

**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 Business Education Complex Project, Texas A&M University, College Station, Texas (Project No. 02-3279)

**Background and Prior Actions:**

The Business Education Complex Project was added to the FY 2021 – FY 2025 A&M System Capital Plan approved by the Board at the August 2020 meeting, and amended on the FY 2023 – FY 2027 A&M System Capital Plan approved by the Board at the May 2022 meeting.

**Proposed Board Action:**

- (1) Approve the project scope and budget.
- (2) Appropriate \$76,777,609 for construction services and related project costs. \$7,419,700 has been previously appropriated to this project.
- (3) Approve construction of the Business Education Complex Project at Texas A&M University (Texas A&M).

**Funding/Budget Amount:**

<u>Funding Source</u>	<u>Budget Amount</u>	Average <u>Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Permanent University Fund Debt Proceeds	\$19,000,000	\$1,412,020	Available University Fund
Revenue Financing System Debt Proceeds	\$14,378,795	\$979,493	Gifts*
Cash (Gifts)	\$14,378,795	N/A	N/A
Cash (Designated Tuition)	\$19,839,719	N/A	N/A
Cash (Student Fees)	<u>\$16,600,000</u>	N/A	N/A
Total Project Funds	<u>\$84,197,309</u>		

\*Currently, 100% of all gifts have been pledged. As required by System Policy 51.04, 50% of the gift funds are in hand, and another 25% of the gifts funds have been pledged. Should Texas A&M fail to receive the remaining \$14,378,795 needed to fund the gift portion of the project, Texas A&M has agreed to make timely payments to the A&M System as necessary to fully service commercial paper or other debt issued to support the project, and such payment shall be made from Designated Tuition.

Note: Any gifts received for this project are hereby appropriated and previous appropriations are reverted from Revenue Financing System Debt Proceeds.

**Project Justification:**

Business education has always been competitive. However, in more recent years, global competition has become even more acute as business schools abroad compete for the top students and company support. It has become imperative to have state-of-the-art facilities for business education. Mays Business School must recruit and retain the right faculty and staff to build relevant curricula and couple in-class learning with complementary experiential learning opportunities.

Mays Business School Strategic Plan (2017-2021) referenced the proposed expansion, which has evolved to a Business Education Complex and includes a collaboration plaza connecting the Business Library and Collaborations Commons, Business Education Complex, and the Wehner Building. The vision for the new Business Education Complex is to be an environment that promotes connectivity, creativity, and collaboration, which would better reflect how business will be conducted in the future. The Business Education Complex will include spaces for academic innovation through active learning and enhanced student engagement. These active learning classrooms will be configured for students to work in small teams to solve real-world business problems, which will advance the world's prosperity. The new facility will provide spaces for transformational learning, enabling our students to be engaged with scholars and fellow students from around the world empowered by leading edge technology.

The envisioned Business Education Complex will accomplish these goals through the addition of approximately 82,000 gross square feet of space. The site of the new Business Education Complex will provide optimum visibility of the complex with respect to Raymond Stotzer Parkway, Olsen Boulevard and the student pedestrian mall. This location will place the complex at the epicenter of the dynamic west campus. Our planning is in full alignment with the Campus Master Plan.

This project will also address a multitude of critical deferred maintenance projects identified for the Wehner Building. These projects will not only promote the health and safety of visitors to the facility, but also help support Mays Business School into the future as we continue to provide exemplary business education and remain attractive in our recruitment of students, faculty, and staff.

The completion of the Business Education Complex will place Mays Business School at the forefront of business education.

**Scope:**

The project will include a four-story, approximately 82,000 GSF building and Collaboration Plaza located on Olsen Boulevard, northeast of the Wehner Building.

The project also includes Deferred Maintenance for the Wehner Building which includes refurbishing Air Handler Units/HVAC equipment and repairing/waterproofing the building envelope.

Construction on this project is scheduled to start in September 2022 with substantial completion scheduled for October 2024. The total project budget is \$84,197,309.

**Other Major Fiscal Impacts:**

None.

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

The Business Education Complex supports the imperatives in The Texas A&M University System Strategic Plan with specific impact in the following areas:

- (3) “Our students will leave the A&M System as responsible and engaged citizens prepared for successful careers in an increasingly global economy.”

The Business Education Complex will provide spaces for active, collaborative and experiential learning. It will position Mays graduates to receive a higher return on investment because of the increased opportunities Mays is able to provide through our leading-edge facilities. Learning experiences in the Business Education Complex will enhance career readiness and attract top-tier employers and partners.

