

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 2022-FY 2026 Texas A&M University System Capital Plan to Add the Bright Area Development Project (Project No. 02-3343) for Texas A&M University with a FY 2022 Start Date

Proposed Board Action:

- (1) Amend the approved FY 2022-FY 2026 Texas A&M University System Capital Plan to add the Bright Area Development Project for Texas A&M University (Texas A&M) with a FY 2022 start date and a total planning amount of \$205,000,000.
- (2) Appropriate \$20,500,000 for pre-construction services and related project costs, contingent upon the completion of a Program of Requirements (POR) scoped to the approved budget for the Bright Area Development project.

Funding/Planning Amount:

<u>Funding Source</u>	<u>Planning Amount</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Revenue Financing System Debt Proceeds	\$25,000,000	\$1,642,467	Seat License Revenue*
Revenue Financing System Debt Proceeds	<u>\$180,000,000</u>	\$11,824,792	Stadium Revenue Funds**
Total Project Cost***	<u>\$205,000,000</u>		

*For the RFS debt to be repaid with Seat License Revenue, Texas A&M will enter into an agreement with the 12th Man Foundation to provide the amount required to pay debt service.

**Texas A&M is starting a fund-raising effort for this project and has plans to replace a minimum of \$125 million of the cost with gifts as the debt service source. For the RFS debt to be repaid with gifts, the university plans to obtain a guarantee from the 12th Man Foundation to cover any shortfall in gift revenue and any shortfall in total revenue to cover the required 1.15x debt service coverage. RFS debt will be repaid or replaced with gift funds as received.

***System policy requires 50% of the gifts funds in hand and an additional 25% in documented pledges before approval for construction on the project is received. For any funds not in hand, an unrestricted source of funds must be identified to pay for the project or for the repayment of debt prior to approval for construction.

Project Justification:

As a continuation of the premier learning experience at its College Station campus, Texas A&M and the Athletic Department desire to improve the current Bright Complex area with expansion and renovation of their current facilities and surrounding site. The importance of this project is the continued enhancements of the training and educational support system for the student athletes. The project elevates the athletic and education support programs to the top tier in the collegiate market. From a big picture perspective, the site exterior improvements will result in a more cohesive Bright Complex area that better organizes the pedestrian and vehicular circulation and provides varied landscape features that create an overall positive environment. The new Academic Center's focus is the education, nutrition and overall health of the student athlete, and the current needs of these programs have outgrown their existing home in the Bright building. The new Indoor Football building will provide an extended playing field and support spaces for the team to utilize both indoor and adjacent outdoor practice fields for more coordinated and efficient workout schedules that aren't attainable with the current facility. The renovation of the existing Bright Complex will modernize the player meeting and locker room areas, as well as rehabilitation and coaches areas to create the synergy for the highest caliber of athletic training. Dovetailed with these improvements is the addition of new premium suites at the south end of Kyle Field for the added benefit to the overall fan experience.

In addition, the Texas A&M System and the Aggie Athletics Department desire to construct a new training and competition venue for the Indoor Track programs. With the proposed enhancements and expansion in the Bright Area Development Project, this facility will be necessary for continuity of training and the future success of the Men's and Women's Track programs. The project will re-establish Texas A&M as a leading host site of both SEC Championship and NCAA National Championship level competitions – providing national exposure for the programs and the university. The facility will consolidate the Indoor and Outdoor Track programs into a single destination on West Campus, allowing for maximum utilization of student-athlete, coaching, training, and media facilities located at E.B. Cushing Outdoor Track and the West Campus Player Development Center. This hub will solidify Texas A&M as the gold standard of track and field facilities and be a powerful tool in the recruitment of future national champions.

Scope:

The Texas A&M Athletic Department desires to redevelop the Bright Area including the following components:

- Redevelop the Bright Football Complex at an estimated cost of \$125,000,000 to include the following:
 - Construct a new indoor football practice facility;
 - Construct a new academic support center for student athletes and relocate the Slocum Nutrition Center;
 - Renovate the first and second floors of the Bright Complex.
- Add approximately 31 new suites to the South End Zone in Kyle Field at an estimated cost of \$25,000,000.

Agenda Item No. 3.2
Agenda Item Briefing

- Construct a new Indoor Track Facility adjacent to the Outdoor Track at an estimated cost of \$55,000,000.

Other Major Fiscal Impacts:

None.

Strategic Plan Imperative(s) this Item Advances:

The Bright Area Development Project firmly supports the A&M System Strategic Plan imperative #3. “Our students will leave the A&M System as responsible and engaged citizens prepared for successful careers in an increasingly global economy.” As noted earlier, the main emphasis of this project is adding and enhancing the opportunities for the success of the student athlete both on and off the playing field. In upgraded athletic training components, the project also focuses on the furthering of the students’ educational goals so that they have the necessary skills to meet the demands of their desired profession in the global workplace. Opportunities for group and individual tutoring sessions in new classrooms with the latest technology will be available to support their learning process and ultimate graduation. Additionally, this project provides training and support methods for a healthy lifestyle with nutritional and mental health support mechanisms that can be utilized throughout their adult life.

