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>> [Captioner Standing By]

>> We would like to help with welcome everyone to open session. At this time we will begin with

>> Thank you Madame chair. We will go quickly here.

>> Thank you Mr. chairman.

Good morning Mr. chairman and members. So I will be quick. I would like to do a little background of what we have to do this morning is give you background about the various construction projects we are proposing to the Regents and then we will commit to a specifics but to begin the project.

>> I think as we all know this is a [Indiscernible - speaker too far from the microphone.] short and immediate long-term campus infrastructure needs. This is comprehensive in here this morning student leads student support and I were on campus community. It is the basis for the construction projects that I will present to you this morning.

We have workload on residence halls and also consulting information provided by our one-stop shop and then lastly the interactive facility. I would like to emphasize this morning that we are here to stress the very preliminary concept. We are in a step-by-step process to provide context and the next step would be to resume the projects and select an architect to begin the design so this is a multi-tiered approach as we begin this project. The various projects that will be discussed this morning by various vice presidents we will talk about and

Dr. Westwood will talk about the residence hall and dining facility and we will tag team regarding the athletic facility. The important thing is that we need to understand that in this process there are some conditions that impact this facility and in the first two initiatives of the fine arts expansion issue and those that we are proposing will be 30 year financing bonds funded internally and these bonds will be can be used for education. We are authorized to if approved we seek internally to support those specific projects.

>> The third project is the residence hall and we are planning to increase in 20 and 21 and inquiries in our university services so we have put together this package with those recommendations that company the first two funded and the second so with that we have an agenda and I will give you some quick background on the facilities. This is

preliminary cost estimate and currently the finance arts expansion initiative has 77,000 feet to be renovated. There is a proposal where we have some other considerations and perhaps an additional site of 80,000 feet of new construction so it is a very significant project that the University is undertaking and our focus in all of these initiatives is based on student needs student support and our mission. We would like to make this a one stop shop with residence hall provided facilities 33,000. As we get into the projects we will define a number of concepts. We will continue also with the presentation regarding the fine arts expansion and those preliminary concepts based on current need in April 2000 16 through our conversations that particular project has evolved to meet student needs and student demands and enrollment needs and enrollment commands so this whole series of projects is evolving as we go through our construction. So with that, you can Dr. Globe is going to talk about the fine arts expansion expansion initiative and I will follow-up with more information.

>> Thank you I wanted to say that for the college should the reasons our enrollment increase and the faculty has done a great job of encouraging students for close to 1000 students one of the evolutionary things we would like to mention is the advance project and we will agree that it seems like in order to do that we need the space and another at revolutionary thing things things have not, when you look at the concepts here they were developed in April 2016. This area number two sound recording technology which is in the sound recording technology is a good example. That program did not exist 12 years ago. It was created year after Mr. Hines arrival and we have two faculty members in that area and again we have also expanded the faculty to meet our student needs which means space as well.

>> I would like to go that is level I and here you see level II so the renovation is in with it and the expansion is then a new facility and this would be North Street and the new facility here in this area also to be added and you will see this concept. This area would be a 300 80 seat theater and that would be a small box theater.

>> Then we can go to the third level and again with various plans of what would occupy the various spaces with new planning will probably be adjusted. Let's go to the first rendering. This rendering shows this would be alumni Drive and that would be on your right with the music building over here and you can see the tower. Let's go to the next one and the continuation from the view of alumni drive this is the footprint of that would be added between the buildings. The next one interior and currently the exterior of the auditorium will be incorporated with the left side being added and the courtyard between the two I believe that is

>> And then finally this is the view of the 350 seat theater rendering of that and then alumni Street driving south on the North Street you can barely see the tower right there so again these are renderings and this is what is planned and there will be further development .

>> Are there any questions on this so far?

>> This would also be a complete renovation?

>> Yes it will.

>> Thank you.

>> Lighting and sound and those types of things?

>> Yes. It is important that we have a state of the art LED.

>> Yes, thank you. I believe this was built in 1958 if I am correct on that.

>> Yes that is about right and if I look at these it was called modern conservative .

>> [laughter]

>> It has dirt floors in the basement.

>> That was the conservative heart [laughter]

>> It literally has dirt floors in the basement. So it has gotten all of the youth that we can squeeze out of the original design.

>> Nick could you go back to the first diagram?

>> That's right. This area I believe is storage and hopefully it will be well treated for termites.

>> Thank you.

>> Thank you.