- (4) “The A&M System will increase its prominence by building a robust and targeted research portfolio.”

The Business Education Complex will help attract and retain world-class faculty, providing innovative environments for research and collaboration. This includes spaces for research that enhances societal impact and attracts funding sources.

- (6) “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 Business Education Complex is a prudent investment in the future of business education. It will include spaces that are on the leading edge of academic excellence and applied technology. It will also be reflective of the types of environments where Mays students will work upon graduation. The complex will include spaces for lifelong learning and professional development through the Center for Executive Development.

**THE TEXAS A&M UNIVERSITY SYSTEM**  
**FACILITIES PLANNING AND CONSTRUCTION**  
Office of the Deputy Chancellor and Chief Financial Officer  
July 1, 2022

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 Business Education Complex Project, Texas A&M University, College Station, Texas (Project No. 02-3279)

I recommend adoption of the following minute order:

**“The project scope along with a project budget of \$84,197,309 for the Business Education Complex Project is approved.**

**The amount of \$19,000,000 is appropriated from Account No. 01-084243 Permanent University Fund Debt Proceeds, (AUF), the amount of \$14,378,795 is appropriated from Account No. 01-083540 Revenue Financing System Debt Proceeds, (Gifts) the amount of \$14,378,795 is appropriated from Account No. 02-514173 Business Education Complex Fund, the amount of \$19,839,719 is appropriated from Account No. 02-808826 Wehner Building Addition, and the amount of \$9,180,300 is appropriated from Account No. 02-808804 Wehner Building DM, for construction services and related project costs.**

**The Business Education Complex 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]**

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

<b>BUSINESS EDUCATION COMPLEX</b>	<b>PROJECT BUDGET</b>
<b>TEXAS A&amp;M UNIVERSITY</b>	
<b>PROJECT NO. 02-3279</b>	

1.	Construction .....	\$64,992,648
2.	Project Contingency .....	3,031,715
3.	Program of Requirements.....	155,900
4.	Pre-Construction Services .....	4,957,285
5.	Commissioning.....	60,000
6.	Construction Testing .....	553,000
7.	Campus Services & Technology .....	151,600
8.	Furnishings .....	3,928,000
9.	Equipment .....	3,784,679
10.	Other Project Costs.....	321,785
11.	Project Management & Inspection .....	<u>\$2,260,697</u>
12.	TOTAL ESTIMATED COST OF PROJECT .....	<u>\$84,197,309</u>

1. Issue A/E RFQ ..... January 26, 2021
2. Issue CMAR RFP ..... February 9, 2021
3. Receive A/E RFQ Responses..... March 16, 2021
4. Shortlist A/E Firms ..... March 25, 2021
5. Receive CMAR RFP Response ..... March 30, 2021
6. Interview A/E Shortlist ..... April 7, 2021
7. Shortlist CMAR Firms ..... April 9, 2021
8. Interview CMAR Firms ..... April 16, 2021
9. A/E Ranked Order Approved by Chancellor ..... April 21, 2021
10. CMAR Ranked Order Approved by Chancellor ..... April 27, 2021
11. Execute A/E Agreement ..... May 26, 2021
12. Execute CMAR Agreement ..... June 14, 2021
13. Complete Schematic Design ..... September 10, 2021
14. Complete Design Development ..... May 5, 2022
15. Receive GMP from CMAR ..... June 30, 2022
16. Submit THECB Application ..... June 30, 2022
17. BOR Approval for Construction ..... August 10, 2022
18. Complete Construction Documents ..... September 1, 2022
19. Begin Construction ..... September 12, 2022
20. Substantial Completion ..... October 2024
21. Owner Occupancy ..... November 2024



