

**NAVY SUPPLY CORPS SCHOOL LOCAL REDEVELOPMENT
AUTHORITY
OFFICIAL NOTICE OF INTEREST**

Expanded Proposal
January 17, 2007

In compliance with instructions provided by the Athens-Clarke County Navy Supply Corps School Local Redevelopment Authority, the University of Georgia submits the following expanded Notice of Interest for Public Benefit Conveyance of the Navy Supply Corps School for use as a multi-faceted/multi-discipline health sciences center.

I. ORGANIZATIONAL PROFILE

1. Legal name of government entity or non-profit institution requesting use of buildings or property at the Navy Supply Corps School, Athens, Georgia (“NSCS”).

The University of Georgia.

The property sought in this application was formerly owned and used by the University of Georgia and was conveyed to the United States Navy to be used for the Navy Supply Corps School in 1954. With the role of the Navy in Athens now ending, these lands, buildings and facilities are needed by the University of Georgia to expand and fulfill its mission as one of the nation’s preeminent educational and research institutions. Returning the property to the use and purposes of the University of Georgia will allow the university and its institutional partners to meet the health needs of the people of Georgia and bring significant additional economic growth to the Athens-Clarke County area.

2. Address and telephone number of applicant.

Michael F. Adams, President
The University of Georgia
Administration Building
Athens, Georgia 30602
(706) 542-1214

3. Name and title of contact person.

Arnett C. Mace, Jr.
Senior Vice President for Academic Affairs and Provost
The University of Georgia
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4. Name and title of person(s) authorized to complete purchase, and/or execute any lease or agreements. Attach a copy of the legal authority permitting these persons to complete such transactions.

A representative will be designated by the Board of Regents of the University System of Georgia. A copy of the authorizing resolution will be subsequently submitted.

5. Statement regarding whether applicant is state, political sub-division of state or private non-profit, tax exempt organization under Section 501(c)(3) of the 1986 Internal Revenue Code. If applicant is a private not-for-profit entity, attach a copy of the IRS recognition of its Section 501(c)(3) exemption status.

The applicant is the flagship university of the University System of Georgia.

6. A copy of the document showing statutory or legal authority under which the applicant is authorized by law to acquire and hold title to property or to lease property.

Title will be held by the Board of Regents of the University System of Georgia for the use and benefit of the University of Georgia, pursuant to authority contained in Art. 8, Sec. 4, Par. 1 of the Constitution of the State of Georgia and O.C.G.A. 20-3-21.

7. Requirements for applicants other than public agencies.

Not applicable.

8. A copy of current constitution/charter/by-laws or articles of incorporation as appropriate.

The authority of the applicant and the Board of Regents of the University System of Georgia is contained in Art. 8, Sec. 4, Par. 1 of the Constitution of the State of Georgia and O.C.G.A. 20-3-21.

II. PROPOSED PROGRAM

1. Detailed narrative description of the proposed use of the property or building.

The University of Georgia (UGA) and the Medical College of Georgia (MCG), in consultation with the University System of Georgia (USG) and the Governor's Office propose a joint initiative to meet the state's need to train more physicians and other health professionals. Initially, this will involve employing instructional, research and other resources already present in Athens. However, building on these existing assets, new medical school programs will be developed jointly by UGA and MCG as an expansion of MCG's accredited curriculum, which could over time support the development of other facilities to meet the expanding need for training physicians in Georgia.

The site of the Navy Supply Corps School offers an ideal physical location to create the University of Georgia Health Sciences Center. This medical campus will become the home for a range of University of Georgia health-related programs in close proximity to the clinical strengths of local hospitals and clinics in the Prince Avenue medical district. It will also facilitate direct collaboration with other institutional partners like MCG and Athens Technical College (ATC). Existing structures at the NSCS and, critically, the ability to construct significant additional facilities over time at this location offer the physical component necessary to create a new health sciences campus for the state of Georgia.

Because numerous historical and protected structures occupy portions of the NSCS property, this project cannot be undertaken without availability to the university of the entire NSCS site, including, most importantly, the largely undeveloped and underdeveloped northern portions of the property. Without the ability to develop the entire site over the long term, the transformation of the NSCS to create a medical campus would not be feasible.

