

Agenda Item No. 3.1

AGENDA ITEM BRIEFING

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

Subject: Approval of System Capital Plan for FY 2019 – FY 2023

Proposed Board Action:

Approve the System Capital Plan for FY 2019 – FY 2023.

Background Information:

Members of The Texas A&M University System each prepare a five-year capital plan as part of the overall planning process. These plans are then compiled into a system capital plan. The system capital plan includes all Revenue Financing System (RFS) and Permanent University Fund (PUF) financed projects, repair/renovation projects costing \$4 million or more, new construction/addition projects costing \$4 million or more, and real property acquisitions costing more than \$1 million. Both the CEO and CFO of each system member have certified the information included in the system member's capital plan including the adequacy of the debt repayment revenue resources.

Per System Policy *51.01 Capital Planning*, the five-year capital plan for The Texas A&M University System is being presented to the Board of Regents for approval.

The \$3.8 billion system capital plan includes \$2.8 billion of previously approved projects that are either in design or construction. After cumulative expenditures of \$1.3 billion through May 2018, the remaining balance to be expended on approved projects is \$1.5 billion. The system capital plan also includes \$1.1 billion in proposed future projects including \$598.2 million of RFS debt projects, \$84.4 million of PUF debt projects, and \$411.8 million of projects to be funded by cash sources including the Available University Fund, Higher Education Fund, energy savings contracts, interest income, federal grants, designated tuition, gifts, student fees, auxiliary enterprise funds, general revenue, and other local funds.

Prior to inclusion on the capital plan for FY 2019, projects have completed the preparation of the Program of Requirements (unless otherwise noted on the plan). Board approval of the system capital plan for FY 2019 – FY 2023 will constitute approval for initiation of the proposed projects indicated to start in FY 2019 along with approval of the identified funding sources and will authorize the appropriation of up to 10 percent of the planning amounts indicated for the FY 2019 projects for pre-construction activities. Pre-construction activities include work of the Architect/Engineer Design Team, design assistance from a Design-Build Contractor or Construction Manager at Risk, environmental surveys, site surveys, building and site demolition work, and any other activities required to design the project. In addition, approval will authorize the completion of FY 2019 minor construction, rehabilitation/renovation, and equipment/software procurement projects including the appropriation of PUF and RFS debt proceeds where indicated.

FY 2019 proposed projects total \$282.9 million and include \$172.9 million of RFS debt projects, \$41.9 million of PUF debt projects, and \$68.1 million of projects to be funded by cash sources including AUF, HEF, energy savings contracts, interest income, federal grants, designated tuition, gifts, auxiliary enterprise funds, general revenue, and other local funds.

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The initiated projects will be presented to the board for approval of construction when a scope and budget are more defined, prior to any construction contract award.

A&M System Funding or Other Financial Implications:

The board's approval of the system capital plan for FY 2019 – FY 2023 will authorize the appropriation of up to 10 percent of the planning amounts for FY 2019 proposed projects for pre-construction activities. As presented, requested appropriations for proposed FY 2019 projects would total up to \$28.3 million. In addition, the board's approval authorizes appropriation of PUF and RFS funds for the completion of FY 2019 minor construction, rehabilitation/renovation, equipment/software procurement, and other projects to be administered by the institutions or System Facilities Planning and Construction.

**THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION**
Office of the Executive Vice Chancellor and Chief Financial Officer
June 27, 2018

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

Subject: Approval of System Capital Plan for FY 2019 – FY 2023

I recommend adoption of the following minute order:

“The system capital plan for FY 2019 – FY 2023, as shown in the attached exhibit is approved and authorization to appropriate up to 10 percent of the planning amount indicated for all FY 2019 proposed projects is granted. In addition, the appropriation of PUF and RFS funding is approved for FY 2019 minor construction, rehabilitation/renovation, and equipment/software procurement projects administered by the institutions or System Facilities Planning and Construction.

The Board of Regents of The Texas A&M University System (board) reasonably expects to incur debt in one or more obligations for these projects, 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).

To the extent that the system capital plan identifies projects for financing through the issuance of parity obligations secured by and payable from revenues of the Revenue Financing System, and 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 parity obligations are issued, possess the financial capacity to satisfy their direct obligations after taking into account such proposed additional Revenue Financing System parity obligations as are identified in the system capital plan.”

