

Agenda Item No. 3.2

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 Agriculture Building #5 Project, Texas A&M University, College Station, Texas (Project No. 02-3208)

Background and Prior Actions:

The Agriculture Building #5 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 \$44,500,000 for construction services and related project costs. \$4,500,000 has been previously appropriated.
- (3) Approve construction of the Agriculture Building #5 Project at Texas A&M University (Texas A&M).

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 - TAMU	\$20,000,000	\$1,620,988	Available University Funds
Permanent University Fund Debt Proceeds - AL-RSRCH	\$ 4,100,000	\$332,475	Available University Funds
Revenue Financing System Debt Proceeds	\$ 5,000,000	\$366,894	TAMU COE-Differential Tuition
Revenue Financing System Debt Proceeds	\$ 5,000,000	\$366,894	TEES Indirect Cost Recoveries
Revenue Financing System Debt Proceeds	\$ 7,200,000	\$583,663	AL-RSRCH Designated Funds
Cash (TAMU University Advancement Fee)	\$ 3,588,000	N/A	N/A
Cash (TAMU University Advancement Fee)	\$ 1,515,441	N/A	N/A

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Agenda Item Briefing

Cash (TAMU Designated Tuition)	\$ 1,234,971	N/A	N/A
Cash (TAMU Designated Funds)	\$ 849,588	N/A	N/A
Cash (AL-RSRCH Land Sale Revenue)	<u>\$ 512,000</u>	N/A	N/A
Total Project Funds	<u>\$49,000,000</u>		

Project Justification:

Texas A&M has established a strong foundation of excellence by focusing on academics, research, and professional development. Texas A&M's strong tradition as a research-intensive institution has made it one of three Tier 1 public universities in Texas. In support of Texas A&M's commitment to cutting edge research, as well as the growth of engineering enrollment, the university has the opportunity to relocate the Department of Plant Pathology and Microbiology to College Station West, within the Agriculture and Life Sciences Complex. The location of the new facility, known as the Agriculture Building #5, will benefit Plant Pathology by collocation near related research departments and facilities, as well as strengthen and enhance opportunities for cross-discipline collaboration among faculty and students. The new building will provide generic flexible labs with the capabilities necessary to support research as it evolves into the future.

Scope:

The Agriculture Building #5 Project will include approximately 78,000 gross square feet (GSF) and will be located on west campus between the Horticulture/Forest Science Building and Rosenthal Meat Science & Technology Center.

To support the instruction and research necessary to accomplish the department's mission, the new Agriculture Building #5 Project will include the following elements:

- Instructional labs
- Generic research labs with dedicated and shared support spaces
- Administrative offices, conference rooms and shared offices for graduate students and postdoctoral researchers
- Student spaces for collaboration
- 300-seat auditorium and pre-function space
- Seminar rooms with audiovisual, teleconferencing, and recording capabilities
- Outdoor landscape area with seating
- Outdoor receiving and work area in support of research

Construction on this project is scheduled to start in September 2017, with substantial completion scheduled for March 2019. The total project budget is \$49,000,000.

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
June 30, 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 Agriculture Building #5 Project, Texas A&M University, College Station, Texas (Project No. 02-3208)

I recommend adoption of the following minute order:

“The project scope along with a project budget of \$49,000,000 for the Agriculture Building #5 Project is approved.

The amount of \$15,500,000 is appropriated from Account No. 01-084243 Permanent University Fund Debt Proceeds - TAMU (AUF), the amount of \$4,100,000 is appropriated from Account No. 01-084243 Permanent University Fund Debt Proceeds - AL-RSRCH (AUF), the amount of \$5,000,000 is appropriated from Account No. 01-083540 Revenue Financing System Debt Proceeds (TAMU COE-Differential Tuition), the amount of \$5,000,000 is appropriated from Account No. 01-083540 Revenue Financing System Debt Proceeds (TEES Indirect Cost Recoveries), the amount of \$7,200,000 is appropriated from Account No. 01-083540 Revenue Financing System Debt Proceeds (AL-RSRCH Designated Funds), the amount of \$3,588,000 is appropriated from Account No. 02-237302 TAMU UAF-Agriculture and Life Sciences Building, the amount of \$3,600,000 is appropriated from Account No. 02-808823 TAMU Agriculture Construction/Renovations, and the amount of \$512,000 is appropriated from Account No. 06-203412 AL-RSRCH Land Sale Revenue, for construction services and related project costs.