The new Indoor Track and Field project supports the Texas A&M Strategic Plan imperative #1. “All qualified students will find a place in the A&M System and will have an array of pathways to pursue their ambitions and interests.” A clear example of this imperative in action was on display in the summer of 2021 when 12 current and former Texas A&M Track and Field athletes competed in the Tokyo Olympics. Texas A&M provided these student-athletes with the opportunity to receive a world-class education while pursuing their dreams of representing their countries at the highest level of international competition. The project will not only continue, but enhance the Track and Field program’s ability to provide this type of opportunity.

Agenda Item No. 3.2

**THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION**
Office of the Deputy Chancellor and Chief Financial Officer
October 13, 2021

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

Subject: Approval to Amend the FY 2022-FY 2026 Texas A&M University System Capital Plan to Add the Bright Area Development Project (Project No. 02-3343) for Texas A&M University with a FY 2022 Start Date

I recommend adoption of the following minute order:

“The request to amend the FY 2022-FY 2026 Texas A&M University System Capital Plan to add the Bright Area Development Project for Texas A&M University with an FY 2022 start date and a total planning amount of \$205,000,000 is approved.

Contingent upon the completion of the Program of Requirements, the amount of \$20,500,000 is appropriated from Account No. 01-083538, Revenue Financing System Debt Proceeds (Stadium Revenue Funds), for pre-construction services and related project costs.

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]

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

TEXAS A&M UNIVERSITY
 REVENUE FINANCING SYSTEM
 02-3343 Bright Area Development
 Seat License Revenue

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	25,250,000.00				
YEAR 1	24,870,000.00	380,000.00	1,262,500.00	1,642,500.00	1,888,875.00
YEAR 2	24,470,000.00	400,000.00	1,243,500.00	1,643,500.00	1,890,025.00
YEAR 3	24,050,000.00	420,000.00	1,223,500.00	1,643,500.00	1,890,025.00
YEAR 4	23,610,000.00	440,000.00	1,202,500.00	1,642,500.00	1,888,875.00
YEAR 5	23,150,000.00	460,000.00	1,180,500.00	1,640,500.00	1,886,575.00
YEAR 6	22,665,000.00	485,000.00	1,157,500.00	1,642,500.00	1,888,875.00
YEAR 7	22,155,000.00	510,000.00	1,133,250.00	1,643,250.00	1,889,737.50
YEAR 8	21,620,000.00	535,000.00	1,107,750.00	1,642,750.00	1,889,162.50
YEAR 9	21,060,000.00	560,000.00	1,081,000.00	1,641,000.00	1,887,150.00
YEAR 10	20,470,000.00	590,000.00	1,053,000.00	1,643,000.00	1,889,450.00
YEAR 11	19,850,000.00	620,000.00	1,023,500.00	1,643,500.00	1,890,025.00
YEAR 12	19,200,000.00	650,000.00	992,500.00	1,642,500.00	1,888,875.00
YEAR 13	18,515,000.00	685,000.00	960,000.00	1,645,000.00	1,891,750.00
YEAR 14	17,800,000.00	715,000.00	925,750.00	1,640,750.00	1,886,862.50
YEAR 15	17,045,000.00	755,000.00	890,000.00	1,645,000.00	1,891,750.00
YEAR 16	16,255,000.00	790,000.00	852,250.00	1,642,250.00	1,888,587.50
YEAR 17	15,425,000.00	830,000.00	812,750.00	1,642,750.00	1,889,162.50
YEAR 18	14,555,000.00	870,000.00	771,250.00	1,641,250.00	1,887,437.50
YEAR 19	13,640,000.00	915,000.00	727,750.00	1,642,750.00	1,889,162.50
YEAR 20	12,680,000.00	960,000.00	682,000.00	1,642,000.00	1,888,300.00
YEAR 21	11,670,000.00	1,010,000.00	634,000.00	1,644,000.00	1,890,600.00
YEAR 22	10,610,000.00	1,060,000.00	583,500.00	1,643,500.00	1,890,025.00
YEAR 23	9,500,000.00	1,110,000.00	530,500.00	1,640,500.00	1,886,575.00
YEAR 24	8,335,000.00	1,165,000.00	475,000.00	1,640,000.00	1,886,000.00
YEAR 25	7,110,000.00	1,225,000.00	416,750.00	1,641,750.00	1,888,012.50
YEAR 26	5,825,000.00	1,285,000.00	355,500.00	1,640,500.00	1,886,575.00
YEAR 27	4,475,000.00	1,350,000.00	291,250.00	1,641,250.00	1,887,437.50
YEAR 28	3,055,000.00	1,420,000.00	223,750.00	1,643,750.00	1,890,312.50
YEAR 29	1,565,000.00	1,490,000.00	152,750.00	1,642,750.00	1,889,162.50
YEAR 30	-	1,565,000.00	78,250.00	1,643,250.00	1,889,737.50
		<u>\$ 25,250,000.00</u>	<u>\$ 24,024,000.00</u>	<u>\$ 49,274,000.00</u>	<u>\$ 56,665,100.00</u>

