

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 SUP3 Expansion Project, Texas A&M University, College Station, Texas (Project No. 02-3316)

**Background and Prior Actions:**

The SUP3 Expansion Project was included as an approved project on the FY 2021 – FY 2025 A&M System Capital Plan approved by the Board at the August 2020 meeting.

**Proposed Board Action:**

- (1) Approve the project scope and budget.
- (2) Appropriate \$18,837,468 for construction services and related project costs. \$2,093,052 has been previously appropriated to this project.
- (3) Approve construction of the SUP3 Expansion 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	<u>\$20,930,520</u>	\$1,555,480	Utility Revenue
Total Project Funds	<u>\$20,930,520</u>		

**Project Justification:**

The existing Satellite Utility Plant 3 (SUP3) was built in 1989 and provides essential cooling and heating production capacity to serve the southeast part of campus. With the expansion of campus and the corresponding need for centrally-supplied cooling and heating, it is projected that an expansion of the SUP3 facility is needed to meet the increased campus cooling and heating requirements.

With the addition of approximately 1,800 tons of chilled water demand as a result of new building loads from the Music Activities Center, the Student Services Building, the 21st Century

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Classroom Building, and the Polo Garage Transportation Offices, Rec Center, and Food Services, along with the upcoming loads from the South Campus Rec Center, the combined firm capacity of the Central Utility Plant (CUP) and SUP3 will be exceeded. Additional chiller capacity is required to ensure that campus peak loads can be met.

This proposed SUP3 expansion will add 6,000 tons or more of cooling capacity to the existing facility. Taking into account the recent additions to this part of campus, this will provide roughly 3,750 tons of additional capacity to serve for future growth. The new chillers are expected to have a life of 25+ years and the building 75+ years. Existing chillers, boilers and auxiliary equipment will be replaced or added within the SUP3 based on equipment age and campus load.

**Scope:**

The existing SUP3 is located on the east campus of Texas A&M in College Station, Texas, sited at the intersection of Throckmorton Street and Joe Routt Boulevard (east of Rudder Tower).

The expansion of the existing single-story SUP3 scope of work shall include:

- Relocation of two existing heating hot water pumps.
- New equipment to be added during expansion shall include chillers and support pumps, cooling tower units, condenser water pumps and control systems.
- If funding allows,
  - Pull additional new conductors to existing facility from 1081 switching station
  - Additional chiller capacity
  - Upgrade in controls system
  - Additional service agreement for chillers
  - Purchase spare parts

The project will include required site preparation including selective demolition of the existing facility, utility extensions/relocations, walkways replacement as needed, curb-repairs as needed and landscaping.

Construction on this project is scheduled to start in September 2021 with substantial completion scheduled for March 2023. The total project budget is \$20,930,520.

**Other Major Fiscal Impacts:**

None.

**Strategic Plan Imperative(s) this Item Advances:**

The SUP3 Expansion Project is an expansion of the Texas A&M Utilities infrastructure and, as such, it plays a support role to the campus as a whole. While it could be said that the project plays a small role in all Strategic Imperatives, “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 (Imperative #6).

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SUP3's role in the infrastructure design at Texas A&M is to centralize the heating and cooling requirements of the many facilities across the southeast quadrant of campus. This centralized design is the most efficient, reliable and cost-effective solution to provide that service. This project is essential in order to continue to provide efficiency and reliability while allowing for the growth of five to six buildings, on par with the 21st Century Classroom Building.

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**THE TEXAS A&M UNIVERSITY SYSTEM**  
**FACILITIES PLANNING AND CONSTRUCTION**  
Office of the Deputy Chancellor and Chief Financial Officer  
July 12, 2021

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 SUP3 Expansion Project, Texas A&M University, College Station, Texas (Project No. 02-3316)

I recommend adoption of the following minute order:

**“The project scope along with a project budget of \$20,930,520 for the SUP3 Expansion Project is approved.**

**The amount of \$18,837,468 is appropriated from Account No. 01-083540 Revenue Financing System Debt Proceeds, (Utility Revenue), for construction services and related project costs.**