The Agriculture Building #5 Project, Texas A&M University, College Station, 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]

Michael K. Young, President
Texas A&M University

AGRICULTURE BUILDING #5 TEXAS A&M UNIVERSITY PROJECT NO. 02-3208	PROJECT BUDGET
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1.	Amount Available for Construction Contract	\$36,180,600
2.	Architectural/Engineering Fees	\$ 3,348,579
3.	Physical Plant/Facility Services	\$ 75,000
4.	Data / CIS	\$ 1,015,000
5.	Telecommunications	\$ 418,000
6.	Security.....	\$ 146,000
7.	Testing and Air Balancing.....	\$ 187,000
8.	Construction Materials Testing	\$ 200,000
9.	Envelope Testing.....	\$ 100,000
10.	Owner Supplied Insurance (OCIP).....	\$ 530,000
11.	A/V Equipment.....	\$ 1,080,000
12.	Moveable Equipment	\$ 25,000
13.	Moveable Furnishings	\$ 2,526,000
14.	FP&C Project Management and Inspection Fees.....	\$ 1,265,000
15.	Owner's Contingency	\$ 1,706,821
16.	Miscellaneous.....	<u>\$ 197,000</u>
17.	TOTAL ESTIMATED COST OF PROJECT	<u>\$49,000,000</u>

1. Issue A/E RFQ June 7, 2016
2. Receive A/E RFQ Responses..... June 28, 2016
3. Shortlist A/E Firms July 12, 2016
4. Interview A/E Shortlist July 19, 2016
5. A/E Ranked Order Approved by Chancellor August 16, 2016
6. BOR Approval of Capital Plan September 1, 2016
7. Execute A/E Agreement September 13, 2016
8. A/E Design Kickoff September 15, 2016
9. Complete Schematic Design January 12, 2017
10. Issue CMAR RFP February 21, 2017
11. Receive CMAR RFP Responses March 14, 2017
12. Shortlist CMAR Firms March 22, 2017
13. Interview CMAR Shortlist..... March 29, 2017
14. CMAR Ranked Order Approved by Chancellor..... March 30, 2017
15. Execute CMAR Agreement May 10, 2017
16. Complete Design Development June 15, 2017
17. Receive GMP from CMAR July 18, 2017
18. BOR Approval for Construction..... August 23, 2017
19. Begin Construction September 29, 2017
20. Complete Construction Documents November 7, 2017
21. Submit THECB Application..... November 2017
22. Substantial Completion..... March 2019
23. Owner Occupancy..... May 2019

**TEXAS A&M UNIVERSITY
PERMANENT UNIVERSITY FUND
Agriculture Building #5
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	20,200,000.00			
YEAR 1	19,590,000.00	610,000.00	1,010,000.00	1,620,000.00
YEAR 2	18,950,000.00	640,000.00	979,500.00	1,619,500.00
YEAR 3	18,275,000.00	675,000.00	947,500.00	1,622,500.00
YEAR 4	17,570,000.00	705,000.00	913,750.00	1,618,750.00
YEAR 5	16,830,000.00	740,000.00	878,500.00	1,618,500.00
YEAR 6	16,050,000.00	780,000.00	841,500.00	1,621,500.00
YEAR 7	15,230,000.00	820,000.00	802,500.00	1,622,500.00
YEAR 8	14,370,000.00	860,000.00	761,500.00	1,621,500.00
YEAR 9	13,465,000.00	905,000.00	718,500.00	1,623,500.00
YEAR 10	12,515,000.00	950,000.00	673,250.00	1,623,250.00
YEAR 11	11,520,000.00	995,000.00	625,750.00	1,620,750.00
YEAR 12	10,475,000.00	1,045,000.00	576,000.00	1,621,000.00
YEAR 13	9,380,000.00	1,095,000.00	523,750.00	1,618,750.00
YEAR 14	8,230,000.00	1,150,000.00	469,000.00	1,619,000.00
YEAR 15	7,020,000.00	1,210,000.00	411,500.00	1,621,500.00
YEAR 16	5,750,000.00	1,270,000.00	351,000.00	1,621,000.00
YEAR 17	4,415,000.00	1,335,000.00	287,500.00	1,622,500.00
YEAR 18	3,015,000.00	1,400,000.00	220,750.00	1,620,750.00
YEAR 19	1,545,000.00	1,470,000.00	150,750.00	1,620,750.00
YEAR 20	-	1,545,000.00	77,250.00	1,622,250.00
		<u>\$ 20,200,000.00</u>	<u>\$ 12,219,750.00</u>	<u>\$ 32,419,750.00</u>

