

**AGENDA ITEM BRIEFING**

**Submitted by:** Mark A. Welsh III, President  
Texas A&M University

**Subject:** Approval to Amend the FY 2025 – FY 2029 Texas A&M University System Capital Plan to Change the Fiscal Year Designation for Project Initiation and Appropriate Funding for Pre-Construction Services for the Satellite Utility Plant 1 (SUP1) Expansion Project for Texas A&M University (Project No. 02-3434)

**Background and Prior Actions:**

The project was included as a proposed project on the FY 2025 – FY 2029 Texas A&M University System Capital Plan approved by the Board at the May 2024 meeting with an FY 2026 start date and a total planning amount of \$30,000,000.

**Proposed Board Action:**

- (1) Amend the approved FY 2025 – FY 2029 Texas A&M University System Capital Plan to change the fiscal year designation for project initiation for the Satellite Utility Plant 1 (SUP1) Expansion Project from FY 2026 to FY 2025.
- (2) Appropriate \$3,000,000 for pre-construction services and related project costs.

**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	<u>\$30,000,000</u>	\$2,203,946	Utility Revenue
Total Project Cost	<u>\$30,000,000</u>		

**Change Justification:**

The thermal capacity at Satellite Utility Plant 1 (SUP1) is appropriately sized to meet the current campus demand on West Campus. The upcoming addition on West Campus of the planned Aplin Center and the new Clinical Veterinary Teaching & Research Complex requires expanding both the footprint of the facility as well as its chilled water production capacity to meet the increased demand from these two buildings. The fiscal year change is being requested to commence with preconstruction services in order to stay on track with these new building projects.

**Project Justification:**

The primary goal of the project is to allow Texas A&M University (Texas A&M) to efficiently, reliably and cost-effectively provide the utility needs that accompany educational and research

Agenda Item No. 3.11  
Agenda Item Briefing

activity on the Texas A&M campus. Texas A&M maintains an N+1 Redundancy strategy for major equipment at each individual utility plant. N+1 refers to the ability to satisfy plant production requirements in the event that the largest piece of utility generation equipment within the system is unavailable. The installation of an additional 2,500-ton chiller at SUP1 as part of this project will allow for the continuation of the N+1 strategy.

Utilities & Energy Services (UES) undertook an update to the Utility Master Plan in late 2022, which is ongoing. As part of that update, the existing plant capacity was compared against current and future projected campus utility loads. Early efforts prioritized a 5-year load projection, which identified a capacity shortfall on West Campus. This project will address that shortfall and provide future space for additional capacity installation as the campus load continues to grow.

**Scope:**

As currently programmed, the Satellite Utility Plant 1 (SUP1) Expansion Project will involve the physical expansion of the SUP1 facility to allow for the installation of one 2,500-ton centrifugal, water-cooled chiller with all ancillary equipment and a cooling tower with space for an additional chiller, ancillary equipment and cooling tower at a later date. The additional 2,500 tons will increase the cooling capacity of the plant by 21%.

**Other Major Fiscal Impacts:**

None.

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

Approval of this agenda item supports the A&M System Strategic Plan imperative 6.

*Imperative 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.*

UES completes utility master planning for the campus to ensure that no debt is incurred for additional infrastructure before it is actually needed. Texas A&M is requesting to change fiscal years to meet the cooling requirements of new buildings that will be coming online on West Campus in the near future. By changing the fiscal year for the expansion of the SUP1 utility plant on West Campus, UES will be expanding the campus infrastructure to support the campus growth as necessary for the forthcoming construction projects.

**TEXAS A&M UNIVERSITY**

Office of the President

September 16, 2024

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

Subject: Approval to Amend the FY 2025 – FY 2029 Texas A&M University System Capital Plan to Change the Fiscal Year Designation for Project Initiation and Appropriate Funding for Pre-Construction Services for the Satellite Utility Plant 1 (SUP1) Expansion Project for Texas A&M University (Project No. 02-3434)

I recommend adoption of the following minute order:

**“The request to amend the FY 2025 – FY 2029 Texas A&M University System Capital Plan to change the fiscal year designation for project initiation for the Satellite Utility Plant 1 (SUP1) Expansion Project for Texas A&M University from FY 2026 to FY 2025 is approved.**

**The amount of \$3,000,000 is appropriated from Account No. 01-083540, Revenue Financing System Debt Proceeds (Utility Revenue), 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]

Mark A. Welsh III  
President

**Approval Recommended:**

[ORIGINAL SIGNED BY]

John Sharp  
Chancellor

**Approved for Legal Sufficiency:**

[ORIGINAL SIGNED BY]