Respectfully submitted,

[ORIGINAL SIGNED BY]

Billy Hamilton
Executive Vice Chancellor and
Chief Financial Officer

Approval Recommended:

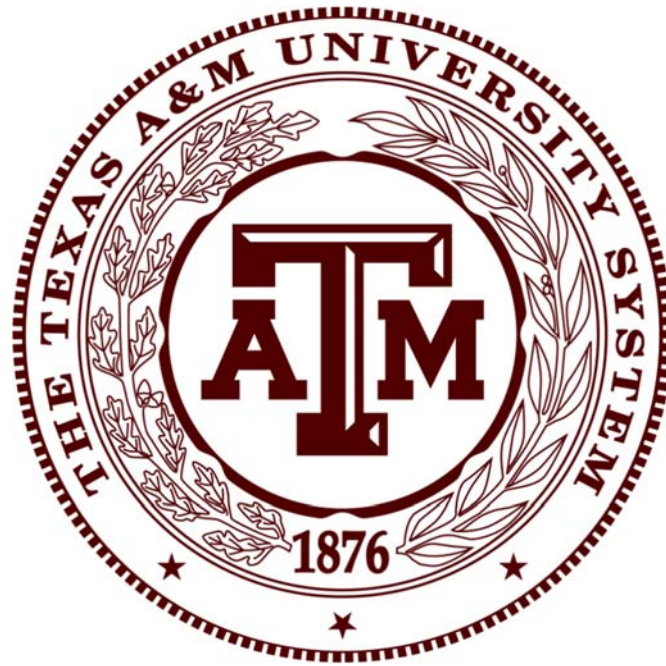
[ORIGINAL SIGNED BY]

John Sharp
Chancellor

Approved for Legal Sufficiency:

[ORIGINAL SIGNED BY]

Ray Bonilla
General Counsel



**FY 2019 – FY 2023
Capital Plan
August 2018**

EXECUTIVE SUMMARY

Members of The Texas A&M University System each prepare a five-year capital plan as part of the overall planning process. These plans are then compiled into a System Capital Plan. Both the CEO and CFO of each system member certify the information included in the system member's capital plan including the adequacy of the debt repayment revenue resources.

The \$3.8 billion System Capital Plan includes \$2.8 billion of previously approved projects that are either in design or under construction and \$1.1 billion in proposed future projects. After cumulative expenditures through May 2018 of \$1.3 billion, the remaining balance to be expended on approved projects is \$1.5 billion. Included in the proposed future projects are \$598.2 million of Revenue Financing System debt projects, \$84.4 million of Permanent University Fund debt projects, and \$411.8 million of projects to be funded by cash sources including the Available University Fund, Higher Education Fund, energy savings contracts, interest income, federal grants, designated tuition, gifts, student fees, auxiliary enterprise funds, general revenue, and other local funds.

Fiscal year 2019 proposed projects total \$282.9 million and include \$172.9 million of RFS debt projects, \$41.9 million of PUF debt projects, and \$68.1 million of projects to be funded by cash sources including AUF, HEF, energy savings contracts, interest income, federal grants, designated tuition, gifts, auxiliary enterprise funds, general revenue, and other local funds.

