

Agenda Item No. 3.3

**AGENDA ITEM BRIEFING**

**Submitted by:** Billy Hamilton, Executive Vice Chancellor and Chief Financial Officer  
The Texas A&M University System

**Subject:** Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the TTI Headquarters Project, Texas A&M Transportation Institute, Bryan, Texas (Project No. 12-3224)

**Background and Prior Actions:**

The TTI Headquarters Project was included as an approved project on the FY 2017 – FY 2021 A&M System Capital Plan approved by the Board at the September 2016 meeting.

**Proposed Board Action:**

- (1) Approve the project scope and budget.
- (2) Appropriate \$62,500,000 for construction services and related project costs, and revert previous appropriations to the source account. \$7,500,000 has been previously appropriated.
- (3) Approve construction of the TTI Headquarters Project for the Texas A&M Transportation Institute (TTI).

**Funding/Budget Amount:**

<u>Funding Source</u>	<u>Budget Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Permanent University Fund Debt Proceeds	\$52,600,000 *	\$ 4,262,550	Available University Fund
Revenue Financing System Debt Proceeds	8,000,000	\$ 587,414	Indirect Cost Recovery - TEES
Revenue Financing System Debt Proceeds	<u>\$ 9,400,000</u>	\$ 761,788	Indirect Cost Recovery & Patent Income - TTI
Total Project Funds	<u>\$70,000,000</u>		

\* TEES is using \$2.6 million of its PUF Equipment Allocations to provide funding for this project. These funds have been reverted back to System so that they can be appropriated to this major project.

**Project Justification:**

In late June 2016, the current TTI Headquarters and Research Building (SHRB) and neighboring TTI research facility, Gibb Gilchrist Building (GGB), were slated to be transferred to Texas A&M University to accommodate the university's continuing enrollment growth. This arrangement provides a means for the university to obtain existing space near other classroom and laboratory facilities. The transfer is currently scheduled after occupancy of the new TTI Headquarters Project, which will be constructed at the main entrance of the RELLIS campus. The program for this project includes replicating the space at the SHRB and GGB facilities currently located in Research Park, as well as replacement of programmed space currently located in the CE/TTI Building and other lease space locations.

The new TTI Headquarters Project will be a prominent, visual symbol of the RELLIS campus as viewed from Highway 21 traveling east or west. It will be an impressive and intriguing "statement" building that will be closely located to the Center for Infrastructure Renewal, other existing TTI facilities, the new Texas A&M Engineering Experiment Station (TEES) Headquarters, Texas A&M Engineering Extension Services (TEEX) facilities, and many new research and educational facilities currently at varying stages of planning and development. The co-location of the three engineering agencies will foster improved collaboration and leverage their collective strengths.

The TTI Headquarters Project will be a dynamic research and office facility, providing a highly creative and collaborative environment for advancing transportation research on a modern, high-tech, multi-institutional research and testing campus.

**Scope:**

TTI plans to expand its campus footprint at the RELLIS campus by building the new TTI Headquarters Project strategically near the proposed main entrance to the RELLIS campus on Highway 21. The project will also incorporate sufficient, convenient parking for the expected occupancy load of the building.

Construction on this project is scheduled to start in May 2017 with substantial completion scheduled for December 2018. The total project budget is \$70,000,000.

**Other Major Fiscal Impacts:**

None.

**THE TEXAS A&M UNIVERSITY SYSTEM**  
**FACILITIES PLANNING AND CONSTRUCTION**  
Office of the Executive Vice Chancellor and Chief Financial Officer  
March 8, 2017

Members, Board of Regents  
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the TTI Headquarters Project, Texas A&M Transportation Institute, Bryan, Texas (Project No. 12-3224)

I recommend adoption of the following minute order:

**“The project scope along with a project budget of \$70,000,000 for the TTI Headquarters Project is approved.**

**The amount of \$45,100,000 is appropriated from Account No. 01-084243 Permanent University Fund Debt Proceeds (AUF), the amount of \$8,000,000 is appropriated from Account No. 01-083536 Revenue Financing System Debt Proceeds (Indirect Cost Recovery - TEES), and the amount of \$9,400,000 is appropriated from Account No. 01-083536 Revenue Financing System Debt Proceeds (Indirect Cost Recovery & Patent Income - TTI), for construction services and related project costs.**