The university is an ideal reuser of the NSCS property. It is uniquely suited to continuing the century-old legacy of the site as a property devoted to education. The university's record of use and preservation of historic buildings and grounds is unmatched.

The new University of Georgia Health Sciences Center would host a range of interrelated curricula in health-related fields, including the programs outlined below.

1.1 Medical school training for new physicians.

A core activity at the site will be first-year and second-year training for medical students. The site will also provide administrative support for third-year and fourth-year students during the clinical phase of their training and similar resources for several new residency programs to be established in Athens. The facilities requirements for these programs and their likely location at the NSCS are as follows:

George Hall

- Two large lecture areas—one for first-year and one for second-year instruction.

Russell Hall

- Eight to ten first-year group learning rooms for small lectures and active learning modules.
- Eight to ten second-year group learning rooms for similar purposes.

Teaching Laboratory Building (to be constructed)

- One first-year gross anatomy lab.
- A histology (multiple microscope) lab.
- A digital pathology lab.
- A simulation facility with ten standardized patient rooms and office space for high-tech simulation.

Other Existing NSCS Structures will house:

- A medical library facility.
- A student lounge area.
- A medical school administration building.
- Faculty offices.
- Administrative offices for management and coordination of third- and fourth-year clinical rounds at local hospitals and regional clinics and for new internship programs.

1.2 The University of Georgia College of Public Health.

The College of Public Health (CPH) is UGA's newest college, approved by the Board of Regents in fall 2004. It is currently comprised of three departments and one institute: the Department of Environmental Health Science; the Department of Health Administration, Biostatistics and Epidemiology; the Department of Health Promotion and Behavior and the Institute of Gerontology. The college currently serves over 300 students and offers degree programs in environmental health, health promotion and behavior, biostatistics, epidemiology, public health, health administration/policy and toxicology, and a certificate program in gerontology. It has 25 faculty and will expand to approximately 35 by the time it receives full accreditation, anticipated in fall 2009. The college is currently housed at multiple locations on the UGA campus. Locating the CPH at the NSCS will put the new college near the medical school programs as found with most such programs in the United States. Eventual construction of a new building at the site will allow the entire public health program to be housed in a single facility.

1.3 Nursing.

MCG presently offers a satellite School of Nursing at Athens (SONAT) in collaboration with UGA, which provides use of UGA libraries, housing and campus services. The program can accommodate about 85 students at the undergraduate and master's levels. Establishing nursing at the health sciences campus at the NSCS would allow the medical school and the state's leading higher education institution to expand the state's capacity for nursing training and to innovate in the field of nursing education. It would also create significant new opportunities for nursing research. This expansion would eventually require construction of a new facility at the NSCS site.

1.4 Allied Health.

Allied Health programs train non-physician health professionals. A new medical campus in Athens would be a strategically appropriate location for educating practitioners in those allied health professions typically trained in college and university settings. These include: medical technology, dietetics and nutrition, occupational therapy, physical therapy, radiation therapy, respiratory care therapy, and speech-language pathology and audiology. UGA has the resources already in place to provide all required instruction in the basic sciences for these programs. The University of Georgia will involve MCG and ATC to determine which programs will be offered and how to house them at the new health sciences campus. The decision about programs to

establish will be based on state need, available instructional capability, existing facilities and potential facility development.

1.5 Health Care Administration.

This opportunity involves offering professional development educational programs created and taught by faculty from the College of Public Health, the College of Education, the Terry College of Business, and the Medical College of Georgia. Other participants could include the administrative leadership of state health agencies and Athens-area hospitals. Two initial programs will prepare administrators for leadership within the two main institutional providers of health care in the state and nation: hospitals and public health agencies.

Hospital Administration

This MBA-like business training program could be designed specifically to train hospital administrators and culminate with a Master of Hospital Administration degree (MHA).

Public Health Administration

This certificate program could be offered by the College of Public Health to provide training with a wide contextual framework for public health directors and other administrators.

These examples are not exclusive and are meant to illustrate how the resources of the state's land-grant research university and its medical college could be combined to enhance the state's capability to meet its health care expansion and innovation needs. Programs such as these typically thrive at health science campuses affiliated with a major research university like UGA.