## Business Education Complex

Texas A&M University

Project No. 02-3279



**TEXAS A&M UNIVERSITY  
PERMANENT UNIVERSITY FUND  
02-3279 Business Education Complex  
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	19,190,000.00			
YEAR 1	18,545,000.00	645,000.00	767,600.00	1,412,600.00
YEAR 2	17,875,000.00	670,000.00	741,800.00	1,411,800.00
YEAR 3	17,180,000.00	695,000.00	715,000.00	1,410,000.00
YEAR 4	16,455,000.00	725,000.00	687,200.00	1,412,200.00
YEAR 5	15,700,000.00	755,000.00	658,200.00	1,413,200.00
YEAR 6	14,915,000.00	785,000.00	628,000.00	1,413,000.00
YEAR 7	14,100,000.00	815,000.00	596,600.00	1,411,600.00
YEAR 8	13,250,000.00	850,000.00	564,000.00	1,414,000.00
YEAR 9	12,370,000.00	880,000.00	530,000.00	1,410,000.00
YEAR 10	11,450,000.00	920,000.00	494,800.00	1,414,800.00
YEAR 11	10,495,000.00	955,000.00	458,000.00	1,413,000.00
YEAR 12	9,505,000.00	990,000.00	419,800.00	1,409,800.00
YEAR 13	8,475,000.00	1,030,000.00	380,200.00	1,410,200.00
YEAR 14	7,400,000.00	1,075,000.00	339,000.00	1,414,000.00
YEAR 15	6,285,000.00	1,115,000.00	296,000.00	1,411,000.00
YEAR 16	5,125,000.00	1,160,000.00	251,400.00	1,411,400.00
YEAR 17	3,920,000.00	1,205,000.00	205,000.00	1,410,000.00
YEAR 18	2,665,000.00	1,255,000.00	156,800.00	1,411,800.00
YEAR 19	1,360,000.00	1,305,000.00	106,600.00	1,411,600.00
YEAR 20	-	1,360,000.00	54,400.00	1,414,400.00
		<u>\$ 19,190,000.00</u>	<u>\$ 9,050,400.00</u>	<u>\$ 28,240,400.00</u>

Estimated issuance costs and rounding of \$190,000 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 06/10/2022

**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  
02-3279 Business Education Complex  
Gifts**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	14,525,000.00				
YEAR 1	14,200,000.00	325,000.00	653,625.00	978,625.00	1,125,418.75
YEAR 2	13,860,000.00	340,000.00	639,000.00	979,000.00	1,125,850.00
YEAR 3	13,505,000.00	355,000.00	623,700.00	978,700.00	1,125,505.00
YEAR 4	13,135,000.00	370,000.00	607,725.00	977,725.00	1,124,383.75
YEAR 5	12,745,000.00	390,000.00	591,075.00	981,075.00	1,128,236.25
YEAR 6	12,340,000.00	405,000.00	573,525.00	978,525.00	1,125,303.75
YEAR 7	11,915,000.00	425,000.00	555,300.00	980,300.00	1,127,345.00
YEAR 8	11,470,000.00	445,000.00	536,175.00	981,175.00	1,128,351.25
YEAR 9	11,005,000.00	465,000.00	516,150.00	981,150.00	1,128,322.50
YEAR 10	10,520,000.00	485,000.00	495,225.00	980,225.00	1,127,258.75
YEAR 11	10,015,000.00	505,000.00	473,400.00	978,400.00	1,125,160.00
YEAR 12	9,485,000.00	530,000.00	450,675.00	980,675.00	1,127,776.25
YEAR 13	8,930,000.00	555,000.00	426,825.00	981,825.00	1,129,098.75
YEAR 14	8,350,000.00	580,000.00	401,850.00	981,850.00	1,129,127.50
YEAR 15	7,745,000.00	605,000.00	375,750.00	980,750.00	1,127,862.50
YEAR 16	7,115,000.00	630,000.00	348,525.00	978,525.00	1,125,303.75
YEAR 17	6,455,000.00	660,000.00	320,175.00	980,175.00	1,127,201.25
YEAR 18	5,765,000.00	690,000.00	290,475.00	980,475.00	1,127,546.25
YEAR 19	5,045,000.00	720,000.00	259,425.00	979,425.00	1,126,338.75
YEAR 20	4,295,000.00	750,000.00	227,025.00	977,025.00	1,123,578.75
YEAR 21	3,510,000.00	785,000.00	193,275.00	978,275.00	1,125,016.25
YEAR 22	2,690,000.00	820,000.00	157,950.00	977,950.00	1,124,642.50
YEAR 23	1,830,000.00	860,000.00	121,050.00	981,050.00	1,128,207.50
YEAR 24	935,000.00	895,000.00	82,350.00	977,350.00	1,123,952.50
YEAR 25	-	935,000.00	42,075.00	977,075.00	1,123,636.25
		<u>\$ 14,525,000.00</u>	<u>\$ 9,962,325.00</u>	<u>\$ 24,487,325.00</u>	<u>\$ 28,160,423.75</u>

Estimated issuance costs and rounding of \$146,205 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 06/30/2022

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

**The backup source of repayment for Gifts is Designated Tuition**