

AGENDA ITEM BRIEFING

Submitted by: John A. Barton, Interim Vice Chancellor for Business Affairs
The Texas A&M University System

Subject: Approval of the Project Scope and Budget, Appropriation for Construction Services, and Approval for Construction for the Satellite Utility Plant 1 (SUP1) Expansion Project, Texas A&M University, College Station, Texas (Project No. 02-3434)

Background and Prior Actions:

The Satellite Utility Plant 1 (SUP1) Expansion 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 an FY 2026 start date and a planning amount of \$30,000,000.

Proposed Board Action:

Per System Policy 51.04, *General Requirements and Delegations of Authority on Construction Projects*, the board authorizes to:

- (1) Approve the project scope and budget.
- (2) Appropriate \$27,000,000 for construction services and related project costs. \$3,000,000 has been previously appropriated to this project.
- (3) Approve construction of the Satellite Utility Plant 1 (SUP1) Expansion 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> |
|---|----------------------|--|----------------------------|
| Revenue Financing System Debt Proceeds | <u>\$30,000,000</u> | \$2,149,960 | Utility Revenue |
| Total Project Funds | <u>\$30,000,000</u> | | |

Project Justification:

While the thermal capacity at SUP1 is appropriately sized to meet the current campus demand on west campus, significant campus development is anticipated over the next five years, including several new facilities planned on west campus. This requires expanding both the footprint of the facility as well as its production capacity.

Scope:

The existing SUP1 facility is located on the west campus of Texas A&M, at the northwest corner of John Kimbrough Boulevard and Olsen Boulevard, north of Reed Arena.

To support this growth, the project will expand the SUP1 plant to accommodate the installation of one 2,500-ton centrifugal, water-cooled chiller with all necessary ancillary systems, and to strategically prepare the building for future utility generation equipment.

The proposed expansion will provide approximately 11,922 gross square feet. The project includes installing a 2,500-ton chiller, a cooling tower cell with upgraded internals, a condenser water pump, refrigerant handling and monitoring systems, and full electrical distribution. This scope also includes electrical motor control centers (MCCs), two medium-voltage transformers, Variable Frequency Drives (VFDs) as required, HVAC for the electrical room, necessary instrumentation, and integrated controls and Supervisory Control and Data Acquisition work. Lastly, space was designated for the future expansion of all systems.

Construction on this project is scheduled to start in June 2026 with substantial completion scheduled for February 2028. The total project budget is \$30,000,000.

Other Major Fiscal Impacts:

None.

Strategic Plan Imperative(s) this Item Advances:

The SUP1 Expansion supports the following Strategic Plan Imperative:

Strategic Plan Imperative No 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. Our member institutions will be diligent about their plans for growth, and the A&M System will ensure financially sound decision-making at the aggregate level. We have robust financial management capabilities in place and will continue to manage the A&M System's financial health in a holistic manner.”*

The primary goal of the project is to allow for the university to efficiently, reliably, and cost effectively provide the utility needs that accompany educational and research 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 if the largest piece of utility generation equipment within the plant is unavailable. The installation of an additional 2,500-ton chiller at SUP1 will allow for continuation of the N+1 strategy.

**THE TEXAS A&M UNIVERSITY SYSTEM
FACILITIES PLANNING AND CONSTRUCTION**

Office of the Vice Chancellor for Business Affairs

March 30, 2026

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 Satellite Utility Plant 1 (SUP1) Expansion Project, Texas A&M University, College Station, Texas (Project No. 02-3434)

I recommend adoption of the following minute order:

“Per System Policy 51.04, General Requirements and Delegations of Authority on Construction Projects, the project scope along with a project budget of \$30,000,000 for the Satellite Utility Plant 1 (SUP1) Expansion Project is approved.

The amount of \$27,000,000 is appropriated from Account No. 01-083540 Revenue Financing System Debt Proceeds (Utility Revenue), for construction services and related project costs.

The Satellite Utility Plant 1 (SUP1) Expansion 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,

[SIGNED BY]

John A. Barton
Interim Vice Chancellor for
Business Affairs

System Approval Recommended:

[SIGNED BY]

Glenn Hegar
Chancellor

[SIGNED BY]

Susan Ballabina, Ph.D.
Executive Vice Chancellor

[SIGNED BY]

Ryan C. Griffin
Vice Chancellor and
Chief Financial Officer

[SIGNED BY]

Thomas D. Williams, Interim President
Texas A&M University

**System General Counsel Approved
for Legal Sufficiency:**

[SIGNED BY]

R. Brooks Moore
General Counsel

**Board General Counsel Approved
for Legal Sufficiency:**

[SIGNED BY]

Nichole B. Bunker
General Counsel

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|--|-----------------------|
| SATELLITE UTILITY PLANT 1 (SUP1) EXPANSION TEXAS A&M UNIVERSITY PROJECT NO. 02-3434 | PROJECT BUDGET |
|--|-----------------------|

| | |
|---|---------------------|
| 1. Construction | \$24,762,328 |
| 2. Project Contingency | 1,075,267 |
| 3. Program of Requirements..... | 83,000 |
| 4. Pre-Construction Services | 2,188,650 |
| 5. Commissioning..... | 140,000 |
| 6. Construction Testing | 95,000 |
| 7. Campus Services & Technology | 185,000 |
| 8. Furnishings | 0 |
| 9. Equipment | 0 |
| 10. Other Project Costs..... | 675,755 |
| 11. Project Management & Inspection | <u>\$795,000</u> |
| 12. TOTAL ESTIMATED COST OF PROJECT | <u>\$30,000,000</u> |

