

Agenda Item No. 3.2

AGENDA ITEM BRIEFING

Submitted by: Billy Hamilton, Deputy 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 Instructional Laboratory & Innovative Learning Building (ILSQ) Project, Texas A&M University, College Station, Texas (Project No. 02-3272)

Background and Prior Actions:

The Instructional Laboratory & Innovative Learning Building (ILSQ) Project was included as an approved project on the FY 2020 – FY 2024 A&M System Capital Plan approved by the Board at the August 2019 meeting.

Proposed Board Action:

- (1) Approve the project scope and budget.
- (2) Appropriate \$91,500,000 for construction services and related project costs. \$8,500,000 has been previously appropriated to this project.
- (3) Approve construction of the ILSQ Building 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	\$ 80,000,000	\$5,448,498	Designated Tuition
Permanent University Fund Debt Proceeds	<u>\$ 20,000,000</u>	\$1,486,330	Available University Fund
Total Project Funds	<u>\$100,000,000</u>		

Project Justification:

Texas A&M’s mission...“*dedicated to discovery, development, communication, and application of knowledge in a wide range of academic and professional fields*” — is rooted in teaching, learning, and knowledge creation. Through this continual pursuit of academic excellence, fostered at the undergraduate level, the university “assumes as its historic trust the maintenance

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of freedom of inquiry and an intellectual environment nurturing the human mind and spirit.” Articulated in Vision 2020, Texas A&M aims to set the standard for higher education, creating an ideal 21st century university.

Supporting this commitment to accelerating academic excellence, the university proposes to build a new ILSQ Building. Located on the main campus in College Station, this new facility is programmed to elevate STEM (science, technology, engineering and mathematics) and interdisciplinary learning, support undergraduate learning outcomes and student success, and build a culture of excellence.

Since 2016, Texas A&M has been in the process of the planning, design, and construction of the 21st Century Classroom building. Responding to rapid enrollment growth, this project is providing much needed, registrar-controlled classroom space to support the undergraduate core curriculum. This same rapid enrollment growth has created a shortage of instructional laboratory space for core curriculum courses. Chemistry, with the most common prerequisite courses across university-wide fields of study, has experienced tremendous enrollment growth in the lower division courses since 2010. Supporting students who pursue advanced studies in Agriculture and Life Sciences, Engineering, Health Sciences, and the Sciences, chemistry teaches approximately 6,300 students general chemistry and over 2,100 students organic chemistry in the fall semesters. Teaching in a cohort size of 24 students per instructor, the department is simply out of space. As programmed, the new facility will allow the department to eliminate late night section starts, modernize experiments to reflect current trends within STEM learning, and increase recitation in the laboratory course to support and improve student performance in the lecture course.

Planned to encourage interdisciplinary learning, the new building will include additional instructional lab space to support interdisciplinary visualization studies. Enrollment growth, also affecting the College of Architecture, has limited growth of their studio-based core curriculum offerings. Paired with an interdisciplinary makerspace, these spaces will provide dedicated space for ideation, problem-solving, and exploring design-thinking methodologies.

The proposed facility will offer over 36 new class laboratory spaces to support STEM and interdisciplinary learning at the undergraduate level. Providing the much-needed space to properly prepare students for advanced learning in many academic disciplines, the ILSQ Building will become a powerful tool to set the standard for teaching excellence.

Scope:

The ILSQ Building Project totals approximately 140,000 gross square feet (GSF). The new ILSQ Building Project will be constructed on the main campus in College Station, Texas, sited west of Wellborn Road and south of Old Main Drive. Prominently located, this new facility will act as a gateway to the west campus and use outdoor spaces to contribute to a collective experience across east and west campus. Providing much-needed instructional laboratory capacity for STEM and interdisciplinary learning, the new ILSQ Building Project will support the undergraduate core curriculum and prepare students for advanced learning as they continue their academic careers.

