

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 Clinical Veterinary Teaching & Research Complex Project, Texas A&M University, College Station, Texas (Project No. 02-3378)

Background and Prior Actions:

The Clinical Veterinary Teaching & Research Complex Project was added to the FY 2022 – FY 2026 A&M System Capital Plan after legislative approval of the Capital Construction Assistance Projects (CCAP). The project was included as an approved project on the FY 2023 – FY 2027 A&M System Capital Plan approved by the Board at the May 2022 meeting with an FY 2023 start date and a \$118,846,458 increase for a total planning amount of \$175,000,000. The 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 with a \$6,000,000 increase for a revised total planning amount of \$181,000,000.

Proposed Board Action:

- (1) Approve the project scope and budget.
- (2) Appropriate \$162,900,000 for construction services and related project costs. \$18,100,000 has been previously appropriated to this project.
- (3) Approve construction of the Clinical Veterinary Teaching & Research Complex 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>
Permanent University Fund Debt Proceeds	\$69,897,111	\$5,664,438	Available University Fund Capital
Revenue Financing System Debt Proceeds	\$56,153,542	\$4,895,885	Construction Assistance Project
Revenue Financing System Debt Proceeds	\$31,310,370	\$2,537,338	Gifts*

Agenda Item No. 3.2
Agenda Item Briefing

Cash (Gifts)	\$8,638,977	N/A	N/A
Cash (AUF)	<u>\$15,000,000</u>	N/A	N/A
Total Project Funds	<u>\$181,000,000</u>		

*Currently, 70.0% of gifts have been pledged, and 21.6% have been received. System Policy 51.04 requires that 50% of the gift funds are in hand and another 25% of the gift funds have been pledged at the time of construction approval. Should Texas A&M University (Texas A&M) fail to receive the remaining \$31,310,370 needed to fund the gift portion of the project, Texas A&M has agreed to make timely payments to The Texas A&M University System (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:

Established in 1916, the College of Veterinary Medicine and Biomedical Sciences (VMBS) enhances animal and human health through transformational education, research, innovation, patient care, and public service to impact the state, nation, and world for a better tomorrow.

As one of the largest Doctor of Veterinary Medicine (DVM) training programs in the country, VMBS curriculum builds a foundation of scientific knowledge and provides experiential learning to master professional clinical skills. Each fourth-year veterinary student is trained by veterinarians in the only academic Veterinary Medical Teaching Hospital (VMTH) in the state of Texas. Providing hands-on experience in primary care and veterinary specialties, this facility merges education and expert care. Fourth-year veterinary students integrate into the patient care team alongside clinical faculty, residents, interns, and veterinary technicians. As a community and global leader, the Small Animal Teaching Hospital (SATH) vision is to provide best-in-class and the most comprehensive range of specialized services to clients and patients.

Opened in May 1981, the SATH was designed and built when the development of veterinary specialties was still in its infancy. Although state-of-the-art when completed, over the last 43 years the profession has expanded and changed tremendously, resulting in a hospital that is too small to accommodate the current caseload necessary for robust teaching and research missions. While originally designed to support a caseload of 6,000, the SATH currently sees approximately 24,000 cases annually. Substantive advancements in veterinary medicine—including the emergence of new technologies and veterinary specialties—have resulted in more faculty clinicians, staff, students, equipment, and patients.

Agenda Item No. 3.2
Agenda Item Briefing

While VMBS faculty, students, and staff perform extraordinary work, the current facility falls behind other peer institutions, especially with respect to age and condition. Additionally, during the 2022 American Veterinary Medical Association Council on Education (COE) site visit, the COE noted “there is clear evidence that the SATH is at or reaching patient and personnel capacity.”

The exceptional education and veterinary care are accomplished despite the space, biosecurity, and potential safety challenges. As a trusted leader committed to the welfare of animals and the highest standard of care, replacement of the SATH is vitally important to sustain and elevate the national reputation of VMBS and Texas A&M that supports the human-animal bond and impactful clinical trials that bring scientists together from across Texas A&M and around the world to solve medical mysteries that benefit both animals and human beings.

Scope:

The Clinical Veterinary Teaching & Research Complex (CVTRC) will total approximately 135,000 gross square feet, on two floors and be located at the corner of Raymond Stotzer Parkway and Agronomy Road to replace the SATH. The existing Veterinary Medical Sciences Building 507 will be demolished, and the site used for the new facility.