1.6 UGA Health and Risk Communication Center.

This new interdisciplinary center focuses on the relationship between communication and health attitudes, health beliefs and health behavior. The center reports directly to the vice president for research and has close alliances with the College of Public Health while involving faculty from many other fields at UGA, such as journalism, speech communications, advertising and public relations. The center also anticipates partnerships involving faculty at MCG and health care providers from the Athens/Northeast Georgia region.

1.7 Continuing education in the health sciences.

This program will provide coordination, teaching facilities and resources for health-related courses resulting in professional continuation and licensure. Licensed health professionals require continued training. Programs developed at the site by UGA and MCG will serve health care workers across the state and directly impact the quality of medical care throughout Georgia.

1.8 Health sciences branch library.

This facility will link to other libraries on the main university campus and to on-line health sciences resources.

1.9 Institute for Health Care Systems Coordination

This evolving program incorporates UGA's growing expertise in studying, modeling and preparing for major health care events such as epidemics, natural disasters or terrorist attacks. The institute is concerned with the policies and practices required to coordinate public/private, rural/urban and military/civilian resources in response to major events that impact large segments of the populace. Other partnering entities include the federal Department of Homeland Security, the Georgia Emergency Management Agency, the Medical College of Georgia, Emory University, the Georgia Hospital Association, the Centers for Disease Control and Prevention and the American Medical Association. In addition to a central office, the institute will house the state's public health emergency operations center. Event modeling exercises and demonstrations that currently are undertaken at various sites around the state of Georgia could also occur on an appropriate scale at the existing gymnasium facility and recreational complex.

1.10 Clinical facility.

For the near future, the existing clinic at the NSCS site (Hudson Clinic) could transition to general service use and perhaps be made available for use by an existing clinical operation in the area. This could conceivably involve a continuation of medical and pharmaceutical services for NSCS and other local retired military personnel.

2. A detailed assessment of the need for the proposed program.

Several studies by national and state of Georgia organizations, including the Board of Regents, have identified current shortages of physicians and other health care professionals and clear evidence of a looming health care crisis if enrollment in health care education and training programs is not expanded significantly. The creation of the University of Georgia Health Sciences Center will allow the identified programs to be housed at one campus and provide future opportunities to develop related programs. These programs meet health training and service needs that will impact Georgians throughout the state and most particularly those in the lower economic strata and those in rural communities.

2.1 The need for additional physicians in Georgia.

The American Association of Medical Colleges (AAMC), the Council on Graduate Medical Education (COGME) and the American Medical Association (AMA) have all called for increased medical school enrollment to meet a looming shortfall of physicians in the United States. Georgia, with the fastest population growth among the ten largest U.S. states, can expect acute shortages. The state already is experiencing physician shortages in its rural communities, a long-standing problem that also must be addressed in terms of the kind of education provided and strategies formulated to prepare the new physicians who will meet these needs.

According to recent AMA statistics, Georgia has dropped from 35th to 38th in the nation in per capita physician supply. While there are several legal and economic factors contributing to this problem, the most direct cause is a shortage of appropriate medical education opportunities in the state. The Georgia Board for Physician Workforce (GBPW) has reported (June 2005) that

Georgia ranks 34th nationally in the number of medical students per 100,000 population. The four accredited, MD-granting medical schools in Georgia currently have just over 1,600 total students in all four years (or about 400 admitted per year). According to GBPW estimates, Georgia would need to expand its annual admissions by about 180 MD students (admitting 580 overall each year instead of 400) to reach the national per capita average.

The state's three private medical schools, which are subsidized with public funds, plan to raise annual admissions by a total of 20-30 students. The apparent shortage of public medical school options in Georgia and the state's willingness in the past to subsidize non-state schools of medicine has encouraged the development of new private medical schools. A school based in Philadelphia has opened a branch in Gwinnett County that offers two years of non-MD training in osteopathy. More recently, a new private medical school in Savannah has been announced. While these are positive developments, they are inadequate in scale and strategy to bring a long-term solution to the looming physician shortage in Georgia.

