appraised value.

The authorization for additional debt in the amount of \$1,600,000 is intended to be financed by restructuring the existing Alaska Housing Finance Corporation loan.

The purchase of these units provides UAA Housing with additional units to meet the unmet demand for graduate, faculty and scholar housing; additional revenue; and would allow UAA to positively impact one of its gateway entrances, by maintaining the upkeep of the condos in the coming years and not allow them to slip into disrepair.

- J. Restructure of Existing Alaska Housing Finance Corporation Loan for University of Alaska Anchorage Housing Deferred Maintenance Reference 18

The president recommends that:

MOTION

“The Facilities and Land Management Committee recommends that the Board of Regents (1) authorize the chief financial officer to arrange for and execute all documents necessary to restructure the existing debt with Alaska Housing Finance Corporation in an amount not to exceed \$5,400,000 to provide for critical deferred maintenance needs of existing UAA Student Housing; and (2) authorize the chief financial officer to utilize working capital to the extent deemed appropriate. This motion is effective September 18, 2014.”

POLICY CITATION

In accordance with Regents' Policy 05.04.020, Facilities and Real Property Improvements –

- A. All facilities and other real property debt issuances must be approved by the board. The reallocation of more than \$250,000 in general revenue bond proceeds between components of a general revenue bond "project" shall be approved by the board. Lesser amounts may be approved by the chief finance officer or the officer's designee.

- C. Refunding or refinancing debt must be approved by the board and shall be issued only if it results in a net present value savings, eliminates restrictive covenants or provides other benefits that can be clearly demonstrated.

RATIONALE AND RECOMMENDATION

The university has an existing housing loan with the Alaska Housing and Finance Corporation (AHFC). This loan was originated in the late 1990's for the construction of housing on UAA's campus. An opportunity exists for the university to restructure its current AHFC debt, whereby UAA would receive additional loan proceeds to finance the acquisition of the four high-end condo units, address long-standing deferred maintenance issues, improve operations and protect existing housing assets.

The crucial element to this financing option is AHFC's inclination to leave the current annual debt service payment unchanged, even though UAA will borrow additional funds. AHFC has proposed a loan restructure that would preserve the current annual debt service (\$1,500,000), but would increase the loan amount by approximately \$7,000,000 (\$1,600,000 – condos & 5,400,000 – refurbishment), lengthen the amortization period of the loan and adjust the interest rate on the existing loan to a "blended" rate. The blended interest rate would maintain the existing low (1.862 percent) interest rate on the remaining \$13,000,000 of original principal and for the \$7,000,000 in "new" money AHFC would price the interest rate at the current market as of the closing date.

For all intents and purposes, this restructure would provide UAA with up to \$7,000,000 without increasing debt service payments, making this additional borrowing a budget neutral option. An injection of additional money to UAA Housing would breathe new life into the residence halls, lower operating expenses, increase revenue and grow UAA Housing's capital reinvestment reserves as noted in Reference 18.

Preliminary projections indicate that UAA Housing, an auxiliary business unit, could see a bottom line improvement of up to \$900,000 per year, thus tripling UAA Housing's annual uncommitted revenue.

The authorization for additional debt in the amount of \$5,400,000 is intended to be financed by restructuring the existing AHFC loan.

This acquisition is consistent with the board approved UAA Campus Master Plan.

Ashok Roy, vice president for finance and administration and Kit Duke, associate vice president for facilities and land management, will answer any questions regarding the acquisition as presented in the reference materials.

IV. New Business

A. Review of Revisions to Regents' Policy 05.12 – Capital Planning and Facilities Management Addendum 12

In order to address state statute changes, improve clarity, and allow for consistency throughout the entire chapter, revisions to the Chapter 05.12 - Capital Planning and Facilities Management were presented and reviewed by the Facilities and Land Management Committee (FLMC) at a special committee work session on August 12, 2014. Based on recommendations by the FLMC, the proposed revisions are being presented for final review and comment by the FLMC with the goal of presenting to Board of Regents for approval at the December 2014 meeting.

RATIONALE AND RECOMMENDATION

In 2011, President Gamble requested a formal policy review and any recommendations for modification. Kit Duke, associate vice president of facilities and land management, in conjunction with Jim Lynch, associate vice president for treasury and procurement services, Scott Bell, UAF associate vice chancellor of facilities services, Chris Turletes, UAA associate vice chancellor for facilities and campus services, Keith Gerken, UAS director of facilities services and Mike Hostina, general counsel, discussed and drafted proposed policy revisions to Chapter 05.12, in order to provide clarity of terms and intent, and align the policy with current practices and direction from the board.

Kit Duke, associate vice president of facilities and land management, presented two options to the committee to review and recommend revisions to Chapter 05.12 in order to accomplish the president's request. The committee elected to hold a special meeting on August 12, 2014 to review and make recommendations to modify Chapter 05.12. Based on the recommendations of the regents present and comments submitted prior to the meeting, changes were made to the proposed policy language presented in the reference material.

Addendum 12 contain the proposed policy revisions and guidelines. Jim Lynch, associate vice president for treasury and procurement services and Kit Duke, associate vice president of facilities and land management, will review the request with members of the committee.

B. University of Alaska Timber Resources Statement of Intent Addendum 13

Kit Duke, associate vice president for facilities and land management, will answer any questions regarding the statement of intent agreement between the State of Alaska Department of Natural Resources, Division of Mining, Land and Water, Division of Forestry, the Alaska Mental Health Trust Land Office and the University of Alaska.

V. Ongoing Issues

- A. IT Report Addendums 14, 15 & 16
Karl Kowalski, chief information technology office, will update the committee on security issues, state and federal broadband issues and the Administrative IT Summit. This is an information and discussion item; no action is required.
- B. UAA Alaska Airlines Center Project Information Item Addendum 17
Chris Turletes, associate vice chancellor of facilities and campus services, will answer any questions about the UAA Alaska Airlines Center project. This is an information and discussion item; no action is required.
- C. UAA Engineering and Industry Building Project Information Item Addendum 18
Chris Turletes, associate vice chancellor of facilities and campus services, will answer any questions about the UAA Engineering and Industry Building project. This is an information and discussion item; no action is required.
- D. UAA ConocoPhillips Integrated Science Building Re-commissioning Information Item Addendum 19
Chris Turletes, associate vice chancellor of facilities and campus services, will answer any questions about the CPISB Re-commissioning. This is an information and discussion item; no action is required.
- E. UAF Engineering Facility Information Item Addendum 20
Scott Bell, associate vice chancellor of facilities services, will answer any questions about the UAF Engineering Facility project. This is an information and discussion item; no action is required.
- F. UAF P3 Student Dining Development Information Item
Scott Bell, associate vice chancellor of facilities services, will answer any questions about the UAF P3 Student Dining Development project. This is an information and discussion item; no action is required.
- G. Deferred Maintenance Spending Report Addendum 21
Kit Duke, associate vice president of facilities and land management, will answer any questions about the Deferred Maintenance Spending report for the deferred maintenance and renewal appropriations for FY07-FY14. This is an information and discussion item; no action is required.

H. Construction in Progress Reports

Addendum 22

Kit Duke, associate vice president of facilities and land management, and campus facilities representatives will answer questions regarding the Construction in Progress reports on active construction projects approved by the Board of Regents. This is an information and discussion item; no action is required.

VI. Future Agenda Items

VII. Adjourn