**The TTI Headquarters Project, Texas A&M Transportation Institute, Bryan, Texas, is approved for construction.**

**The Board of Regents of The Texas A&M University System (Board) reasonably expects to incur debt in one or more obligations for this project, and all or a portion of the proceeds received from the sale of such obligations is reasonably expected to be used to reimburse the account(s) for amounts previously appropriated and/or expended from such account(s).**

**As required by Section 5(a) of the Master Resolution of the Revenue Financing System, the Board hereby determines that it will have sufficient funds to meet the financial obligations of The Texas A&M University System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that**

**the Participants, on whose behalf the debt is issued, possess the financial capacity to satisfy their Direct Obligations.”**

Respectfully submitted,

**[ORIGINAL SIGNED BY]**

Billy Hamilton  
Executive Vice Chancellor and  
Chief Financial Officer

**Approval Recommended:**

**Approved for Legal Sufficiency:**

**[ORIGINAL SIGNED BY]**

John Sharp  
Chancellor

**[ORIGINAL SIGNED BY]**

Ray Bonilla  
General Counsel

**[ORIGINAL SIGNED BY]**

M. Katherine Banks  
Vice Chancellor and Dean of Engineering  
Director, Texas A&M Engineering Experiment Station

**[ORIGINAL SIGNED BY]**

Gregory D. Winfree  
Agency Director  
Texas A&M Transportation Institute

<b>TTI HEADQUARTERS</b> <b>TEXAS A&amp;M TRANSPORTATION INSTITUTE</b> <b>PROJECT NO. 12-3224</b>	<b>PROJECT BUDGET</b>
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1. Amount Available for Construction Contract .....	\$51,762,365
2. Design-Build Fee.....	\$ 3,875,700
3. Physical Plant/Facility Services .....	\$ 50,000
4. Data / CIS .....	\$ 1,615,000
5. Telecommunications .....	\$ 860,000
6. Security.....	\$ 313,000
7. Testing and Air Balancing.....	\$ 300,000
8. Construction Materials Testing .....	\$ 394,000
9. Envelope Testing.....	\$ 75,000
10. Artwork / Graphics .....	\$ 25,000
11. A/V Equipment.....	\$ 882,000
12. Moveable Equipment .....	\$ 60,000
13. Moveable Furnishings .....	\$ 1,500,000
14. FP&C Project Management and Inspection Fees.....	\$ 1,807,111
15. Owner's Contingency .....	\$ 2,332,856
16. Miscellaneous.....	<u>\$ 4,147,968</u>
17. TOTAL ESTIMATED COST OF PROJECT .....	<u>\$70,000,000</u>

1. Issue DB RFQ.....July 21, 2016
2. Receive DB RFQ Responses ..... August 11, 2016
3. Shortlist DB Firms ..... August 18, 2016
4. Issue DB RFP..... August 22, 2016
5. Receive DB RFP Responses ..... August 30, 2016
6. Interview DB Teams ..... August 31, 2016
7. BOR Approval of Capital Plan ..... September 2, 2016
8. DB Ranked Order Approved by Chancellor ..... September 30, 2016
9. Execute DB Agreement ..... October 21, 2016
10. Design Kickoff.....October 24, 2016
11. Complete Schematic Design ..... January 27, 2017
12. Receive GMP from DB..... April 14, 2017
13. BOR Approval for Construction..... April 27, 2017
14. Submit THECB Application ..... May 12, 2017
15. Begin Construction ..... May 25, 2017
16. Complete Design Development ..... June 2017
17. Complete Construction Documents ..... June 2017
18. Substantial Completion..... December 2018
19. Owner Occupancy..... March 2019