Estimated issuance costs and rounding of \$250,000 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 10/12/2021

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

**TEXAS A&M UNIVERSITY
REVENUE FINANCING SYSTEM
02-3343 Bright Area Development
Stadium Revenue Funds**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	181,775,000.00				
YEAR 1	179,040,000.00	2,735,000.00	9,088,750.00	11,823,750.00	13,597,312.50
YEAR 2	176,165,000.00	2,875,000.00	8,952,000.00	11,827,000.00	13,601,050.00
YEAR 3	173,150,000.00	3,015,000.00	8,808,250.00	11,823,250.00	13,596,737.50
YEAR 4	169,980,000.00	3,170,000.00	8,657,500.00	11,827,500.00	13,601,625.00
YEAR 5	166,655,000.00	3,325,000.00	8,499,000.00	11,824,000.00	13,597,600.00
YEAR 6	163,165,000.00	3,490,000.00	8,332,750.00	11,822,750.00	13,596,162.50
YEAR 7	159,500,000.00	3,665,000.00	8,158,250.00	11,823,250.00	13,596,737.50
YEAR 8	155,650,000.00	3,850,000.00	7,975,000.00	11,825,000.00	13,598,750.00
YEAR 9	151,610,000.00	4,040,000.00	7,782,500.00	11,822,500.00	13,595,875.00
YEAR 10	147,365,000.00	4,245,000.00	7,580,500.00	11,825,500.00	13,599,325.00
YEAR 11	142,910,000.00	4,455,000.00	7,368,250.00	11,823,250.00	13,596,737.50
YEAR 12	138,230,000.00	4,680,000.00	7,145,500.00	11,825,500.00	13,599,325.00
YEAR 13	133,315,000.00	4,915,000.00	6,911,500.00	11,826,500.00	13,600,475.00
YEAR 14	128,155,000.00	5,160,000.00	6,665,750.00	11,825,750.00	13,599,612.50
YEAR 15	122,740,000.00	5,415,000.00	6,407,750.00	11,822,750.00	13,596,162.50
YEAR 16	117,050,000.00	5,690,000.00	6,137,000.00	11,827,000.00	13,601,050.00
YEAR 17	111,080,000.00	5,970,000.00	5,852,500.00	11,822,500.00	13,595,875.00
YEAR 18	104,810,000.00	6,270,000.00	5,554,000.00	11,824,000.00	13,597,600.00
YEAR 19	98,225,000.00	6,585,000.00	5,240,500.00	11,825,500.00	13,599,325.00
YEAR 20	91,310,000.00	6,915,000.00	4,911,250.00	11,826,250.00	13,600,187.50
YEAR 21	84,050,000.00	7,260,000.00	4,565,500.00	11,825,500.00	13,599,325.00
YEAR 22	76,430,000.00	7,620,000.00	4,202,500.00	11,822,500.00	13,595,875.00
YEAR 23	68,425,000.00	8,005,000.00	3,821,500.00	11,826,500.00	13,600,475.00
YEAR 24	60,020,000.00	8,405,000.00	3,421,250.00	11,826,250.00	13,600,187.50
YEAR 25	51,195,000.00	8,825,000.00	3,001,000.00	11,826,000.00	13,599,900.00
YEAR 26	41,930,000.00	9,265,000.00	2,559,750.00	11,824,750.00	13,598,462.50
YEAR 27	32,200,000.00	9,730,000.00	2,096,500.00	11,826,500.00	13,600,475.00
YEAR 28	21,985,000.00	10,215,000.00	1,610,000.00	11,825,000.00	13,598,750.00
YEAR 29	11,260,000.00	10,725,000.00	1,099,250.00	11,824,250.00	13,597,887.50
YEAR 30	-	11,260,000.00	563,000.00	11,823,000.00	13,596,450.00
		<u>\$ 181,775,000.00</u>	<u>\$ 172,968,750.00</u>	<u>\$ 354,743,750.00</u>	<u>\$ 407,955,312.50</u>

Estimated issuance costs and rounding of \$1,775,000 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 10/12/2021

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



Bright Area Development

Texas A&M University

Project No. 02-3343