1. BOR Approval to Include in Capital Plan May 7, 2024
2. Issue A/E RFQNovember 19, 2024
3. Receive A/E RFQ Responses..... December 10, 2024
4. Shortlist A/E Firms December 18, 2024
5. Interview A/E Shortlist January 14, 2025
6. A/E Ranked Order Approved by Chancellor February 17, 2025
7. Execute A/E Agreement April 1, 2025
8. A/E Design Kick-Off..... May 1, 2025
9. Complete Schematic Design July 7, 2025
10. Complete Design DevelopmentOctober 08, 2025
11. Complete Construction Documents February 6, 2026
12. Advertise for CSP February 25, 2026
13. Receive CSP Response March 24, 2026
14. CSP Evaluation March 31, 2026
15. CSP Ranked Order Approved by Chancellor April 6, 2026
16. Submit THECB Application April 22, 2026
17. BOR Approval for Construction May 21, 2026
18. Begin Construction June 2026
19. Substantial Completion February 2028
20. Owner Occupancy March 2028



Satellite Utility Plant 1 (SUP1) Expansion

Texas A&M University

Project No. 02-3434

**TEXAS A&M UNIVERSITY SYSTEM
REVENUE FINANCING SYSTEM
02-3434 Satellite Utility Plant 1 Expansion
Utility Revenue**

| Dates | Outstanding Principal | Principal Amount | Interest Amount | Annual Total | Coverage 1.15x |
|---------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| BONDS | 30,300,000.00 | | | | |
| YEAR 1 | 29,665,000.00 | 635,000.00 | 1,515,000.00 | 2,150,000.00 | 2,472,500.00 |
| YEAR 2 | 29,000,000.00 | 665,000.00 | 1,483,250.00 | 2,148,250.00 | 2,470,487.50 |
| YEAR 3 | 28,300,000.00 | 700,000.00 | 1,450,000.00 | 2,150,000.00 | 2,472,500.00 |
| YEAR 4 | 27,565,000.00 | 735,000.00 | 1,415,000.00 | 2,150,000.00 | 2,472,500.00 |
| YEAR 5 | 26,795,000.00 | 770,000.00 | 1,378,250.00 | 2,148,250.00 | 2,470,487.50 |
| YEAR 6 | 25,985,000.00 | 810,000.00 | 1,339,750.00 | 2,149,750.00 | 2,472,212.50 |
| YEAR 7 | 25,135,000.00 | 850,000.00 | 1,299,250.00 | 2,149,250.00 | 2,471,637.50 |
| YEAR 8 | 24,240,000.00 | 895,000.00 | 1,256,750.00 | 2,151,750.00 | 2,474,512.50 |
| YEAR 9 | 23,300,000.00 | 940,000.00 | 1,212,000.00 | 2,152,000.00 | 2,474,800.00 |
| YEAR 10 | 22,315,000.00 | 985,000.00 | 1,165,000.00 | 2,150,000.00 | 2,472,500.00 |
| YEAR 11 | 21,280,000.00 | 1,035,000.00 | 1,115,750.00 | 2,150,750.00 | 2,473,362.50 |
| YEAR 12 | 20,195,000.00 | 1,085,000.00 | 1,064,000.00 | 2,149,000.00 | 2,471,350.00 |
| YEAR 13 | 19,055,000.00 | 1,140,000.00 | 1,009,750.00 | 2,149,750.00 | 2,472,212.50 |
| YEAR 14 | 17,860,000.00 | 1,195,000.00 | 952,750.00 | 2,147,750.00 | 2,469,912.50 |
| YEAR 15 | 16,605,000.00 | 1,255,000.00 | 893,000.00 | 2,148,000.00 | 2,470,200.00 |
| YEAR 16 | 15,285,000.00 | 1,320,000.00 | 830,250.00 | 2,150,250.00 | 2,472,787.50 |
| YEAR 17 | 13,900,000.00 | 1,385,000.00 | 764,250.00 | 2,149,250.00 | 2,471,637.50 |
| YEAR 18 | 12,445,000.00 | 1,455,000.00 | 695,000.00 | 2,150,000.00 | 2,472,500.00 |
| YEAR 19 | 10,915,000.00 | 1,530,000.00 | 622,250.00 | 2,152,250.00 | 2,475,087.50 |
| YEAR 20 | 9,310,000.00 | 1,605,000.00 | 545,750.00 | 2,150,750.00 | 2,473,362.50 |
| YEAR 21 | 7,625,000.00 | 1,685,000.00 | 465,500.00 | 2,150,500.00 | 2,473,075.00 |
| YEAR 22 | 5,855,000.00 | 1,770,000.00 | 381,250.00 | 2,151,250.00 | 2,473,937.50 |
| YEAR 23 | 4,000,000.00 | 1,855,000.00 | 292,750.00 | 2,147,750.00 | 2,469,912.50 |
| YEAR 24 | 2,050,000.00 | 1,950,000.00 | 200,000.00 | 2,150,000.00 | 2,472,500.00 |
| YEAR 25 | - | 2,050,000.00 | 102,500.00 | 2,152,500.00 | 2,475,375.00 |
| | | <u>\$ 30,300,000.00</u> | <u>\$ 23,449,000.00</u> | <u>\$ 53,749,000.00</u> | <u>\$ 61,811,350.00</u> |

Estimated issuance costs and rounding of \$300,000.00 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 03/09/2026.

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