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Allotting over three-fourths of the assignable square footage to direct instructional spaces, the new facility is programmed to provide the university with 28 science lab spaces for chemistry instruction and eight interdisciplinary studios for art instruction. Planned as active learning labs, each chemistry lab features an open design to support experimental work and recitation. The labs will be supported by a shared prep core to promote maximum efficiency when teaching multiple sections simultaneously. Interdisciplinary studios, primarily teaching the art and science of visual communication, are planned as flexible labs to teach traditional methods in painting and drawing, digital processes for visualization, and special projects emphasizing invention, innovation, and design-thinking methods.

In addition to direct instructional space, the new facility will provide a variety of collaborative spaces to promote learning outside of formal teaching environments. An interdisciplinary makerspace, with a large, central project space and specialized equipment support, will provide dedicated resources to ideate, build, prototype, and assemble interdisciplinary projects. Chemistry instruction will benefit from a hotspot with a help desk for academic assistance and small group study to support student success. Informal and peer-to-peer learning will be further supported by a series of small study spaces, large study spaces, and open space for students to gather, study, and collaborate.

Construction on this project is scheduled to start in September 2020 with substantial completion scheduled for October 2022. The total project budget is \$100,000,000.

Other Major Fiscal Impacts:

None.

Strategic Plan Imperative(s) this Item Advances:

1. All qualified students will find a place in The Texas A&M University System (A&M System) and will have an array of pathways to pursue their ambitions and interests.
2. The A&M System will remain affordable and accessible.
3. Our students will leave the A&M System as responsible and engaged citizens prepared for successful careers in an increasingly global economy.
4. The A&M System, in adhering to the high standard of excellence and growth required in this strategic plan, will display prudent financial stewardship and sustainability.

The ILSQ will advance and support the A&M System strategic plan imperatives by enhancing undergraduate STEM learning and interdisciplinary arts by incorporating instructional labs, art studios, and a makerspace in a modern, open concept, active learning environment. The ILSQ is aligned to our students' ambitions and interests by providing transformational and innovative learning experiences and opportunities, informal and peer-to-peer learning, student spaces that promote group work, and tutoring space to support academic success.

The ILSQ incorporates visual transparency to put science and art on display. Collaboration spaces are welcoming, modern, and high-tech, making students feel at home. These spaces include small and large study rooms, informal gathering such as alcoves, niches, and seating placed along hallways to support student collaboration, study, and movement between classes.

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Dedicated study rooms will be highly visible from the main lobby in order to benefit from increased foot traffic and provide much needed group work space on the west campus.

The ILSQ will incorporate and utilize outdoor spaces to contribute to a collective experience and also bridge the east and west campus, with an emphasis on student wellness and well-being. The building is envisioned to be a companion to the 21st Century Classroom Building and will also figure prominently into prospective student recruiting visits.

The academic instruction in the ILSQ will encourage intellectual curiosity and interest in the arts and sciences and will contribute to the long-term success of our students, fostering responsible, engaged citizens who will continue to be life-long learners.

The cost of education must not be a barrier to our students' success. We are committed to providing our students with a high-quality impactful educational experience that remains affordable and accessible to the people of Texas.

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THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION
Office of the Deputy Chancellor and Chief Financial Officer
July 9, 2020

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 Instructional Laboratory & Innovative Learning Building (ILSQ) Project, Texas A&M University, College Station, Texas (Project No. 02-3272)

I recommend adoption of the following minute order:

“The project scope along with a project budget of \$100,000,000 for the Instructional Laboratory & Innovative Learning Building (ILSQ) Project is approved.

The amount of \$71,500,000 is appropriated from Account No. 01-083540, Revenue Financing System Debt Proceeds (Designated Tuition), the amount of \$15,000,000 is appropriated from Account No. 01-085660 Permanent University Fund Debt Proceeds, (AUF), and the amount of \$5,000,000 is appropriated from Account No. 01-084243 Permanent University Fund Debt Proceeds (AUF), for construction services and related project costs.