2.2 The need for additional nurses in Georgia.

According to the 2006 Final Report of the Board of Regents Task Force on Health Professions Education, Georgia is already facing a shortage of nurses. Many hospitals currently face double-digit vacancy rates. Although the overall nursing enrollment in the state has expanded over the past five years, an estimated 3,000 qualified students statewide are turned away from nursing programs each year due to space, faculty and clinical placement limitations. At the same time, a rapidly growing population and a high percentage of retirements anticipated in the profession during the coming decade indicate that the current shortage will only become worse unless new programs are developed. In addition to needing more associate and bachelor's degree nurses, the Task Force recognized that Georgia will also need more "nurses prepared at the master's and doctoral levels to provide quality academic leadership for undergraduate education." UGA, with its strong commitment to graduate degree programs and its nationally recognized College of Education is a particularly appropriate strategic partner with MCG to expand nursing education, research and training.

2.3 The need for additional allied health professionals.

The Georgia Department of Labor has projected significant need for expansion in all the fields mentioned above (II: 1.4). This need is particularly acute because of an expanding population and an increasing rate of retirement in allied health fields. According to Department of Labor projections, the increase in the number allied health professionals needed between 2002 and 2012 will be 33% or greater in five of the seven fields studied. .

3. Expansion Issues.

3.1 The need to expand existing facilities.

The program described represents a growth in health-related training to meet a very significant need throughout the state. No facilities currently exist to accommodate near-term and long-term expansion on the scale required.

3.2 Identify any anticipated expansion of services that may result from improvement of facilities for the proposed program, as applicable.

Using the NSCS facilities in this way will initiate a long-term expansion of health care training in the fields identified. This will improve the availability of health care services throughout Georgia. The programs at the new Athens health sciences campus, operating in cooperation with other UGA and MCG programs and resources, will expand the state's ability to study and address problems of health care availability for all Georgians, including lower income, homeless and rural populations.

3.3 Identify whether the need for the proposed program is a result of the requirement to meet or comply with established state standards.

The program is designed to expand health care training within national and state accreditation and professional licensure standards.

3.4 Include a statement that applicant does not currently possess real estate suitable for the proposed program.

The University of Georgia does not have real estate suitable for the projects described herein. The NSCS is the only property of this size available in the immediate neighborhood of both local hospitals and the University of Georgia main campus. The NSCS site is less than one mile from Athens Regional Hospital and less than three miles from St. Mary's Hospital, proximity that is critical to the operation of a medical school.

4. Coordination with homeless assistance programs.

While the university does not have any specific homeless assistance programs to propose at this time, it notes that health services are important to homeless populations, and it is open to discussing ways in which the local population can benefit from health sciences programs and services that could be available on the NSCS campus if it were returned to the service of the University of Georgia.

5. A description of the time required to commence the proposed program.

Though the NSCS is not scheduled to be available until 2011, curricular and program developments will occur prior to that date. Some transition and redevelopment activities would be useful prior to 2011 if space is available.

III. BUILDINGS/PROPERTY NECESSARY FOR THE PROGRAM

1. Give a narrative description of requested facilities, land, buildings, improvements, easements and related equipment. Describe by building number and include an illustrative map.

The complexity of medical education requires varied and specialized spaces for teaching, laboratory research, library research, clinical experience and administrative functions. The existing buildings at the NSCS can accommodate most of these functions in the near term while the health science programs are established. However, there will also be a need to construct additional, function-specific facilities for instruction in medical laboratory science, nursing, allied health and other fields.

All of the historic buildings on the site will be retained for administrative, residential and other uses supporting the educational mission of the site, with some internal renovation as required. These buildings include: Winnie Davis, the Carnegie Library, Miller Hall, Rhodes Hall, Pound Hall and Quarters A and B.

In addition, George Hall will be partitioned into two lecture theaters for first-year and second-year instruction and Russell Hall will be used for small group learning rooms to serve these same students. A teaching laboratory building will be developed to house other necessary training programs for the first two years of medical school. A detailed adaptive reuse study for the NSCS site is included with this UGA proposal as additional data.

Over the longer term, most of the facilities north of Pound Hall would be razed to allow comprehensive redevelopment. This will include several housing and maintenance structures with access to Prince Avenue that will eventually be removed to develop facilities with better long-term use and amenities for both the health sciences center and the local community. Projected construction will create a new college of public health building, a school of nursing building, an allied health building and other health-care related structures. Prior to and after redevelopment, all portions of the site will be used for educational purposes. All 58 acres of the NSCS will be required to accommodate the current and long-term growth needs of this concept.

