

AGENDA ITEM BRIEFING

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

Subject: Approval to Amend the FY 2020-FY 2024 Texas A&M University System Capital Plan to Add the Texas A&M University TMC3 Biomedical Research Building Project (Project No. 23-3320) for Texas A&M University Health Science Center with a Fiscal Year 2020 Start Date

Proposed Board Action:

- (1) Amend the approved FY 2020-FY 2024 Texas A&M University System Capital Plan to add the Texas A&M University (Texas A&M) TMC3 Biomedical Research Building Project for Texas A&M University Health Science Center (TAMHSC) with an FY 2020 start date and a total planning amount of \$109,000,000.
- (2) Appropriate \$10,900,000 for pre-construction services and related project costs, including development of both the Program of Requirements (POR) and project design utilizing a single Architect/Engineering firm. Start of design will be contingent upon the completion of the POR.
- (3) Appropriate \$9,180,000 for construction services and related project costs to pay for the site work associated with Texas A&M’s parcel.
- (4) Approve the following exceptions to system policy required by Items 1 through 3 above: a) Add project to the Capital Plan prior to completion of a POR; b) Exceed the maximum amount of appropriations (10%) prior to construction approval for the appropriations for pre-construction and construction services totaling 18.4%; and c) Authorize payment for construction services prior to construction approval.

Funding/Planning Amount:

<u>Funding Source</u>	<u>Planning Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Permanent University System Debt Proceeds	<u>\$109,000,000</u>	\$7,160,483	Available University Fund
Total Project Cost	<u>\$109,000,000</u>		

Project Justification:

TAMHSC has had a research presence in the Texas Medical Center (TMC) in Houston since 1999 when TAMHSC was formed and the Albert B. Alkek Institute of Biosciences and Technology (IBT) joined as a founding component. The IBT was established in 1983 originally as part of Texas A&M. In addition to offering graduate and postdoctoral education degrees, the IBT provides a bridge between Texas A&M/TAMHSC research investigators and scientists across the TMC, as well as to the growing biotechnology sector in Houston. The IBT is located in the Alkek Building, an 11-story research tower that is at capacity with no room to expand research activities.

Agenda Item No. 3.4
Agenda Item Briefing

The TMC3 Campus is a proposed collaborative effort among governmental and charitable research institutions to establish a premier research campus for biomedical innovation and commercialization in Houston. The TMC3 Campus will house and showcase world-class research among its member institutions. The project will optimize the flexible use of capital, reduce operational costs, maximize the potential for research collaboration and cost savings, and create a worldwide market for research talent and private venture capital.

The TMC is providing a 37-acre site for the TMC3 Campus located in the TMC's mid-campus. It is anticipated that the Texas A&M University TMC3 Biomedical Research Building will be located on either Parcel A or B, under a future ground lease from TMC to the A&M System, and will accommodate the institution's unique research, laboratory and ancillary space requirements for pre-clinical, clinical, and translational research.

Due to unique circumstances relating to this project, it is beneficial to add this project to the Capital Plan prior to completion of a POR and to proceed with site work prior to construction approval.

Scope:

The Texas A&M University TMC3 Biomedical Research Building will construct a research building to match the available budget, as determined during the programming phase. In addition to research laboratories and dedicated space for translational research, it will include administrative, faculty, and support staff offices, computer services space, conference and seminar rooms.

Additional project components will include site development and utility extensions, parking, movable furnishings, movable equipment, and audio/visual equipment.

A more definitive project scope and budget will be determined during the pre-construction phase with the development of the POR and design for approval by the Board prior to the construction contract award.

Other Major Fiscal Impacts:

None.

Strategic Plan Imperative(s) this Item Advances:

Approval of this agenda item will advance The Texas A&M University System Strategic Imperative 4, by providing facilities for the institution's unique research, laboratory and ancillary space requirements for pre-clinical, clinical, and translational research.

THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION
Office of the Deputy Chancellor and Chief Financial Officer
January 27, 2020

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

Subject: Approval to Amend the FY 2020-FY 2024 Texas A&M University System Capital Plan to Add the Texas A&M University TMC3 Biomedical Research Building Project (Project No. 23-3320) for Texas A&M University Health Science Center with a Fiscal Year 2020 Start Date

I recommend adoption of the following minute order:

“The request to amend the FY 2020-FY 2024 Texas A&M University System Capital Plan to add the Texas A&M University TMC3 Biomedical Research Building Project for Texas A&M University Health Science Center with an FY 2020 start date and a total planning amount of \$109,000,000 is approved.