The Instructional Laboratory & Innovative Learning Building (ILSQ) 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
Deputy 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]

Phillip Ray
Vice Chancellor for Business Affairs

[ORIGINAL SIGNED BY]

Michael K. Young, President
Texas A&M University

INSTRUCTIONAL LABORATORY & INNOVATIVE LEARNING BUILDING (ILSQ) TEXAS A&M UNIVERSITY PROJECT NO. 02-3272	PROJECT BUDGET
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1. Construction	\$77,500,000
2. Project Contingency	3,213,068
3. Program of Requirements.....	149,500
4. Pre-Construction Services	5,853,932
5. Commissioning Services	345,000
6. Construction Testing	1,196,000
7. Campus Services & Technology	1,599,500
8. Furnishings	1,700,000
9. Equipment	5,220,000
10. Other Project Costs.....	573,000
11. FPC Management	<u>2,650,000</u>
12. TOTAL PROJECT COST.....	<u>\$100,000,000</u>

**INSTRUCTIONAL LABORATORY & INNOVATIVE
LEARNING BUILDING (ILSQ)
TEXAS A&M UNIVERSITY
PROJECT NO. 02-3272**

PROJECT SCHEDULE

1. *Initial BOR Approval to Include in Capital Plan August 16, 2018
2. Issue A/E RFQ March 27, 2019
3. Issue CMAR RFP April 2, 2019
4. Receive A/E RFQ Responses April 23, 2019
5. Receive CMAR RFP Response April 23, 2019
6. Shortlist A/E Firms May 2, 2019
7. Shortlist CMAR Firms May 6, 2019
8. Interview A/E Shortlist May 14, 2019
9. A/E Ranked Order Approved by Chancellor May 21, 2019
10. Interview CMAR Shortlist May 23, 2019
11. A/E Design Kick-Off..... July 1, 2019
12. Execute A/E Agreement July 2, 2019
13. CMAR Ranked Order Approved by Chancellor July 9, 2019
14. Execute CMAR Agreement August 20, 2019
15. Complete Schematic Design November 13, 2019
16. Complete Design Development April 23, 2020
17. Receive GMP from CMAR June 16, 2020
18. BOR Approval for Construction August 20, 2020
19. Submit THECB Application September 10, 2020
20. Notice to Proceed September 14, 2020
21. Complete Construction Documents October 7, 2020
22. Substantial Completion October 24, 2022
23. Owner Occupancy December 19, 2022

*This project was moved from FY 2020 to FY 2019 on March 18, 2019.

**TEXAS A&M UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
02-3272 Instructional Laboratory & Innovative Learning Building (ILSQ)
Designated Tuition**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	80,790,000.00				
YEAR 1	78,975,000.00	1,815,000.00	3,635,550.00	5,450,550.00	6,268,132.50
YEAR 2	77,085,000.00	1,890,000.00	3,553,875.00	5,443,875.00	6,260,456.25
YEAR 3	75,105,000.00	1,980,000.00	3,468,825.00	5,448,825.00	6,266,148.75
YEAR 4	73,035,000.00	2,070,000.00	3,379,725.00	5,449,725.00	6,267,183.75
YEAR 5	70,875,000.00	2,160,000.00	3,286,575.00	5,446,575.00	6,263,561.25
YEAR 6	68,615,000.00	2,260,000.00	3,189,375.00	5,449,375.00	6,266,781.25
YEAR 7	66,255,000.00	2,360,000.00	3,087,675.00	5,447,675.00	6,264,826.25
YEAR 8	63,790,000.00	2,465,000.00	2,981,475.00	5,446,475.00	6,263,446.25
YEAR 9	61,210,000.00	2,580,000.00	2,870,550.00	5,450,550.00	6,268,132.50
YEAR 10	58,515,000.00	2,695,000.00	2,754,450.00	5,449,450.00	6,266,867.50
YEAR 11	55,700,000.00	2,815,000.00	2,633,175.00	5,448,175.00	6,265,401.25
YEAR 12	52,760,000.00	2,940,000.00	2,506,500.00	5,446,500.00	6,263,475.00
YEAR 13	49,685,000.00	3,075,000.00	2,374,200.00	5,449,200.00	6,266,580.00
YEAR 14	46,470,000.00	3,215,000.00	2,235,825.00	5,450,825.00	6,268,448.75
YEAR 15	43,115,000.00	3,355,000.00	2,091,150.00	5,446,150.00	6,263,072.50
YEAR 16	39,605,000.00	3,510,000.00	1,940,175.00	5,450,175.00	6,267,701.25
YEAR 17	35,940,000.00	3,665,000.00	1,782,225.00	5,447,225.00	6,264,308.75
YEAR 18	32,110,000.00	3,830,000.00	1,617,300.00	5,447,300.00	6,264,395.00
YEAR 19	28,105,000.00	4,005,000.00	1,444,950.00	5,449,950.00	6,267,442.50
YEAR 20	23,920,000.00	4,185,000.00	1,264,725.00	5,449,725.00	6,267,183.75
YEAR 21	19,550,000.00	4,370,000.00	1,076,400.00	5,446,400.00	6,263,360.00
YEAR 22	14,980,000.00	4,570,000.00	879,750.00	5,449,750.00	6,267,212.50
YEAR 23	10,205,000.00	4,775,000.00	674,100.00	5,449,100.00	6,266,465.00
YEAR 24	5,215,000.00	4,990,000.00	459,225.00	5,449,225.00	6,266,608.75
YEAR 25	-	5,215,000.00	234,675.00	5,449,675.00	6,267,126.25
		<u>\$ 80,790,000.00</u>	<u>\$ 55,422,450.00</u>	<u>\$ 136,212,450.00</u>	<u>\$ 156,644,317.50</u>