The new facility is programmed to provide VMBS with teaching and clinical spaces that reflect the substantive advancements in new technologies in clinical trials and veterinary specialties that have occurred in the field of veterinary medicine. Education and research through clinical patient care will be conducted through treatment, diagnostic, and surgical spaces. Additional hospital and teaching support will be provided through the hospital’s client services team, instrument processing, laundry, central supplies, and a clinical skills lab for resident, intern, and student training.

Allotting approximately 75% of the assignable square feet to direct clinical space, the new CVTRC is programmed to provide a training ground for VMBS to build upon already outstanding educational experiences and exceptional patient care, advance clinical care, and education for the next generation of veterinary medical doctors. Space vacated by this project in the existing SATH will be retained by the university for use by VMBS for clinical services.

Construction on this project is scheduled to start in January 2025 with substantial completion scheduled for June 2027. The total project budget is \$181,000,000.

Other Major Fiscal Impacts:

None.

Strategic Plan Imperative(s) this Item Advances:

The new CVTRC project supports A&M System strategic imperatives 3, 4, and 5:

Imperative No. 3: Our students will leave the A&M System as responsible and engaged citizens prepared for successful careers in an increasingly global economy.

Agenda Item No. 3.2
Agenda Item Briefing

Imperative No. 4: The A&M System will increase its prominence by building a robust and targeted research portfolio.

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.

The CVTRC project will directly support hands-on educational experiences that are critical to training the next generation of DVM candidates and board-certified specialists. As a state-of-the-art facility, the CVTRC will support and encourage cross-institution and cross-discipline collaboration and research pursuits. As the only teaching hospital in the state of Texas, it is vital to support ongoing clinical education, patient care, and research that has a national and global impact.

Agenda Item No. 3.2

THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION
Office of the Deputy Chancellor and Chief Financial Officer
September 30, 2024

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 Clinical Veterinary Teaching & Research Complex Project, Texas A&M University, College Station, Texas (Project No. 02-3378)

I recommend adoption of the following minute order:

“The project scope along with a project budget of \$181,000,000 for the Clinical Veterinary Teaching & Research Complex Project is approved.

The amount of \$69,897,111 is appropriated from Account No. 01-084900 Permanent University Fund Debt Proceeds (AUF), and the amount of \$38,053,542 is appropriated from Account No. 01-083540 Revenue Financing System Debt Proceeds (CCAP), and the amount of \$31,310,370 is appropriated from Account No. 01-083540 Revenue Financing System Debt Proceeds (Gifts), and the amount of \$15,000,000 is appropriated from Account No. 02-806301 Vet Clinical Research, and the amount of \$8,638,977 is appropriated from Account No. 02-500220-00020 Small Animal Construction Fund, for construction services and related project costs.

The Clinical Veterinary Teaching & Research 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

[ORIGINAL SIGNED BY]

Phillip Ray
Vice Chancellor for Business Affairs

[ORIGINAL SIGNED BY]

Mark A. Welsh III, President
Texas A&M University

Approved for Legal Sufficiency:

[ORIGINAL SIGNED BY]