The same master planning guidelines and principles utilized on the university's main campus will be applied to the development of the NSCS site. The university has proven to be a good steward of its existing buildings and grounds, the historic resources on its main campus as well as participating in good regional planning practice. During the past five years, university architects have received over 25 state and national awards for historic preservation stewardship and facilities renovation (<http://www.camplan.uga.edu/staffpage.html>). The request that all 58 acres and all existing structures and equipment be reconveyed to the University of Georgia for the stated educational purpose is intended to result in a comprehensive design outcome for the space incorporating all of its historic structures. The university's proven track record of good stewardship will be fundamental to the NSCS redevelopment plan with the intention to serve Athens and the surrounding counties now and in the future.

2. Is the applicant requesting a deed transfer? Would the applicant agree to the Redevelopment Authority owning the property and building and leasing such properties to the applicant at no cost?

The University of Georgia will request a deed transfer of the property from the United States Department of Education through Public Benefit Conveyance (PBC). The PBC will make the site available to the university for educational use. Ownership of the property by the Local Redevelopment Authority would not be compatible with the project and may deny the economic benefit of a Public Benefit Conveyance.

3. Indicate what land use and zoning requirements or entitlements are necessary for the applicant to implement the Proposed Program in and around the buildings and property requested.

State property is exempt from zoning requirements. However, it is the intent of the university to respect existing setbacks and height limitations in accordance with the surrounding neighborhoods. The applicant proposes to design and build all future buildings in accordance with “The Building and Site Design Master Plan Standards” from the main university campus. These standards include respecting architectural context and the making appropriate use of building materials to produce an architecturally cohesive complex.

It should be noted that the university is an arboretum and has received numerous awards for its landscaping and urban forest care. These same precepts would be applied to the rich and diverse flora of the NSCS site.

4. Indicate whether existing buildings will be used and describe any new construction or rehabilitation that is anticipated on the requested property necessary for program implementation.

A list of short-term assignments for buildings at the NSCS and future construction projects is provided in the adaptive reuse study for the NSCS submitted as additional data with this proposal.

IV. ORGANIZATIONAL CAPACITY

1. Past performance and experience operating similar programs to those proposed.

The University of Georgia was chartered in 1785 and has been operating since 1801. As a leading research-oriented land-grant institution, the university has a long history of successfully creating and operating academic programs of quality that benefit the public in Georgia and across the nation. The university consistently receives high rankings in national publications for quality and value. These rankings are typically based on such factors as academic reputation, student retention, faculty resources, student selectivity and financial resources.

Nine active or retired university faculty members and four university alumni have been elected to the prestigious National Academy of Sciences, one of the highest honors an American scientist can attain. A current professor has been elected to the Institute of Medicine, the medical equivalent of the National Academy of Sciences. Eight faculty members have been elected to the American Academy of Arts and Sciences, one of the nation's most distinguished learned societies.

Research expenditures in FY05 totaled \$316.8 million. The university ranks first in the nation in total spending for research and development among universities that have neither a full medical school nor an engineering school. Also the university already hosts nationally ranked colleges of veterinary medicine and pharmacy.

Fourteen internationally known authorities have joined the university's faculty as eminent scholars under the Georgia Research Alliance. The GRA — a consortium of state government, private industry and six Georgia universities — provides funding for leading scientists and scholars whose research and development work will benefit the state's economy. The university earned \$11.3 million in FY05 in patent fees and royalties resulting from research. The university's licensing income is among the highest of universities in the Southeast. The university's undergraduate and professional colleges include a significant number of basic science and health science faculty in the Franklin College of Arts and Sciences, the College of Public Health, the College of Pharmacy, the College of Agricultural and Environmental Sciences and the College of Veterinary Medicine. The programs established at the NSCS will prosper over the long term because of their association with the university's extensive scientific programs, infrastructure and personnel.