Estimated Issuance Costs of \$790,000.00 are included in this schedule.
Long-term rates are assumed to be 4.50%. Rates are subject to market change.
Prepared by the Office of the Treasurer - Treasury Services 06/18/2020

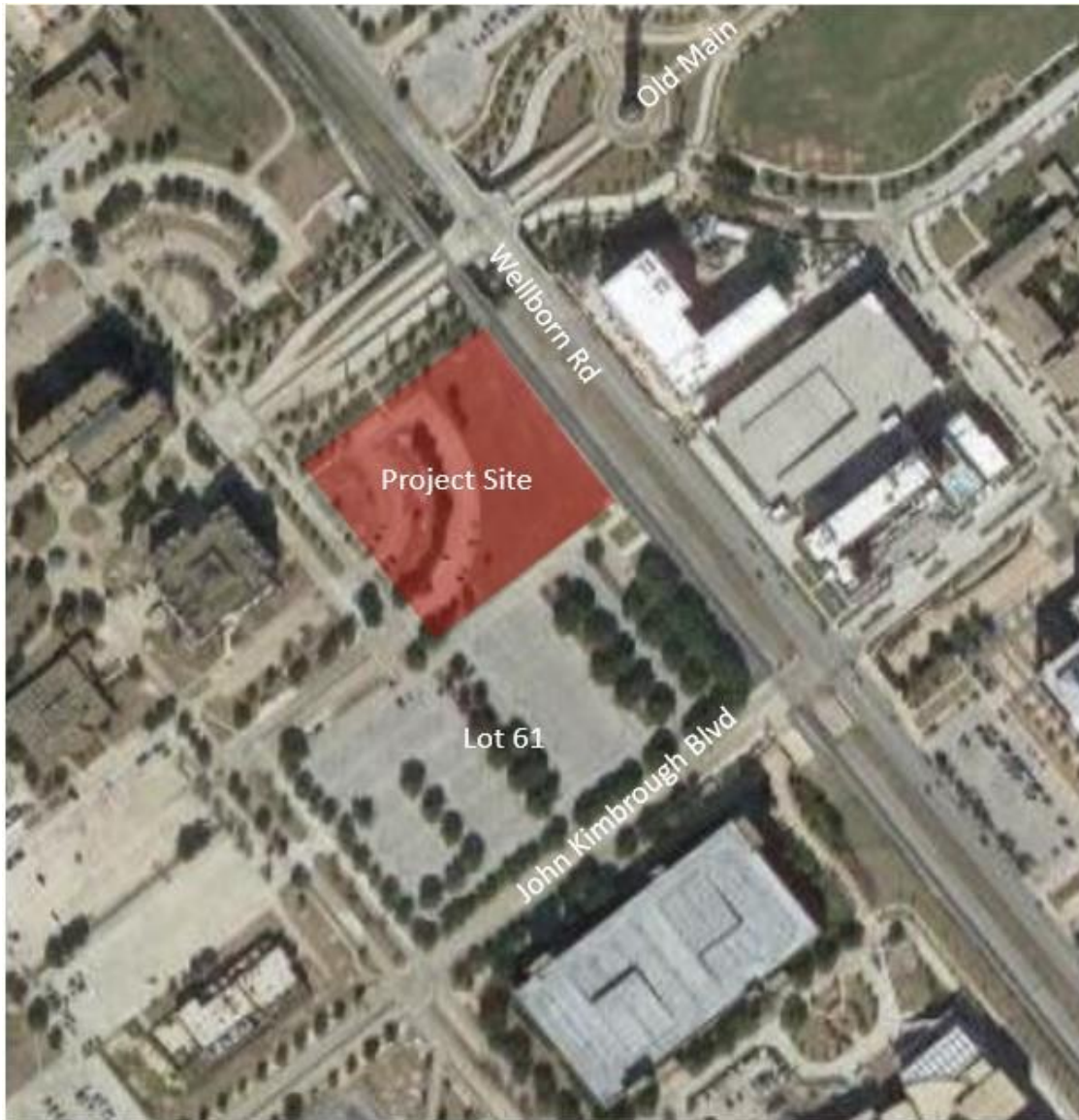
Rates are subject to market change. Amounts are preliminary estimates that will be revised at the time bonds are issued.