THE TEXAS A&M UNIVERSITY SYSTEM CAPITAL PLAN FY 2019 - FY 2023

System Member	Previously Approved Projects	Proposed Projects	Total Project Planning Amounts
Texas A&M University	1,078,985,098	616,954,817	1,695,939,915
Texas A&M University at Galveston	56,430,000	12,000,000	68,430,000
Texas A&M Health Science Center	294,554,485	40,718,000	335,272,485
Prairie View A&M University	56,710,685	-	56,710,685
Tarleton State University	173,883,878	32,400,000	206,283,878
Texas A&M University - Corpus Christi	129,207,026	-	129,207,026
Texas A&M International University	82,277,563	-	82,277,563
Texas A&M University - Kingsville	97,774,474	85,500,000	183,274,474
West Texas A&M University	154,756,244	75,050,000	229,806,244
Texas A&M University - Texarkana	32,000,000	-	32,000,000
Texas A&M University - Commerce	54,000,000	7,000,000	61,000,000
Texas A&M University - Central Texas	44,860,405	-	44,860,405
Texas A&M University - San Antonio	92,302,588	7,410,520	99,713,108
Texas A&M AgriLife Research	39,695,859	15,000,000	54,695,859
Texas A&M AgriLife Extension Service	1,667,000	-	1,667,000
Texas A&M Forest Service	283,000	-	283,000
Texas A&M Veterinary Medical Diagnostic Laboratory	15,600,000	-	15,600,000
Texas A&M Engineering Experiment Station	94,936,000	66,506,000	161,442,000
Texas A&M Engineering Extension Service	15,950,000	85,895,000	101,845,000
Texas A&M Transportation Institute	72,000,000	-	72,000,000
System Offices	58,513,000	5,000,000	63,513,000
RELLIS	107,604,000	45,000,000	152,604,000
	<u>2,753,991,305</u>	<u>1,094,434,337</u>	<u>3,848,425,642</u>

THE TEXAS A&M UNIVERSITY SYSTEM CAPITAL PLAN FY 2019 - FY 2023

<u>System Member</u>	<u>Total Project Planning Amounts</u>	<u>Cumulative Prior Years Expenditures to 5/31/2018</u>	<u>Remaining Planning Amounts</u>
Texas A&M University	1,695,939,915	562,130,510	1,133,809,405
Texas A&M University at Galveston	68,430,000	40,585,027	27,844,973
Texas A&M Health Science Center	335,272,485	79,352,568	255,919,917
Prairie View A&M University	56,710,685	22,329,702	34,380,983
Tarleton State University	206,283,878	58,923,350	147,360,528
Texas A&M University - Corpus Christi	129,207,026	50,612,797	78,594,229
Texas A&M International University	82,277,563	31,762,471	50,515,092
Texas A&M University - Kingsville	183,274,474	28,521,162	154,753,312
West Texas A&M University	229,806,244	54,077,608	175,728,636
Texas A&M University - Texarkana	32,000,000	15,418,815	16,581,185
Texas A&M University - Commerce	61,000,000	17,542,431	43,457,569
Texas A&M University - Central Texas	44,860,405	26,804,272	18,056,133
Texas A&M University - San Antonio	99,713,108	40,179,533	59,533,575
Texas A&M AgriLife Research	54,695,859	26,150,693	28,545,166
Texas A&M AgriLife Extension Service	1,667,000	441,088	1,225,912
Texas A&M Forest Service	283,000	-	283,000
Texas A&M Veterinary Medical Diagnostic Laboratory	15,600,000	-	15,600,000
Texas A&M Engineering Experiment Station	161,442,000	73,084,165	88,357,835
Texas A&M Engineering Extension Service	101,845,000	1,044,681	100,800,319
Texas A&M Transportation Institute	72,000,000	33,988,826	38,011,174
System Offices	63,513,000	44,493,076	19,019,924
RELLIS	152,604,000	49,434,984	103,169,016
	<u>3,848,425,642</u>	<u>1,256,877,759</u>	<u>2,591,547,883</u>

**THE TEXAS A&M UNIVERSITY SYSTEM
CAPITAL PLAN
PROPOSED PROJECTS - FISCAL YEAR 2019**

System Member	Planning Amounts	Resource Allocation		
		PUF Debt Proceeds	RFS Debt Proceeds	Other
Texas A&M University	79,316,810		52,705,660	26,611,150
Texas A&M University at Galveston	12,000,000		12,000,000	
Texas A&M Health Science Center	40,718,000		24,718,000	16,000,000
Prairie View A&M University	-			
Tarleton State University	18,400,000	5,400,000	10,000,000	3,000,000
Texas A&M University - Corpus Christi	-			
Texas A&M International University	-			
Texas A&M University - Kingsville	9,000,000		9,000,000	
West Texas A&M University	3,500,000		3,500,000	
Texas A&M University - Texarkana	-			
Texas A&M University - Commerce	-			
Texas A&M University - Central Texas	-			
Texas A&M University - San Antonio	7,410,520	5,000,000	1,600,000	810,520
Texas A&M AgriLife Research	15,000,000	15,000,000		
Texas A&M AgriLife Extension Service	-			
Texas A&M Forest Service	-			
Texas A&M Veterinary Medical Diagnostic Laboratory	-			
Texas A&M Engineering Experiment Station	18,640,000		2,500,000	16,140,000
Texas A&M Engineering Extension Service	56,895,000		56,895,000	
Texas A&M Transportation Institute	-			
System Offices	5,000,000	2,500,000		2,500,000
RELLIS	17,000,000	14,000,000		3,000,000
	<u>282,880,330</u>	<u>41,900,000</u>	<u>172,918,660</u>	<u>68,061,670</u>

