

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 Music Activities Center Project, Texas A&M University, College Station, Texas (Project No. 02-3211)

Background and Prior Actions:

The Music Activities Center 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 \$38,250,000 for construction services and related project costs. \$4,250,000 has been previously appropriated.
- (3) Approve construction of the Music Activities Center 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>
Revenue Financing System Debt Proceeds	\$ 9,016,250	\$1,999,448	Gifts*
Cash (Gifts)	\$13,483,750	N/A	N/A
Cash (Auxiliary Reserves)	\$10,000,000	N/A	N/A
Cash (Available University Fund)	<u>\$10,000,000</u>	N/A	N/A
Total Project Funds	<u>\$42,500,000</u>		

*Currently 86% of all gifts have been pledged. As required by System Policy 51.04, 50% of the gift funds are in hand, and another 25% of the gift funds have been pledged. Should Texas A&M fail to receive the remaining \$9,016,250 needed to fund the gift portion of the project, Texas A&M has agreed to make timely payments to A&M System as necessary to fully service commercial paper or other debt issued to support the project, and such payment shall be made from University Advancement Fees.

Note: Any gifts received for this project are hereby appropriated and previous appropriations are reverted from Revenue Financing System Debt Proceeds.

Project Justification:

The Department of Music Activities' instrumental ensembles currently use the E.V. Adams Band Hall, which was built in 1970, and the choral ensembles use basement space inside the MSC. Together, these spaces can no longer safely accommodate over 1,300 students that participate in the Music Activities program each year. The proposed construction for the Music Activities Center Project will replace these spaces, allowing the department to better support current and future offerings in areas designed to the program's size and scope. The new facility will also allow the department to work more collaboratively by bringing together the instrumental and choral offerings, allowing for more flexible scheduling and growth, and providing much needed secure storage. The Music Activities Center Project is to be built on the Duncan Drill Field, and will be designed to provide state-of-the-art acoustics for instruction, individual practice, and ensemble rehearsals. The use of the spaces will vary widely in terms of size and make-up of the performers, as well as music style. Uses will vary from small vocal groups and jazz combos to a 450-piece marching band.

Scope:

Located on the corner of George Bush Drive and Coke Street, the approximately 71,000 gross square foot (GSF) facility will include:

- A 100-yard artificial turf practice field for the Aggie Band that will eliminate uneven or unsafe rehearsal conditions.
- Soundproof practice rooms with extended access for students.
- Ample locker space for students to store their instruments.
- New rehearsal halls with state-of-the-art acoustics and adequate space.
- Opportunities within the building to tell students, alumni and visitors about the proud traditions of the music organizations at Texas A&M.

As part of the Corps of Cadets Master Plan, the proposed site for the Music Activities Center Project is Duncan Drill Field, located south of Duncan Dinning Center. A future expansion may include a 1,200-seat concert hall. This possible expansion will not only give the ensembles within the Department of Music Activities a place to perform, but will also provide additional space for the Rudder Theatre Complex to house more events, and will provide the Bryan/College Station communities and school districts a first rate performance venue for large musical ensembles.

Construction on this project is scheduled to start in September 2017, with substantial completion scheduled for May 2019. The total project budget is \$42,500,000.

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 Music Activities Center Project, Texas A&M University, College Station, Texas (Project No. 02-3211)

I recommend adoption of the following minute order:

“The project scope along with a project budget of \$42,500,000 for the Music Activities Center Project is approved.

The amount of \$9,016,250 is appropriated from Account No. 01-083540 Revenue Financing System Debt Proceeds (Gifts), the amount of \$13,483,750 is appropriated from Account No. 02-512979-20000 Student Affairs Projects-Music Activities Center Project, the amount of \$10,000,000 is appropriated from Account No. 02-030062 Residence Halls, and the amount of \$5,750,000 is appropriated from Account No. 02-806346 AUF Music Activities Center, for construction services and related project costs.