**TEXAS A&M UNIVERSITY SYSTEM
PERMANENT UNIVERSITY FUND
02-3272 Instructional Laboratory & Innovative Learning Building (ILSQ)
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	20,200,000.00			
YEAR 1	19,520,000.00	680,000.00	808,000.00	1,488,000.00
YEAR 2	18,815,000.00	705,000.00	780,800.00	1,485,800.00
YEAR 3	18,085,000.00	730,000.00	752,600.00	1,482,600.00
YEAR 4	17,320,000.00	765,000.00	723,400.00	1,488,400.00
YEAR 5	16,525,000.00	795,000.00	692,800.00	1,487,800.00
YEAR 6	15,700,000.00	825,000.00	661,000.00	1,486,000.00
YEAR 7	14,840,000.00	860,000.00	628,000.00	1,488,000.00
YEAR 8	13,950,000.00	890,000.00	593,600.00	1,483,600.00
YEAR 9	13,020,000.00	930,000.00	558,000.00	1,488,000.00
YEAR 10	12,055,000.00	965,000.00	520,800.00	1,485,800.00
YEAR 11	11,050,000.00	1,005,000.00	482,200.00	1,487,200.00
YEAR 12	10,005,000.00	1,045,000.00	442,000.00	1,487,000.00
YEAR 13	8,920,000.00	1,085,000.00	400,200.00	1,485,200.00
YEAR 14	7,790,000.00	1,130,000.00	356,800.00	1,486,800.00
YEAR 15	6,615,000.00	1,175,000.00	311,600.00	1,486,600.00
YEAR 16	5,395,000.00	1,220,000.00	264,600.00	1,484,600.00
YEAR 17	4,125,000.00	1,270,000.00	215,800.00	1,485,800.00
YEAR 18	2,805,000.00	1,320,000.00	165,000.00	1,485,000.00
YEAR 19	1,430,000.00	1,375,000.00	112,200.00	1,487,200.00
YEAR 20	-	1,430,000.00	57,200.00	1,487,200.00
		<u>\$ 20,200,000.00</u>	<u>\$ 9,526,600.00</u>	<u>\$ 29,726,600.00</u>

Estimated Issuance Costs of \$200,000.00 are included in this schedule.
Long-term rates are assumed to be 4.00%. Rates are subject to market change.
Prepared by the Office of the Treasurer - Treasury Services 06/18/2020

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



Instructional Laboratory & Innovative Learning Building (ILSQ)

Texas A&M University

Project No. 02-3272