THE TEXAS A&M UNIVERSITY SYSTEM
Capital Plan

Funding Codes

- a Available University Fund
- b Gifts
- c Contracts and Grants
- e E&G Unrestricted
- f Federal Funds
- g Designated Tuition
- h Housing Revenues
- n General Revenue
- o Other
- p Parking
- r Recreational Sports Fees
- s Student Fees
- T Tuition Revenue
- u Utility
- v Stadium Revenue Funds
- w Higher Education Funds
- x Auxiliary Enterprise Funds
- y Indirect Cost Recoveries

TEXAS A&M UNIVERSITY
FY 2019 - FY 2023 CAPITAL PLAN
SUMMARY INFORMATION

Project #	Projected FY Start Date for Proposed Projects	Project Name	Total Planning Amount	Funding Sources			Cumulative Expenditures Prior Years to 5/31/18		
				PUF Debt Proceeds	RFS Debt Proceeds	Other			
APPROVED PROJECTS									
2-3155		* Engineering Education Complex	228,660,000	90,500,000	129,010,000	b,o,y	9,150,000	b,o,y	177,890,232
2-3162		Completion of Corps Dorm Renovation	149,000,000		146,000,000	h	3,000,000	b	144,289,662
2-3164		Chemistry Building '72 Wing 1st and 2nd Floor Renovation	12,894,125				12,894,125	a,g,o	12,677,763
2-3170		Human Clinical Research Facility	13,950,000				13,950,000	a,g,y	13,708,838
2-3177		West Campus Support Building	17,100,000		17,100,000	h			15,852,970
2-3183		Aggie Softball Stadium	28,640,000		23,804,453	b,v	4,835,547	b	22,086,259
2-3184		Aggie Track & Field Stadium	39,800,000		35,836,299	b,v	3,963,701	b	21,044,631
2-3193		Joint Library Facility Module 2	4,024,256				4,024,256	a,g	3,977,289
2-3205		Biocontainment Research Facility	86,000,000	11,000,000	75,000,000	T			35,097,582
2-3208		** Agriculture Building #5	49,000,000	24,100,000	17,200,000	g,y,o	7,700,000	s,g,o	9,774,112
2-3211		Music Activities Center	42,750,000		9,016,250	b	33,733,750	a,b,x	10,664,404
2-3212		McAllen Multipurpose Academic Building	40,000,000	30,000,000			10,000,000	o	27,684,888
2-3216		Penberthy Rec Fields Relocation	9,984,263		800,000	p	9,184,263	b	9,814,083
2-3220		Storm Water System Improvements	11,430,000		11,430,000	u			869,060
2-3235		Student Services Building	42,629,000		38,629,000	s	4,000,000	s	3,864,681
2-3236		21st Century Classroom Building	85,000,000	70,000,000			15,000,000	o	3,394,985
2-3254		Polo Garage	56,867,296		56,867,296	p			-
2-3266		Veterinary Education, Research & Outreach Center	22,000,000	22,000,000					-
		Domestic Water System Improvements	9,562,250		9,562,250	u			705,138
		Electrical System Improvements	8,940,000		8,940,000	u			626,888
		HVAC Replacement Clements Hall	7,123,200		7,123,200	h			1,126,562
		HVAC Replacement Haas Hall	8,195,041		8,195,041	h			-
		HVAC Replacement Hobby Hall	6,932,400		6,932,400	h			665,050
		HVAC Replacement McFadden Hall	7,614,216		7,614,216	h			-
		HVAC Replacement Rudder Hall	6,830,500		6,830,500	h			4,994,195
		Thermal System Improvements	9,665,875		9,665,875	u			4,230,351
		Combined Heat and Power System Maintenance	5,307,500				5,307,500	u	133,000
		Equine Complex Phase II Initiative	6,841,401				6,841,401	g,o	507,086
		Reimagine the Libraries Phase 3	7,300,000				7,300,000	b,s	6,395,298
		TVMDL Renovation	5,000,000				5,000,000	g	330,374
		Physical Plant Projects/Equipment/Other	49,943,775	43,943,775	6,000,000				29,725,129
		Total Construction/Acquisitions in Progress	<u>1,078,985,098</u>	<u>291,543,775</u>	<u>631,556,780</u>		<u>155,884,543</u>		<u>562,130,510</u>

* \$2 million of RFS debt will be funded by TEES.