Estimated issuance costs and rounding of \$200,000 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 6/09/17

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

**TEXAS A&M UNIVERSITY
PERMANENT UNIVERSITY FUND
Agriculture Building #5
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	4,145,000.00			
YEAR 1	4,020,000.00	125,000.00	207,250.00	332,250.00
YEAR 2	3,890,000.00	130,000.00	201,000.00	331,000.00
YEAR 3	3,750,000.00	140,000.00	194,500.00	334,500.00
YEAR 4	3,605,000.00	145,000.00	187,500.00	332,500.00
YEAR 5	3,450,000.00	155,000.00	180,250.00	335,250.00
YEAR 6	3,290,000.00	160,000.00	172,500.00	332,500.00
YEAR 7	3,120,000.00	170,000.00	164,500.00	334,500.00
YEAR 8	2,945,000.00	175,000.00	156,000.00	331,000.00
YEAR 9	2,760,000.00	185,000.00	147,250.00	332,250.00
YEAR 10	2,565,000.00	195,000.00	138,000.00	333,000.00
YEAR 11	2,360,000.00	205,000.00	128,250.00	333,250.00
YEAR 12	2,145,000.00	215,000.00	118,000.00	333,000.00
YEAR 13	1,920,000.00	225,000.00	107,250.00	332,250.00
YEAR 14	1,685,000.00	235,000.00	96,000.00	331,000.00
YEAR 15	1,435,000.00	250,000.00	84,250.00	334,250.00
YEAR 16	1,175,000.00	260,000.00	71,750.00	331,750.00
YEAR 17	900,000.00	275,000.00	58,750.00	333,750.00
YEAR 18	615,000.00	285,000.00	45,000.00	330,000.00
YEAR 19	315,000.00	300,000.00	30,750.00	330,750.00
YEAR 20	-	315,000.00	15,750.00	330,750.00
		<u>\$ 4,145,000.00</u>	<u>\$ 2,504,500.00</u>	<u>\$ 6,649,500.00</u>

Estimated issuance costs and rounding of \$45,000 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 6/09/17

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**TEXAS A&M UNIVERSITY
REVENUE FINANCING SYSTEM
Agriculture Building #5
COE Differential Tuition**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	5,050,000.00				
YEAR 1	4,985,000.00	65,000.00	303,000.00	368,000.00	423,200.00
YEAR 2	4,915,000.00	70,000.00	299,100.00	369,100.00	424,465.00
YEAR 3	4,845,000.00	70,000.00	294,900.00	364,900.00	419,635.00
YEAR 4	4,770,000.00	75,000.00	290,700.00	365,700.00	420,555.00
YEAR 5	4,690,000.00	80,000.00	286,200.00	366,200.00	421,130.00
YEAR 6	4,605,000.00	85,000.00	281,400.00	366,400.00	421,360.00
YEAR 7	4,515,000.00	90,000.00	276,300.00	366,300.00	421,245.00
YEAR 8	4,420,000.00	95,000.00	270,900.00	365,900.00	420,785.00
YEAR 9	4,320,000.00	100,000.00	265,200.00	365,200.00	419,980.00
YEAR 10	4,210,000.00	110,000.00	259,200.00	369,200.00	424,580.00
YEAR 11	4,095,000.00	115,000.00	252,600.00	367,600.00	422,740.00
YEAR 12	3,975,000.00	120,000.00	245,700.00	365,700.00	420,555.00
YEAR 13	3,845,000.00	130,000.00	238,500.00	368,500.00	423,775.00
YEAR 14	3,710,000.00	135,000.00	230,700.00	365,700.00	420,555.00
YEAR 15	3,565,000.00	145,000.00	222,600.00	367,600.00	422,740.00
YEAR 16	3,410,000.00	155,000.00	213,900.00	368,900.00	424,235.00
YEAR 17	3,245,000.00	165,000.00	204,600.00	369,600.00	425,040.00
YEAR 18	3,075,000.00	170,000.00	194,700.00	364,700.00	419,405.00
YEAR 19	2,895,000.00	180,000.00	184,500.00	364,500.00	419,175.00
YEAR 20	2,700,000.00	195,000.00	173,700.00	368,700.00	424,005.00
YEAR 21	2,495,000.00	205,000.00	162,000.00	367,000.00	422,050.00
YEAR 22	2,280,000.00	215,000.00	149,700.00	364,700.00	419,405.00
YEAR 23	2,050,000.00	230,000.00	136,800.00	366,800.00	421,820.00
YEAR 24	1,805,000.00	245,000.00	123,000.00	368,000.00	423,200.00
YEAR 25	1,545,000.00	260,000.00	108,300.00	368,300.00	423,545.00
YEAR 26	1,270,000.00	275,000.00	92,700.00	367,700.00	422,855.00
YEAR 27	980,000.00	290,000.00	76,200.00	366,200.00	421,130.00
YEAR 28	670,000.00	310,000.00	58,800.00	368,800.00	424,120.00
YEAR 29	345,000.00	325,000.00	40,200.00	365,200.00	419,980.00
YEAR 30	-	345,000.00	20,700.00	365,700.00	420,555.00
		<u>\$ 5,050,000.00</u>	<u>\$ 5,956,800.00</u>	<u>\$ 11,006,800.00</u>	<u>\$ 12,657,820.00</u>

