

**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 2025 – FY 2029 A&M System Capital Plan to Change the Project Name, Increase the Project Budget, and Appropriate Funding for Pre-Construction Services for the Texas A&M Semiconductor Institute/Infrastructure/Equipment Project for The Texas A&M University System (Project No. 01-3418)

**Proposed Board Action:**

The CHIPS Institute/Infrastructure/Equipment project was included as an approved project on the FY 2025 – FY 2029 A&M System Capital Plan approved by the Board at the May 2024 meeting.

**Proposed Board Action:**

- (1) Amend the FY 2025 – FY 2029 A&M System Capital Plan to change the project name from CHIPS Institute/Infrastructure/Equipment to the Texas A&M Semiconductor Institute/Infrastructure/Equipment.
- (2) Amend the approved FY 2025 – FY 2029 A&M System Capital Plan to increase the project budget to \$189,000,000 for the Texas A&M Semiconductor Institute/Infrastructure/Equipment Project for The Texas A&M University System.
- (3) Appropriate \$18,900,000 for pre-construction services and related project costs, contingent upon the completion of a Program of Requirements (POR) scoped to the approved budget.

**Funding/Planning Amount:**

<u>Funding Source</u>	<u>Project Budget</u>	<u>Proposed Adjustment</u>	<u>Proposed Budget</u>	<u>Average Estimated Annual Debt Service</u>	<u>Debt Service Source</u>
Permanent University Fund Debt Proceeds	\$32,562,000	\$0	\$32,562,000	\$2,638,825	Available University Fund
Cash (General Revenue)	<u>\$125,000,000</u>	<u>\$31,438,000</u>	<u>\$156,438,000</u>	N/A	N/A
Total Project Cost	<u>\$157,562,000</u>	<u>\$31,438,000</u>	<u>\$189,000,000</u>		

**Change Justification:**

During the programming of requirements for the Texas A&M Semiconductor Institute (TSI), a series of critical evaluations were conducted to balance building capacity and equipment needs. After thorough analysis, it became clear that the initiative would benefit most from allocating a greater portion of the appropriated budget toward increasing cleanroom fabrication square footage. This decision is based on the understanding that cleanroom space is fundamental to supporting long-term quantum and artificial intelligence fabrication technologies, which are key focus areas for the TSI's future development.

By focusing on expanding the cleanroom footprint, we are positioning TSI to meet future more varied demands for advanced semiconductor manufacturing and research. The decision to prioritize infrastructure over immediate equipment acquisition aligns with our long-term strategy. In addition, alternative sources for acquiring specialized manufacturing equipment can be explored over time, allowing us to leverage collaborations, donations, external funding opportunities, and equipment-sharing initiatives. This approach ensures that TSI remains flexible and well-equipped in the long term while maximizing the current budget to deliver high-impact capabilities.

**Project Justification:**

As part of the state of Texas' plan in response to the federal CHIPS Act, the 88<sup>th</sup> Texas Legislature, in its regular session, via Senate Bill 30, appropriated \$1.4 billion for microchip research and manufacturing initiatives to attract new investments, secure lucrative federal grants and create thousands of high-paying jobs over the next decade. Included in that funding was \$226,500,000 appropriated to The Texas A&M University System for the following purposes: (1) \$200,000,000 for quantum and artificial intelligence chip fabrication and (2) \$26,400,000 for the Center for Microdevices and Systems. \$156,438,000 of this funding will be used for the TSI project. The TSI project – 'Texas A&M Semiconductor Institute/Infrastructure/Equipment Project' aims to establish a state-of-the-art facility dedicated to semiconductor research, development, and innovation. The TSI building project will feature a cleanroom facility, additional support labs, offices, and general infrastructure to facilitate cutting-edge semiconductor fabrication and research activities. The facility will be designed and constructed to meet the highest industry standards and accommodate advanced equipment for semiconductor fabrication into the next decade. Research and development will focus on semiconductor devices that enable quantum and artificial intelligence and leap ahead processing technologies. As envisioned, the facility will be unique in the nation with respect to the versatility and fidelity of semiconductor manufacturing.

**Scope:**

The increased budget increases the square footage and capabilities of semiconductor manufacturing research special purpose laboratory spaces and cleanroom spaces by about twenty-five percent. Correspondingly, there was a decrease in the new equipment purchases associated with the overall Texas A&M Semiconductor Institute project.

**Other Major Fiscal Impacts:**

None.