The Music Activities Center 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:

[ORIGINAL SIGNED BY]

John Sharp
Chancellor

Approved for Legal Sufficiency:

[ORIGINAL SIGNED BY]

Ray Bonilla
General Counsel

[ORIGINAL SIGNED BY]

Michael K. Young, President
Texas A&M University

MUSIC ACTIVITIES CENTER	PROJECT BUDGET
TEXAS A&M UNIVERSITY	
PROJECT NO. 02-3211	

1.	Amount Available for Construction Contract	\$31,796,000
2.	Architectural/Engineering Fees	\$ 3,200,000
3.	Physical Plant/Facility Services	\$ 50,000
4.	Data / CIS	\$ 556,000
5.	Telecommunications	\$ 422,000
6.	Security.....	\$ 150,000
7.	Testing and Air Balancing.....	\$ 177,000
8.	Construction Materials Testing	\$ 210,000
9.	Envelope Testing	\$ 75,000
10.	Artwork / Graphics	\$ 61,000
11.	A/V Equipment.....	\$ 780,000
12.	Moveable Equipment	\$ 165,000
13.	Moveable Furnishings	\$ 1,550,000
14.	FP&C Project Management and Inspection Fees.....	\$ 1,097,000
15.	Owner's Contingency	\$ 1,494,300
16.	Miscellaneous	\$ <u>716,700</u>
17.	TOTAL ESTIMATED COST OF PROJECT	<u>\$42,500,000</u>