Estimated issuance costs and rounding of \$50,000 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 6/09/17

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**TEXAS A&M ENGINEERING EXPERIMENT STATION
REVENUE FINANCING SYSTEM
TAMU Agriculture Building #5
Indirect Cost Recovery**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	5,050,000.00				
YEAR 1	4,985,000.00	65,000.00	303,000.00	368,000.00	423,200.00
YEAR 2	4,915,000.00	70,000.00	299,100.00	369,100.00	424,465.00
YEAR 3	4,845,000.00	70,000.00	294,900.00	364,900.00	419,635.00
YEAR 4	4,770,000.00	75,000.00	290,700.00	365,700.00	420,555.00
YEAR 5	4,690,000.00	80,000.00	286,200.00	366,200.00	421,130.00
YEAR 6	4,605,000.00	85,000.00	281,400.00	366,400.00	421,360.00
YEAR 7	4,515,000.00	90,000.00	276,300.00	366,300.00	421,245.00
YEAR 8	4,420,000.00	95,000.00	270,900.00	365,900.00	420,785.00
YEAR 9	4,320,000.00	100,000.00	265,200.00	365,200.00	419,980.00
YEAR 10	4,210,000.00	110,000.00	259,200.00	369,200.00	424,580.00
YEAR 11	4,095,000.00	115,000.00	252,600.00	367,600.00	422,740.00
YEAR 12	3,975,000.00	120,000.00	245,700.00	365,700.00	420,555.00
YEAR 13	3,845,000.00	130,000.00	238,500.00	368,500.00	423,775.00
YEAR 14	3,710,000.00	135,000.00	230,700.00	365,700.00	420,555.00
YEAR 15	3,565,000.00	145,000.00	222,600.00	367,600.00	422,740.00
YEAR 16	3,410,000.00	155,000.00	213,900.00	368,900.00	424,235.00
YEAR 17	3,245,000.00	165,000.00	204,600.00	369,600.00	425,040.00
YEAR 18	3,075,000.00	170,000.00	194,700.00	364,700.00	419,405.00
YEAR 19	2,895,000.00	180,000.00	184,500.00	364,500.00	419,175.00
YEAR 20	2,700,000.00	195,000.00	173,700.00	368,700.00	424,005.00
YEAR 21	2,495,000.00	205,000.00	162,000.00	367,000.00	422,050.00
YEAR 22	2,280,000.00	215,000.00	149,700.00	364,700.00	419,405.00
YEAR 23	2,050,000.00	230,000.00	136,800.00	366,800.00	421,820.00
YEAR 24	1,805,000.00	245,000.00	123,000.00	368,000.00	423,200.00
YEAR 25	1,545,000.00	260,000.00	108,300.00	368,300.00	423,545.00
YEAR 26	1,270,000.00	275,000.00	92,700.00	367,700.00	422,855.00
YEAR 27	980,000.00	290,000.00	76,200.00	366,200.00	421,130.00
YEAR 28	670,000.00	310,000.00	58,800.00	368,800.00	424,120.00
YEAR 29	345,000.00	325,000.00	40,200.00	365,200.00	419,980.00
YEAR 30	-	345,000.00	20,700.00	365,700.00	420,555.00
		<u>\$ 5,050,000.00</u>	<u>\$ 5,956,800.00</u>	<u>\$ 11,006,800.00</u>	<u>\$ 12,657,820.00</u>

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