** \$10 million of RFS debt will be funded by TEES.

\$7.2 million of RFS debt will be funded by AL-RSRCH and \$1.34 million of Other will be funded by AL-RSRCH.

TEXAS A&M UNIVERSITY
FY 2019 - FY 2023 CAPITAL PLAN
SUMMARY INFORMATION

Project #	Projected FY Start Date for Proposed Projects	Project Name	Total Planning Amount	Funding Sources			Cumulative Expenditures Prior Years to 5/31/18
				PUF Debt Proceeds	RFS Debt Proceeds	Other	
PROPOSED PROJECTS							
	2019	*** Polo Garage (addition)	21,500,000		21,500,000 r,p		
	2019	72 Wing Chemistry Ground Floor	4,900,000			4,900,000 g	
	2019	Swimming and Diving Expansion	7,000,000			7,000,000 b	
	2019	Mosher Hall Interior Finishes Renovation	7,224,400			7,224,400 h	
	2019	Heldenfels 2nd Floor Renovation	7,486,750			7,486,750 g	
	2019	Utility Plant Control Upgrade	7,500,000		7,500,000 u		
	2019	Building Automation Systems (BAS) Upgrade	9,750,000		9,750,000 u		
	2019	HVAC Replacement Aston Hall	13,955,660		13,955,660 h		
	2020	Aerothermochemistry Lab, Expansion of Wind Tunnel Building	5,000,000			5,000,000 a,o	
	2020	Gilchrist Renovation	4,000,000			4,000,000 g	
	2020	Nagel Hall Renovation	6,100,000			6,100,000 g	
	2020	South Campus Recreation Center	35,062,500		35,062,500 r		
	2020	The Gardens at Texas A&M University: Phase II	33,500,203			33,500,203 b	
	2020	Aggie Park	10,000,000			10,000,000 b	
	2020	Aggie Park Pavilion	5,000,000			5,000,000 b	
	2020	HVAC Replacement Appelt Hall	8,165,848		8,165,848 h		
	2020	HVAC Replacement Lechner	7,994,926		7,994,926 h		
	2020	HVAC Replacement Wells Hall	6,932,400		6,932,400 h		
	2020	Peterson Building Renovation	11,500,000		11,500,000 g,o		
	2020	Law School Clinic and Garage	31,000,000			31,000,000 b	
	2020	Allen Building Renovation	4,200,000			4,200,000 b,g	
	2020	Indoor Tennis Facility	30,000,000			30,000,000 b	
	2020	Instructional Laboratory & Innovative Learning Building (ILSQ)	85,000,000		50,000,000 g	35,000,000 o	
	2020	West Campus Dining Facility	15,000,000			15,000,000 o	
	2020	HVAC Replacement Dunn Hall	15,194,130		15,194,130 h		
	2021	Aggie Band Residence Hall	58,288,000		58,288,000 h		
	2021	Mosher Hall Renovation	39,200,000		19,700,000 h	19,500,000 b	
	2021	Southside Innovation Center	41,500,000		21,500,000 h	20,000,000 b	
	2021	Law School Building	85,000,000			85,000,000 b	
		Total Proposed Construction/Acquisitions	616,954,817	-	287,043,464	329,911,353	-
TOTAL CAPITAL PLAN			<u>1,695,939,915</u>	<u>291,543,775</u>	<u>918,600,244</u>	<u>485,795,896</u>	<u>562,130,510</u>

*** Subject to Board approval of rec sports fee increase from \$106 to \$145 per student per semester.

Unfunded Capital Needs:

2020	Vivarium Addition to LARR	20,000,000
2021	Heldenfels 2nd Floor Renovation - Biology	6,200,000