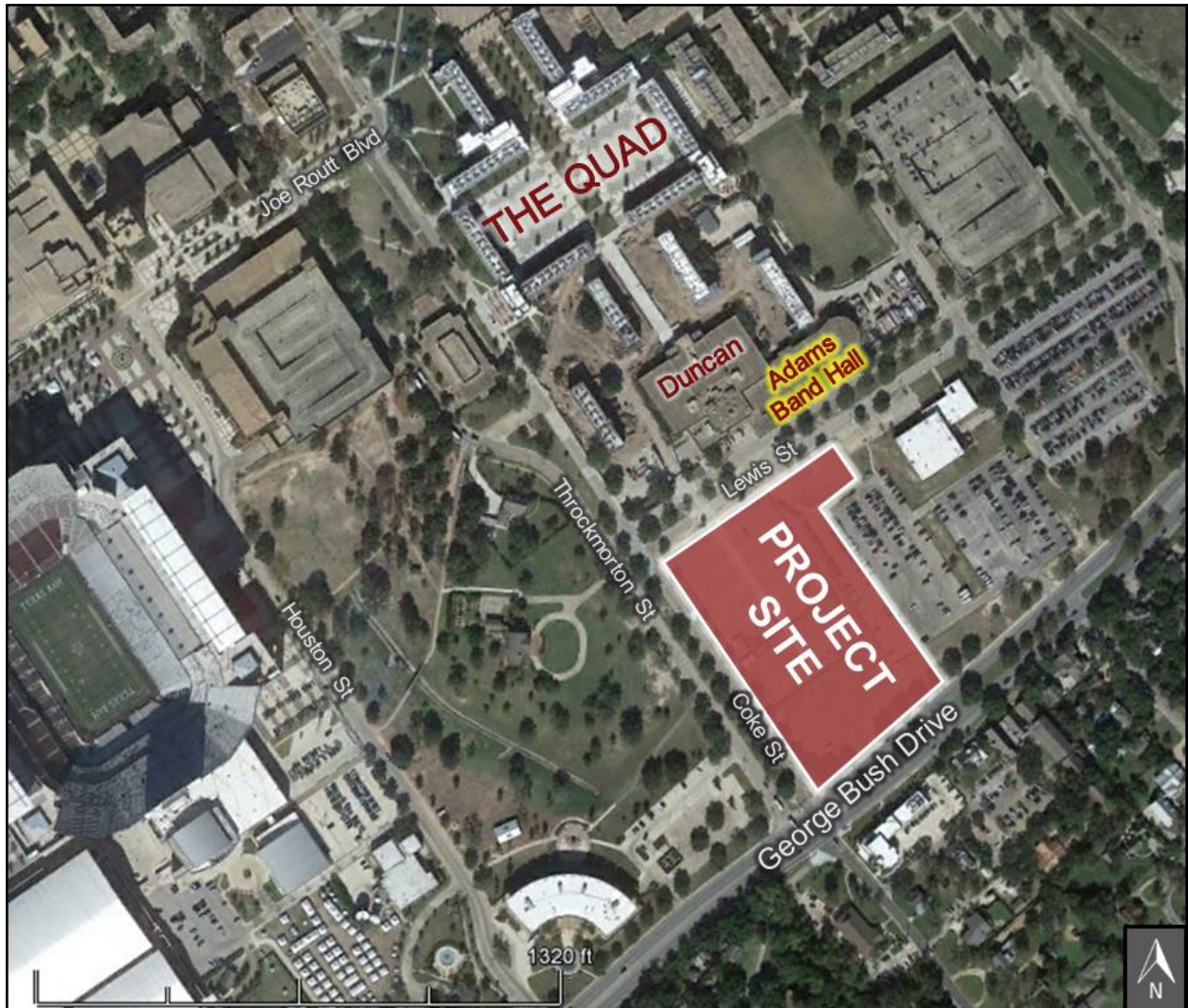
1. Issue A/E RFQ June 7, 2016
2. Issue CMAR RFP June 28, 2016
3. Receive A/E RFQ Responses..... June 29, 2016
4. Shortlist A/E Firms July 14, 2016
5. Receive CMAP RFP Responses July 20, 2016
6. Interview A/E Shortlist July 21, 2016
7. Shortlist CMAR Firms..... August 2, 2016
8. Interview CMAR Shortlist..... August 9, 2016
9. A/E Ranked Order Approved by Chancellor August 18, 2016
10. BOR Approval of Capital Plan September 2, 2016
11. CMAR Ranked Order Approved by Chancellor..... September 6, 2016
12. Execute A/E Agreement September 15, 2016
13. A/E Design Kickoff September 21, 2016
14. Execute CMAR Agreement September 27, 2016
15. Complete Schematic Design January 13, 2017
16. Complete Design Development April 14, 2017
17. Submit THECB Application July 5, 2017
18. Receive GMP from CMAR July 6, 2017
19. BOR Approval for Construction..... August 23, 2017
20. Complete Construction Documents September 13, 2017
21. Begin Construction September 2017
22. Substantial Completion..... May 2019
23. Owner Occupancy..... July 2019

**TEXAS A&M UNIVERSITY
REVENUE FINANCING SYSTEM
MUSIC ACTIVITIES CENTER
Gifts**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
Coml Paper	9,016,250.00				
FY18	9,016,250.00	-	225,406.00	225,406.00	259,216.90
FY19	7,286,250.00	1,730,000.00	270,488.00	2,000,488.00	2,300,561.20
FY20	5,541,250.00	1,745,000.00	255,019.00	2,000,019.00	2,300,021.85
FY21	3,736,250.00	1,805,000.00	193,944.00	1,998,944.00	2,298,785.60
FY22	1,866,250.00	1,870,000.00	130,769.00	2,000,769.00	2,300,884.35
FY23	-	1,866,250.00	130,769.00	1,997,019.00	2,296,571.85
		<u>\$ 9,016,250.00</u>	<u>\$ 1,206,395.00</u>	<u>\$ 10,222,645.00</u>	<u>\$ 11,756,041.75</u>

Short-term rates are assumed to be 2.5% in FY18, 3.0% in FY19, and 3.5% in FY20-FY21. Rates are subject to market change.
Assuming this portion of the funding for the project will remain in commercial paper until paid off in five years.
Prepared by the Office of the Treasurer - Treasury Services 6/09/17

Rates are variable and subject to market change.



Music Activities Center

Texas A&M University

Project No. 02-3211