2. Projects/properties owned or managed.

The main UGA campus consists of 380 buildings on 615 acres. Square footage in these buildings totals 13,965,718. There are 153 academic buildings which contain 322 classrooms, 454 teaching laboratories and 1,550 laboratories. On the main campus, 1,196,658 square feet is devoted to organized research. There are 53 residential buildings. Thirty buildings (488,795 square feet) were constructed before 1900.

Supportive services for programs at the NSCS site will be incorporated into the university's physical plant operations. This 800-person unit is responsible for maintenance and operation of the university's resident physical facilities, grounds and utilities. This encompasses responsibility for building maintenance and repairs, building alterations, maintenance of mechanical and electrical systems, custodial services and related activities. Additional responsibilities include construction, operation and maintenance of utility systems, roads, grounds and landscaping.

3. Plans for expansion for the proposed programs.

The existing faculty and staff resources of the University of Georgia (9,838) and the Medical College of Georgia (3,491) would be made available to support new programs and would expand as needed. A significant expansion of personnel is anticipated. The adaptive reuse study

accompanying this document discusses the economic impacts of new hiring, facilities development, and increased enrollment.

4. Management functions staffed at the property.

General support will be delivered by expanding the existing organizational structure of the University of Georgia. The university typically supports all such functions with its own employees. Oversight for the medical education program will be undertaken jointly by the University of Georgia and the Medical College of Georgia.

5. Private agencies.

Not applicable.

6. Homeless providers.

See Section III # 4 at page 8, above.

V. Financial Plan

The University of Georgia is financially supported by funds appropriated by the state of Georgia for the basic instructional, research and public service missions of the institution. For the current 2007 fiscal year, those funds amounted to \$452,396,882 which represented approximately one-third of the university's budget. The total projected budget for the current fiscal year is \$1,338,489,000. One of the primary fiscal strengths of the university is its multiple funding sources which lessen the dependence on any single funding source.

The amount of state funds allocated to the University of Georgia annually is calculated by formula. The primary coefficient of that formula is student enrollment and the number of credit hours earned by those students. Student enrollment for the university is capped at 32,500 with a 2% margin of variation. Because of the university's academic standing, its enrollment targets are always met. As a result, the amount of state funding for UGA is quite stable and is augmented as necessary by student tuition increases.

The other annual revenue categories and associated amounts projected for the current fiscal year are as follows: internal revenue of \$290,086,466; sponsored programs and projects of \$459,433,970; auxiliary enterprises of \$156,212,695; private funding of \$25,358,786. A vital component of the university's fiscal growth and academic standing has been externally funded research. The proposed uses for the NSCS site, especially the medical school component, will only enhance the growth of research and related services thereby increasing the financial strength of the university. Even more important locally, the proposed reuse will have a corresponding positive impact on the local economy and result in the expansion of job opportunities within the Athens community.

Affiliated organizations of the university provide substantial operational support. These include: the University of Georgia Foundation with an endowment of approximately \$452 million, the ARCH Foundation of the University of Georgia with net assets of \$12.5 million, the University

of Georgia Research Foundation with net assets of \$28.5 million, the University of Georgia Endowment with assets of \$43.5 million and the University of Georgia Athletic Association with assets over \$25 million. The combined financial strength of these affiliated organizations is more than \$560 million. The asset growth of these various funds is not only reflective of sound investment and management policies but also ongoing formal fund raising efforts. Private fundraising has doubled over the last five years at UGA, and in 2006 the university had its first \$100 million dollar year in the Archway to Excellence capital campaign.

Maintaining and operating the NSCS facilities will involve substantial costs. Fortunately, the funding formula of the university system generates monies for maintenance and operations including utilities. Therefore, upon acquisition of these properties, approximately 325,000 square feet currently used for instructional and administrative purposes will be added to the university's inventory and thereby qualify for annual state funding. Capital improvements anticipated to be needed will be funded by discrete appropriations and allocations from the university system. For example, at this time the university anticipates that substantial infrastructure upgrades and a new internal road system would be required. When the cost of these improvements is known, a full financial plan will be developed to meet them.

Other costs such as property and liability insurance would be covered by the state of Georgia's blanket policies for state owned property. New capital facilities will be required to support the proposed academic programs on this property. These facilities will be components of the university system capital program. Such facilities are funded by the state using its general obligation bond authority. The debt service on these bonds is paid by direct state appropriation.