**TEXAS A&M TRANSPORTATION INSTITUTE  
PERMANENT UNIVERSITY FUND  
12-3224 TTI Headquarters Project  
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	53,120,000.00			
YEAR 1	51,515,000.00	1,605,000.00	2,656,000.00	4,261,000.00
YEAR 2	49,830,000.00	1,685,000.00	2,575,750.00	4,260,750.00
YEAR 3	48,060,000.00	1,770,000.00	2,491,500.00	4,261,500.00
YEAR 4	46,200,000.00	1,860,000.00	2,403,000.00	4,263,000.00
YEAR 5	44,245,000.00	1,955,000.00	2,310,000.00	4,265,000.00
YEAR 6	42,195,000.00	2,050,000.00	2,212,250.00	4,262,250.00
YEAR 7	40,040,000.00	2,155,000.00	2,109,750.00	4,264,750.00
YEAR 8	37,780,000.00	2,260,000.00	2,002,000.00	4,262,000.00
YEAR 9	35,405,000.00	2,375,000.00	1,889,000.00	4,264,000.00
YEAR 10	32,915,000.00	2,490,000.00	1,770,250.00	4,260,250.00
YEAR 11	30,300,000.00	2,615,000.00	1,645,750.00	4,260,750.00
YEAR 12	27,550,000.00	2,750,000.00	1,515,000.00	4,265,000.00
YEAR 13	24,665,000.00	2,885,000.00	1,377,500.00	4,262,500.00
YEAR 14	21,635,000.00	3,030,000.00	1,233,250.00	4,263,250.00
YEAR 15	18,455,000.00	3,180,000.00	1,081,750.00	4,261,750.00
YEAR 16	15,115,000.00	3,340,000.00	922,750.00	4,262,750.00
YEAR 17	11,610,000.00	3,505,000.00	755,750.00	4,260,750.00
YEAR 18	7,925,000.00	3,685,000.00	580,500.00	4,265,500.00
YEAR 19	4,060,000.00	3,865,000.00	396,250.00	4,261,250.00
YEAR 20	-	4,060,000.00	203,000.00	4,263,000.00
		<u>\$ 53,120,000.00</u>	<u>\$ 32,131,000.00</u>	<u>\$ 85,251,000.00</u>

Estimated issuance costs and rounding of \$520,000 are included in this schedule.  
 Long-term rates are assumed to be 5.00%. Rates are subject to market change.  
 Prepared by the Office of the Treasurer - Treasury Services 2/22/17

**Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.**

**TEXAS A&M ENGINEERING EXPERIMENT STATION  
REVENUE FINANCING SYSTEM  
12-3224 TTI Headquarters Project  
Indirect Cost Recovery**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	8,080,000.00				
YEAR 1	7,975,000.00	105,000.00	484,800.00	589,800.00	678,270.00
YEAR 2	7,870,000.00	105,000.00	478,500.00	583,500.00	671,025.00
YEAR 3	7,755,000.00	115,000.00	472,200.00	587,200.00	675,280.00
YEAR 4	7,635,000.00	120,000.00	465,300.00	585,300.00	673,095.00
YEAR 5	7,510,000.00	125,000.00	458,100.00	583,100.00	670,565.00
YEAR 6	7,375,000.00	135,000.00	450,600.00	585,600.00	673,440.00
YEAR 7	7,230,000.00	145,000.00	442,500.00	587,500.00	675,625.00
YEAR 8	7,080,000.00	150,000.00	433,800.00	583,800.00	671,370.00
YEAR 9	6,915,000.00	165,000.00	424,800.00	589,800.00	678,270.00
YEAR 10	6,745,000.00	170,000.00	414,900.00	584,900.00	672,635.00
YEAR 11	6,560,000.00	185,000.00	404,700.00	589,700.00	678,155.00
YEAR 12	6,365,000.00	195,000.00	393,600.00	588,600.00	676,890.00
YEAR 13	6,160,000.00	205,000.00	381,900.00	586,900.00	674,935.00
YEAR 14	5,940,000.00	220,000.00	369,600.00	589,600.00	678,040.00
YEAR 15	5,710,000.00	230,000.00	356,400.00	586,400.00	674,360.00
YEAR 16	5,465,000.00	245,000.00	342,600.00	587,600.00	675,740.00
YEAR 17	5,205,000.00	260,000.00	327,900.00	587,900.00	676,085.00
YEAR 18	4,930,000.00	275,000.00	312,300.00	587,300.00	675,395.00
YEAR 19	4,640,000.00	290,000.00	295,800.00	585,800.00	673,670.00
YEAR 20	4,330,000.00	310,000.00	278,400.00	588,400.00	676,660.00
YEAR 21	4,000,000.00	330,000.00	259,800.00	589,800.00	678,270.00
YEAR 22	3,655,000.00	345,000.00	240,000.00	585,000.00	672,750.00
YEAR 23	3,285,000.00	370,000.00	219,300.00	589,300.00	677,695.00
YEAR 24	2,895,000.00	390,000.00	197,100.00	587,100.00	675,165.00
YEAR 25	2,480,000.00	415,000.00	173,700.00	588,700.00	677,005.00
YEAR 26	2,040,000.00	440,000.00	148,800.00	588,800.00	677,120.00
YEAR 27	1,575,000.00	465,000.00	122,400.00	587,400.00	675,510.00
YEAR 28	1,080,000.00	495,000.00	94,500.00	589,500.00	677,925.00
YEAR 29	555,000.00	525,000.00	64,800.00	589,800.00	678,270.00
YEAR 30	-	555,000.00	33,300.00	588,300.00	676,545.00
		<u>\$ 8,080,000.00</u>	<u>\$ 9,542,400.00</u>	<u>\$ 17,622,400.00</u>	<u>\$ 20,265,760.00</u>