**The SUP3 Expansion 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:**

**Approved for Legal Sufficiency:**

**[ORIGINAL SIGNED BY]**

John Sharp  
Chancellor

**[ORIGINAL SIGNED BY]**

Ray Bonilla  
General Counsel

**[ORIGINAL SIGNED BY]**

Phillip Ray  
Vice Chancellor for Business Affairs

**[ORIGINAL SIGNED BY]**

M. Katherine Banks, Ph.D., President  
Texas A&M University

<b>SUP3 EXPANSION</b>	<b>PROJECT BUDGET</b>
<b>TEXAS A&amp;M UNIVERSITY</b>	
<b>PROJECT NO. 02-3316</b>	

1.	Construction .....	\$17,577,000
2.	Project Contingency .....	1,105,268
3.	Program of Requirements.....	0
4.	Pre-Construction Services .....	1,442,732
5.	Commissioning.....	90,000
6.	Construction Testing .....	53,000
7.	Campus Services & Technology .....	36,000
8.	Furnishings .....	0
9.	Equipment .....	0
10.	Other Project Costs.....	30,000
11.	Project Management & Inspection .....	<u>596,520</u>
12.	TOTAL ESTIMATED COST OF PROJECT .....	<u>\$20,930,520</u>

1. BOR Approval to Include in Capital Plan ..... August 20, 2020
2. Issue A/E RFQ ..... June 2, 2020
3. Receive A/E RFQ Responses..... June 23, 2020
4. Shortlist A/E Firms ..... July 7, 2020
5. Interview A/E Shortlist ..... July 14, 2020
6. A/E Ranked Order Approved by Chancellor ..... July 22, 2020
7. Execute A/E Agreement ..... September 17, 2020
8. Complete Schematic Design ..... November 13, 2020
9. Complete Design Development ..... February 19, 2021
10. Complete Construction Documents ..... April 29, 2021
11. Advertise for CSP ..... June 15, 2021
12. Receive CSPs ..... July 6, 2021
13. CSP Evaluation ..... July 13, 2021
14. BOR Approval for Construction ..... August 26, 2021
15. Notice to Proceed ..... September 20, 2021
16. Substantial Completion ..... March 2023
17. Owner Occupancy ..... March 2023

**TEXAS A&M UNIVERSITY SYSTEM  
REVENUE FINANCING SYSTEM  
02-3316 SUP3 Expansion  
Utility Revenue**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	21,140,000.00				
YEAR 1	20,430,000.00	710,000.00	845,600.00	1,555,600.00	1,788,940.00
YEAR 2	19,690,000.00	740,000.00	817,200.00	1,557,200.00	1,790,780.00
YEAR 3	18,925,000.00	765,000.00	787,600.00	1,552,600.00	1,785,490.00
YEAR 4	18,125,000.00	800,000.00	757,000.00	1,557,000.00	1,790,550.00
YEAR 5	17,295,000.00	830,000.00	725,000.00	1,555,000.00	1,788,250.00
YEAR 6	16,430,000.00	865,000.00	691,800.00	1,556,800.00	1,790,320.00
YEAR 7	15,530,000.00	900,000.00	657,200.00	1,557,200.00	1,790,780.00
YEAR 8	14,595,000.00	935,000.00	621,200.00	1,556,200.00	1,789,630.00
YEAR 9	13,625,000.00	970,000.00	583,800.00	1,553,800.00	1,786,870.00
YEAR 10	12,615,000.00	1,010,000.00	545,000.00	1,555,000.00	1,788,250.00
YEAR 11	11,565,000.00	1,050,000.00	504,600.00	1,554,600.00	1,787,790.00
YEAR 12	10,470,000.00	1,095,000.00	462,600.00	1,557,600.00	1,791,240.00
YEAR 13	9,335,000.00	1,135,000.00	418,800.00	1,553,800.00	1,786,870.00
YEAR 14	8,155,000.00	1,180,000.00	373,400.00	1,553,400.00	1,786,410.00
YEAR 15	6,925,000.00	1,230,000.00	326,200.00	1,556,200.00	1,789,630.00
YEAR 16	5,645,000.00	1,280,000.00	277,000.00	1,557,000.00	1,790,550.00
YEAR 17	4,315,000.00	1,330,000.00	225,800.00	1,555,800.00	1,789,170.00
YEAR 18	2,935,000.00	1,380,000.00	172,600.00	1,552,600.00	1,785,490.00
YEAR 19	1,495,000.00	1,440,000.00	117,400.00	1,557,400.00	1,791,010.00
YEAR 20	-	1,495,000.00	59,800.00	1,554,800.00	1,788,020.00
		<u>\$ 21,140,000.00</u>	<u>\$ 9,969,600.00</u>	<u>\$ 31,109,600.00</u>	<u>\$ 35,776,040.00</u>

Estimated Issuance Costs of \$209,480.00 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 06/14/2021

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





**SUP3 Expansion**

Texas A&M University

Project No. 02-3316