Ray Bonilla
General Counsel

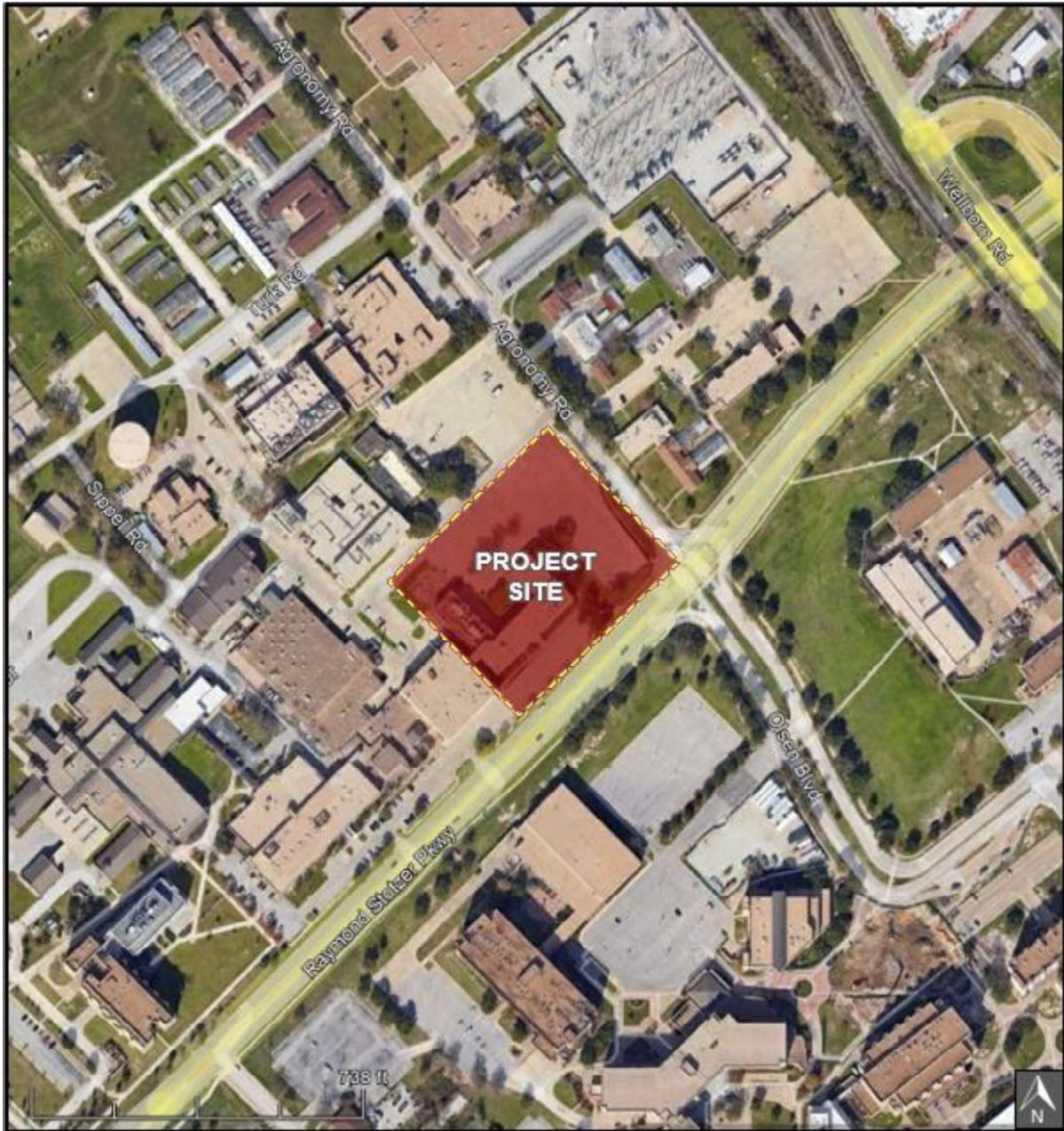
CLINICAL VETERINARY TEACHING AND RESEARCH COMPLEX TEXAS A&M UNIVERSITY PROJECT NO. 02-3378	PROJECT BUDGET
---	-----------------------

1.	Construction	\$136,000,000
2.	Project Contingency	7,154,777
3.	Program of Requirements.....	364,600
4.	Pre-Construction Services	11,274,120
5.	Commissioning.....	350,000
6.	Construction Testing	237,000
7.	Campus Services & Technology	2,002,000
8.	Furnishings	1,400,000
9.	Equipment	10,926,313
10.	Other Project Costs.....	6,494,690
11.	Project Management & Inspection.....	<u>\$4,796,500</u>
12.	TOTAL ESTIMATED COST OF PROJECT	<u>\$181,000,000</u>