Estimated issuance costs and rounding of \$80,000 are included in this schedule.  
Long-term rates are assumed to be 6.00%. Rates are subject to market change.  
Prepared by the Office of the Treasurer - Treasury Services 2/22/17

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**TEXAS A&M TRANSPORTATION INSTITUTE  
REVENUE FINANCING SYSTEM  
12-3224 TTI Headquarters Project  
Indirect Cost Recovery/Patent Income**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	9,495,000.00				
YEAR 1	9,205,000.00	290,000.00	474,750.00	764,750.00	879,462.50
YEAR 2	8,905,000.00	300,000.00	460,250.00	760,250.00	874,287.50
YEAR 3	8,590,000.00	315,000.00	445,250.00	760,250.00	874,287.50
YEAR 4	8,255,000.00	335,000.00	429,500.00	764,500.00	879,175.00
YEAR 5	7,905,000.00	350,000.00	412,750.00	762,750.00	877,162.50
YEAR 6	7,540,000.00	365,000.00	395,250.00	760,250.00	874,287.50
YEAR 7	7,155,000.00	385,000.00	377,000.00	762,000.00	876,300.00
YEAR 8	6,750,000.00	405,000.00	357,750.00	762,750.00	877,162.50
YEAR 9	6,325,000.00	425,000.00	337,500.00	762,500.00	876,875.00
YEAR 10	5,880,000.00	445,000.00	316,250.00	761,250.00	875,437.50
YEAR 11	5,410,000.00	470,000.00	294,000.00	764,000.00	878,600.00
YEAR 12	4,920,000.00	490,000.00	270,500.00	760,500.00	874,575.00
YEAR 13	4,405,000.00	515,000.00	246,000.00	761,000.00	875,150.00
YEAR 14	3,865,000.00	540,000.00	220,250.00	760,250.00	874,287.50
YEAR 15	3,295,000.00	570,000.00	193,250.00	763,250.00	877,737.50
YEAR 16	2,700,000.00	595,000.00	164,750.00	759,750.00	873,712.50
YEAR 17	2,075,000.00	625,000.00	135,000.00	760,000.00	874,000.00
YEAR 18	1,415,000.00	660,000.00	103,750.00	763,750.00	878,312.50
YEAR 19	725,000.00	690,000.00	70,750.00	760,750.00	874,862.50
YEAR 20	-	725,000.00	36,250.00	761,250.00	875,437.50
		<u>\$ 9,495,000.00</u>	<u>\$ 5,740,750.00</u>	<u>\$ 15,235,750.00</u>	<u>\$ 17,521,112.50</u>

Estimated issuance costs and rounding of \$95,000 are included in this schedule.  
Long-term rates are assumed to be 5.00%. Rates are subject to market change.  
Prepared by the Office of the Treasurer - Treasury Services 2/22/17

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## TTI Headquarters

Texas A&M Transportation Institute

Project No. 12-3224