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

Strategic Plan Imperative No. 4: The A&M System will increase its prominence by building a robust and targeted research portfolio. We will continue to encourage cross-institution and cross-discipline collaboration, and we will support our member institutions in their research pursuits, including obtaining emerging research status. TSI will support recruiting and retaining international semi-conductor research talent based upon the project's vision to be a national shared use facility designed to innovate the chip making process and develop the 'next' semi-conductor materials and bespoke tools to support the development of these materials.

Strategic Plan Imperative No. 5: The A&M System will provide services that respond to the needs of the people of Texas and contribute to the strength of the state's economy. We will continue to address the needs of Texas and use technology to reach citizens in new ways. The TSI will be a national shared use facility designed to stimulate the local economy and become a significant contributor to the repatriation of low-cost semiconductor fabrication to the United States.

Agenda Item No. 3.14

**THE TEXAS A&M UNIVERSITY SYSTEM**  
Office of the Deputy Chancellor and Chief Financial Officer  
October 10, 2024

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

Subject: Approval to Amend the FY 2025 – FY 2029 A&M System Capital Plan to Change the Project Name, Increase the Project Budget, and Appropriate Funding for Pre-Construction Services for the Texas A&M Semiconductor Institute/Infrastructure/Equipment Project for The Texas A&M University System (Project No. 01-3418)

I recommend adoption of the following minute order:

**“The request to amend the FY 2025 – FY 2029 A&M System Capital Plan to change the project name from CHIPS Institute/Infrastructure/Equipment to the Texas A&M Semiconductor Institute/Infrastructure/Equipment is approved.**

**An increase in the project budget from \$157,562,000 to \$189,000,000 for the Texas A&M Semiconductor Institute/Infrastructure/Equipment Project for The Texas A&M University System is approved.**

**Contingent upon the completion of the Program of Requirements, the amount of \$18,900,000 is appropriated from Account No. 01- 801010-00000, TSI - Building and Equipment, 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).”**

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



**Texas A&M Semiconductor/Infrastructure/Equipment Project**

The Texas A&M University System

Project No. 01-3418

**THE TEXAS A&M UNIVERSITY SYSTEM**  
**Permanent University Fund**  
**01-3418 Texas A&M Semiconductor Institute/Infrastructure/Equipment**  
**Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	32,885,000.00			
YEAR 1	31,890,000.00	995,000.00	1,644,250.00	2,639,250.00
YEAR 2	30,845,000.00	1,045,000.00	1,594,500.00	2,639,500.00
YEAR 3	29,750,000.00	1,095,000.00	1,542,250.00	2,637,250.00
YEAR 4	28,600,000.00	1,150,000.00	1,487,500.00	2,637,500.00
YEAR 5	27,390,000.00	1,210,000.00	1,430,000.00	2,640,000.00
YEAR 6	26,120,000.00	1,270,000.00	1,369,500.00	2,639,500.00
YEAR 7	24,790,000.00	1,330,000.00	1,306,000.00	2,636,000.00
YEAR 8	23,390,000.00	1,400,000.00	1,239,500.00	2,639,500.00
YEAR 9	21,920,000.00	1,470,000.00	1,169,500.00	2,639,500.00
YEAR 10	20,375,000.00	1,545,000.00	1,096,000.00	2,641,000.00
YEAR 11	18,755,000.00	1,620,000.00	1,018,750.00	2,638,750.00
YEAR 12	17,055,000.00	1,700,000.00	937,750.00	2,637,750.00
YEAR 13	15,270,000.00	1,785,000.00	852,750.00	2,637,750.00
YEAR 14	13,395,000.00	1,875,000.00	763,500.00	2,638,500.00
YEAR 15	11,425,000.00	1,970,000.00	669,750.00	2,639,750.00
YEAR 16	9,360,000.00	2,065,000.00	571,250.00	2,636,250.00
YEAR 17	7,190,000.00	2,170,000.00	468,000.00	2,638,000.00
YEAR 18	4,910,000.00	2,280,000.00	359,500.00	2,639,500.00
YEAR 19	2,515,000.00	2,395,000.00	245,500.00	2,640,500.00
YEAR 20	-	2,515,000.00	125,750.00	2,640,750.00
		<u>\$ 32,885,000.00</u>	<u>\$ 19,891,500.00</u>	<u>\$ 52,776,500.00</u>

Estimated issuance costs and rounding of \$323,000 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 10/07/2024

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