**CLINICAL VETERINARY TEACHING AND
RESEARCH COMPLEX
TEXAS A&M UNIVERSITY
PROJECT NO. 02-3378**

PROJECT SCHEDULE

1. BOR Approval to Include in Capital Plan January 10, 2022
2. Issue A/E RFQ January 5, 2024
3. Issue CMAR RFP January 5, 2024
4. Receive A/E RFQ Responses..... January 30, 2024
5. Receive CMAR RFP Response February 1, 2024
6. Shortlist A/E Firms February 6, 2024
7. Shortlist CMAR Firms..... February 6, 2024
8. Interview A/E Shortlist February 26, 2024
9. Interview CMAR Firms February 27, 2024
10. A/E Ranked Order Approved by Chancellor March 21, 2024
11. CMAR Ranked Order Approved by Chancellor March 27, 2024
12. Execute A/E Agreement May 16, 2024
13. Execute CMAR Agreement May 29, 2024
14. Complete Schematic Design September 6, 2024
15. Receive GMP from CMAR October 9, 2024
16. Submit THECB Application October 17, 2024
17. BOR Approval for Construction November 7, 2024
18. Begin Construction January 2025
19. Complete Design Development March 2025
20. Complete Construction Documents July 2025
21. Substantial Completion June 2027
22. Owner Occupancy August 2027



Clinical Veterinary Teaching & Research Complex

Texas A&M University

Project No. 02-3378

**TEXAS A&M UNIVERSITY
PERMANENT UNIVERSITY FUND
02-3378 Clinical Veterinary Teaching and Research Complex
Available University Fund**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	70,590,000.00			
YEAR 1	68,455,000.00	2,135,000.00	3,529,500.00	5,664,500.00
YEAR 2	66,215,000.00	2,240,000.00	3,422,750.00	5,662,750.00
YEAR 3	63,860,000.00	2,355,000.00	3,310,750.00	5,665,750.00
YEAR 4	61,390,000.00	2,470,000.00	3,193,000.00	5,663,000.00
YEAR 5	58,795,000.00	2,595,000.00	3,069,500.00	5,664,500.00
YEAR 6	56,070,000.00	2,725,000.00	2,939,750.00	5,664,750.00
YEAR 7	53,210,000.00	2,860,000.00	2,803,500.00	5,663,500.00
YEAR 8	50,205,000.00	3,005,000.00	2,660,500.00	5,665,500.00
YEAR 9	47,050,000.00	3,155,000.00	2,510,250.00	5,665,250.00
YEAR 10	43,740,000.00	3,310,000.00	2,352,500.00	5,662,500.00
YEAR 11	40,265,000.00	3,475,000.00	2,187,000.00	5,662,000.00
YEAR 12	36,615,000.00	3,650,000.00	2,013,250.00	5,663,250.00
YEAR 13	32,780,000.00	3,835,000.00	1,830,750.00	5,665,750.00
YEAR 14	28,755,000.00	4,025,000.00	1,639,000.00	5,664,000.00
YEAR 15	24,530,000.00	4,225,000.00	1,437,750.00	5,662,750.00
YEAR 16	20,090,000.00	4,440,000.00	1,226,500.00	5,666,500.00
YEAR 17	15,430,000.00	4,660,000.00	1,004,500.00	5,664,500.00
YEAR 18	10,535,000.00	4,895,000.00	771,500.00	5,666,500.00
YEAR 19	5,395,000.00	5,140,000.00	526,750.00	5,666,750.00
YEAR 20	-	5,395,000.00	269,750.00	5,664,750.00
		<u>\$ 70,590,000.00</u>	<u>\$ 42,698,750.00</u>	<u>\$ 113,288,750.00</u>

Estimated issuance costs and rounding of \$692,889 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 09/13/2024