The amount of \$10,900,000 is appropriated from Account No. 01-084243, Permanent University Fund Debt Proceeds (AUF), for pre-construction services and related project costs. With the exception of the cost for developing the Program of Requirements (POR), this appropriation is contingent upon the completion of the POR scoped to the approved budget.

The amount of \$9,180,000 is appropriated from Account No. 01-084243, Permanent University Fund Debt Proceeds (AUF), for project costs associated with site infrastructure support of the Texas A&M University TMC3 Biomedical Research Building site by the TMC3 collaborative project. This appropriation is not contingent upon the development of the POR.

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).”

Respectfully submitted,

[ORIGINAL SIGNED BY]

Billy Hamilton
Deputy Chancellor and
Chief Financial Officer

Approval Recommended:

[ORIGINAL SIGNED BY]

John Sharp
Chancellor

[ORIGINAL SIGNED BY]

Greg Hartman
Interim Senior Vice President
Texas A&M University Health Science Center

Approved for Legal Sufficiency:

[ORIGINAL SIGNED BY]

Ray Bonilla
General Counsel



**TEXAS A&M UNIVERSITY HEALTH SCIENCE CENTER
PERMANENT UNIVERSITY FUND
23-3320 The Texas A&M University TMC3 Biomedical Research
Building
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	110,075,000.00			
YEAR 1	108,420,000.00	1,655,000.00	5,503,750.00	7,158,750.00
YEAR 2	106,680,000.00	1,740,000.00	5,421,000.00	7,161,000.00
YEAR 3	104,855,000.00	1,825,000.00	5,334,000.00	7,159,000.00
YEAR 4	102,935,000.00	1,920,000.00	5,242,750.00	7,162,750.00
YEAR 5	100,920,000.00	2,015,000.00	5,146,750.00	7,161,750.00
YEAR 6	98,805,000.00	2,115,000.00	5,046,000.00	7,161,000.00
YEAR 7	96,585,000.00	2,220,000.00	4,940,250.00	7,160,250.00
YEAR 8	94,255,000.00	2,330,000.00	4,829,250.00	7,159,250.00
YEAR 9	91,805,000.00	2,450,000.00	4,712,750.00	7,162,750.00
YEAR 10	89,235,000.00	2,570,000.00	4,590,250.00	7,160,250.00
YEAR 11	86,535,000.00	2,700,000.00	4,461,750.00	7,161,750.00
YEAR 12	83,700,000.00	2,835,000.00	4,326,750.00	7,161,750.00
YEAR 13	80,725,000.00	2,975,000.00	4,185,000.00	7,160,000.00
YEAR 14	77,600,000.00	3,125,000.00	4,036,250.00	7,161,250.00
YEAR 15	74,320,000.00	3,280,000.00	3,880,000.00	7,160,000.00
YEAR 16	70,875,000.00	3,445,000.00	3,716,000.00	7,161,000.00
YEAR 17	67,260,000.00	3,615,000.00	3,543,750.00	7,158,750.00
YEAR 18	63,460,000.00	3,800,000.00	3,363,000.00	7,163,000.00
YEAR 19	59,475,000.00	3,985,000.00	3,173,000.00	7,158,000.00
YEAR 20	55,290,000.00	4,185,000.00	2,973,750.00	7,158,750.00
YEAR 21	50,895,000.00	4,395,000.00	2,764,500.00	7,159,500.00
YEAR 22	46,280,000.00	4,615,000.00	2,544,750.00	7,159,750.00
YEAR 23	41,435,000.00	4,845,000.00	2,314,000.00	7,159,000.00
YEAR 24	36,345,000.00	5,090,000.00	2,071,750.00	7,161,750.00
YEAR 25	31,000,000.00	5,345,000.00	1,817,250.00	7,162,250.00
YEAR 26	25,390,000.00	5,610,000.00	1,550,000.00	7,160,000.00
YEAR 27	19,500,000.00	5,890,000.00	1,269,500.00	7,159,500.00
YEAR 28	13,315,000.00	6,185,000.00	975,000.00	7,160,000.00
YEAR 29	6,820,000.00	6,495,000.00	665,750.00	7,160,750.00
YEAR 30	-	6,820,000.00	341,000.00	7,161,000.00
		<u>\$ 110,075,000.00</u>	<u>\$ 104,739,500.00</u>	<u>\$ 214,814,500.00</u>

Estimated issuance costs and rounding of \$1,075,000 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 01/24/2020

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