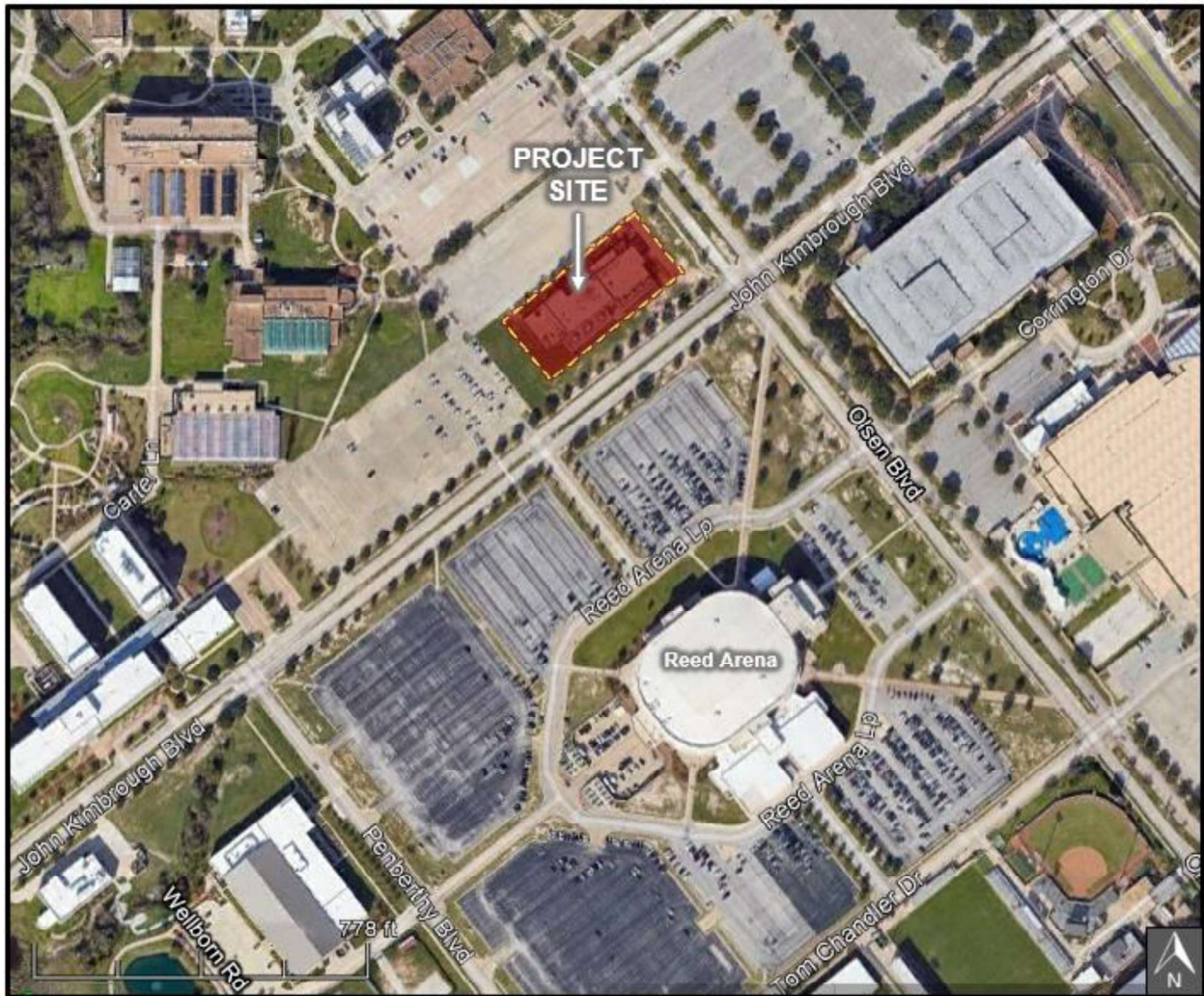
Ray Bonilla  
General Counsel

[ORIGINAL SIGNED BY]

Billy Hamilton,  
Deputy Chancellor and  
Chief Financial Officer

[ORIGINAL SIGNED BY]