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
02-3378 Clinical Veterinary Teaching and Research Complex
Capital Construction Assistance Project (CCAP)**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total
BONDS	56,155,000.00			
YEAR 1	54,630,000.00	1,525,000.00	3,369,300.00	4,894,300.00
YEAR 2	53,010,000.00	1,620,000.00	3,277,800.00	4,897,800.00
YEAR 3	51,295,000.00	1,715,000.00	3,180,600.00	4,895,600.00
YEAR 4	49,475,000.00	1,820,000.00	3,077,700.00	4,897,700.00
YEAR 5	47,550,000.00	1,925,000.00	2,968,500.00	4,893,500.00
YEAR 6	45,510,000.00	2,040,000.00	2,853,000.00	4,893,000.00
YEAR 7	43,345,000.00	2,165,000.00	2,730,600.00	4,895,600.00
YEAR 8	41,050,000.00	2,295,000.00	2,600,700.00	4,895,700.00
YEAR 9	38,615,000.00	2,435,000.00	2,463,000.00	4,898,000.00
YEAR 10	36,035,000.00	2,580,000.00	2,316,900.00	4,896,900.00
YEAR 11	33,300,000.00	2,735,000.00	2,162,100.00	4,897,100.00
YEAR 12	30,400,000.00	2,900,000.00	1,998,000.00	4,898,000.00
YEAR 13	27,330,000.00	3,070,000.00	1,824,000.00	4,894,000.00
YEAR 14	24,075,000.00	3,255,000.00	1,639,800.00	4,894,800.00
YEAR 15	20,625,000.00	3,450,000.00	1,444,500.00	4,894,500.00
YEAR 16	16,965,000.00	3,660,000.00	1,237,500.00	4,897,500.00
YEAR 17	13,085,000.00	3,880,000.00	1,017,900.00	4,897,900.00
YEAR 18	8,975,000.00	4,110,000.00	785,100.00	4,895,100.00
YEAR 19	4,620,000.00	4,355,000.00	538,500.00	4,893,500.00
YEAR 20	-	4,620,000.00	277,200.00	4,897,200.00
		<u>\$ 56,155,000.00</u>	<u>\$ 41,762,700.00</u>	<u>\$ 97,917,700.00</u>

Estimated rounding of \$1,458 is included in this schedule.
Long-term rates are assumed to be 6.00%. Rates are subject to market change.
Prepared by the Office of the Treasurer - Treasury Services 09/13/2024

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
02-3378 Clinical Veterinary Teaching and Research Complex
Gifts**

Dates	Outstanding Principal	Principal Amount	Interest Amount	Annual Total	Coverage 1.15x
BONDS	31,620,000.00				
YEAR 1	30,665,000.00	955,000.00	1,581,000.00	2,536,000.00	2,916,400.00
YEAR 2	29,660,000.00	1,005,000.00	1,533,250.00	2,538,250.00	2,918,987.50
YEAR 3	28,605,000.00	1,055,000.00	1,483,000.00	2,538,000.00	2,918,700.00
YEAR 4	27,500,000.00	1,105,000.00	1,430,250.00	2,535,250.00	2,915,537.50
YEAR 5	26,340,000.00	1,160,000.00	1,375,000.00	2,535,000.00	2,915,250.00
YEAR 6	25,120,000.00	1,220,000.00	1,317,000.00	2,537,000.00	2,917,550.00
YEAR 7	23,840,000.00	1,280,000.00	1,256,000.00	2,536,000.00	2,916,400.00
YEAR 8	22,495,000.00	1,345,000.00	1,192,000.00	2,537,000.00	2,917,550.00
YEAR 9	21,080,000.00	1,415,000.00	1,124,750.00	2,539,750.00	2,920,712.50
YEAR 10	19,595,000.00	1,485,000.00	1,054,000.00	2,539,000.00	2,919,850.00
YEAR 11	18,035,000.00	1,560,000.00	979,750.00	2,539,750.00	2,920,712.50
YEAR 12	16,400,000.00	1,635,000.00	901,750.00	2,536,750.00	2,917,262.50
YEAR 13	14,685,000.00	1,715,000.00	820,000.00	2,535,000.00	2,915,250.00
YEAR 14	12,880,000.00	1,805,000.00	734,250.00	2,539,250.00	2,920,137.50
YEAR 15	10,985,000.00	1,895,000.00	644,000.00	2,539,000.00	2,919,850.00
YEAR 16	8,995,000.00	1,990,000.00	549,250.00	2,539,250.00	2,920,137.50
YEAR 17	6,905,000.00	2,090,000.00	449,750.00	2,539,750.00	2,920,712.50
YEAR 18	4,715,000.00	2,190,000.00	345,250.00	2,535,250.00	2,915,537.50
YEAR 19	2,415,000.00	2,300,000.00	235,750.00	2,535,750.00	2,916,112.50
YEAR 20	-	2,415,000.00	120,750.00	2,535,750.00	2,916,112.50
		<u>\$ 31,620,000.00</u>	<u>\$ 19,126,750.00</u>	<u>\$ 50,746,750.00</u>	<u>\$ 58,358,762.50</u>

Estimated issuance costs and rounding of \$309,630 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 09/13/2024

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.