Phillip Ray  
Vice Chancellor for Business Affairs



## Satellite Utility Plant 1 (SUP1) Expansion

Texas A&M University

Project No. 02-3434

**TEXAS A&M UNIVERSITY SYSTEM  
REVENUE FINANCING SYSTEM  
02-3434 SUP1 Expansion  
Utility Revenue**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	30,300,000.00				
YEAR 1	29,685,000.00	615,000.00	1,590,750.00	2,205,750.00	2,536,612.50
YEAR 2	29,040,000.00	645,000.00	1,558,462.50	2,203,462.50	2,533,981.88
YEAR 3	28,360,000.00	680,000.00	1,524,600.00	2,204,600.00	2,535,290.00
YEAR 4	27,645,000.00	715,000.00	1,488,900.00	2,203,900.00	2,534,485.00
YEAR 5	26,890,000.00	755,000.00	1,451,362.50	2,206,362.50	2,537,316.88
YEAR 6	26,100,000.00	790,000.00	1,411,725.00	2,201,725.00	2,531,983.75
YEAR 7	25,265,000.00	835,000.00	1,370,250.00	2,205,250.00	2,536,037.50
YEAR 8	24,390,000.00	875,000.00	1,326,412.50	2,201,412.50	2,531,624.38
YEAR 9	23,465,000.00	925,000.00	1,280,475.00	2,205,475.00	2,536,296.25
YEAR 10	22,495,000.00	970,000.00	1,231,912.50	2,201,912.50	2,532,199.38
YEAR 11	21,470,000.00	1,025,000.00	1,180,987.50	2,205,987.50	2,536,885.63
YEAR 12	20,395,000.00	1,075,000.00	1,127,175.00	2,202,175.00	2,532,501.25
YEAR 13	19,260,000.00	1,135,000.00	1,070,737.50	2,205,737.50	2,536,598.13
YEAR 14	18,065,000.00	1,195,000.00	1,011,150.00	2,206,150.00	2,537,072.50
YEAR 15	16,810,000.00	1,255,000.00	948,412.50	2,203,412.50	2,533,924.38
YEAR 16	15,490,000.00	1,320,000.00	882,525.00	2,202,525.00	2,532,903.75
YEAR 17	14,100,000.00	1,390,000.00	813,225.00	2,203,225.00	2,533,708.75
YEAR 18	12,635,000.00	1,465,000.00	740,250.00	2,205,250.00	2,536,037.50
YEAR 19	11,095,000.00	1,540,000.00	663,337.50	2,203,337.50	2,533,838.13
YEAR 20	9,475,000.00	1,620,000.00	582,487.50	2,202,487.50	2,532,860.63
YEAR 21	7,770,000.00	1,705,000.00	497,437.50	2,202,437.50	2,532,803.13
YEAR 22	5,975,000.00	1,795,000.00	407,925.00	2,202,925.00	2,533,363.75
YEAR 23	4,085,000.00	1,890,000.00	313,687.50	2,203,687.50	2,534,240.63
YEAR 24	2,095,000.00	1,990,000.00	214,462.50	2,204,462.50	2,535,131.88
YEAR 25	-	2,095,000.00	109,987.50	2,204,987.50	2,535,735.63
		<u>\$ 30,300,000.00</u>	<u>\$ 24,798,637.50</u>	<u>\$ 55,098,637.50</u>	<u>\$ 63,363,433.19</u>

Estimated issuance costs and rounding of \$300,000.00 are included in this schedule.  
Long-term rates are assumed to be 5.25%. Rates are subject to market change.  
Prepared by the Office of the Treasurer - Treasury Services 08/29/2024

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

**AGENDA ITEM BRIEFING**

**Submitted by:** Dr. Cliff Lamb, Director  
Texas A&M AgriLife Research

**Subject:** Approval to Amend the FY 2025 – FY 2029 A&M System Capital Plan to Change the Fiscal Year Designation for Project Initiation and Appropriation for Pre-Construction Services for the AgriTech Innovation Farm Hub Project for Texas A&M AgriLife Research (Project No. 24-002)

**Background and Prior Actions:**

The project was included as a proposed project on the FY 2025 – FY 2029 A&M System Capital Plan approved by the Board of Regents (Board) at the May 2024 meeting with an FY 2027 start date and a total planning amount of \$5,000,000.

**Proposed Board Action:**

- (1) Amend the approved FY 2025 – FY 2029 Texas A&M University System Capital Plan to change the fiscal year designation for project initiation for the AgriTech Innovation Farm Hub Project from FY 2027 to FY 2025.
- (2) Appropriate \$500,000 for pre-construction services and related project costs.

**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 Fund Debt Proceeds	<u>\$5,000,000</u>	\$405,150	Available University Fund
Total Project Cost	<u>\$5,000,000</u>		

**Change Justification:**

Allowing the project to adjust from FY 2027 to FY 2025 would allow AgriLife Research to solicit the project at current market values and lower our risk of budget concerns due to escalation.

**Project Justification:**

This proposal aligns with the ongoing efforts at the Texas A&M McGregor Research Center, which is evolving into a go-to facility for livestock producers and is focused on producer-minded research and outreach. The construction of a new Agricultural Innovation Farm Hub