>> Nick, if you will go to slide number two to look at the one stop shop. We did a little photo shopping here to give you some perspective. And if you look at the background logistics when we did this program and consultant we asked what we could do with the campus and there is a lot of space recommendations and there is also an opportunity to enhance the student experience and enhance student support. We started looking at opportunities that would fall within that category and this is one stop shop doublebill. These schools are doing one stop shop and we put a committee together and they have been talking with the schools out of state and in state and school visits in state a lot of calls and conversations and a lot of schools in the process of updating the one stop shop services and this in this context what that means is where our students can come into a place and get most of their student support needs served such as business office, residence lab, advisement and those types of luncheons rather than going from building a two building B and into building C, consolidate consolidate services so that when parents come in to the University we could then provide a first look and a first it of information on those services and then for current students they can be served in the back office if you will and the one

stop shop type of service. What we are looking at is a repurposing of Kennedy auditorium and this is what the plan suggested. We talked about it and discuss it from student recruitment, student engagement perspective and it made a lot of sense in fact more sense when we started examining and what our students are doing so the plan then would be to reconfigured Kennedy auditorium

currently it needs to be used and this would be a perfect opportunity if you can visualize being on North Street and turn left onto Griffith and you would go down or Griffith then and you can pick up the view and what we want to do is essentially encompass a couple of options here and I will talk about this in detail tomorrow but this is a view from a Griffith so visualized turning onto Griffith

and what we will put pose to you and I don't want to give too much away to quickly but I have been a part proposal for you tomorrow to shave that section as you turn onto Griffith and open it up and move and information Center over there and do some things on the street and repave that with the whole idea of coming down Griffith all the way to your right would be the student building and to the left you could see this is Photoshop so you would have the student building with a roundabout and you could come around the roundabout and go straight to the welcome center. There is also a garage back to the left so for prospective students and parents and other visitors this could be a terrific opportunity for this institution and then go around to the welcome center. The all-new welcome center obviously Kennedy is where we will do some space realignments and move some of the structures just mentioned so that the first stop would be for visitors, parents, students have people who can address many of the basic questions and the rest of the center could be a one-stop shop and eventually advising other kinds of needs so this is certainly eligible for funding in this particular project we estimate at about based on facilities programming and consultant needs. The fine arts expansion we are anticipating that and we hope to generate many students can literally come onto the campus go to that one spot and walk away with the application and everything done to become a student and that is the goal.

>> It we don't want to look back we want to look forward five years and would like to use

then you are directed or instructed as to what you want to purchase. We want to utilize technology to do that type of thing to serve the parent with all of the questions they have regarding financial aid advisement and have people there who can provide direction and have it is really intended when people call the campus at that point in time to assure them this is how we will support students. There could be somebody there ready to help you fill this out yes absolutely. What I found interestingly enough in the process the executive committee has had conversations with people and this concept of service is what people are focusing on .

>> Yes we are in the service business and that's exactly what we must do.

>> Absolutely.

>> Had signed them up, impress them and get them acclimated to what we have to offer right there in one place.

>> Kennedy is not really being used for anything. It's utilization has gone down.

>> How often do we use that we used this auditorium for some orientation sessions

the ballroom is under renovation of the rise those of the types of things. There is a policy that is up for revision and approval at this time but the Dean has first priority and then the rest of that.

>> It is like 18 or 20,000 square feet. Whatever the number is it is just sitting there that we let use less than 12 hours per year.

>> The second question is and it is directed more towards our new admissions. You have that big grin on your face. Let's talk about that.

>> Is this something that you think is worthwhile?

>> Absolutely I think in regards to the concept of revision for a welcome center the service is definitely the key aspect. Along with innovation. We live in a technology world and this has to be a balance and students and visitors come it is important to find the balance where folks have a personal connection because they are making investments that is quite important so this is important for them to find a second home for their child so it is a balance for our nation and personal service so that welcome center is critical even someone has already connected with the University the last thing you want them to do is to fill out all of their information again. We have that so how do we escalate our service to them to make it more personable and the part of that whole not only from seeing the academic program that fits for them but some of that pre-advisory component as you are looking at the University but also the financial aspect knowing that that front level of service will be whole escaped holistic and providing financial insight both on costs, financial aid process scholarships and the other component of living on campus so the housing component, the engagement aspect the student who is served at that welcome center with that first level of one-stop service so they prospective students and families can have all of those critical areas addressed so this style is going to be something that can be very advantageous to how we serve prospective students and for our current students that continuation of the higher level needs and questions will be very beneficial to those students so that they are not paying bond to a lot of the buildings across campus.

>> So your whole staff will move into this is that the way you see that? Or just a select few or tell me how that works?

>> There are definitely some options. I don't visualize my whole staff. The enrollment management team admission there is a data center and a records bar office and we would have some identified team that would be cross trained to serve that center for that level of service at the front end. We would still have got the office will be able to take care

of the packaging and financial aid and all of those things so we will definitely need to look at the model and also the services and how the structuring or restructuring of Kennedy what it will fit best.

>> We have had we have not had the program done yet?

>> Know we are way off in the weeds for that. My thought was what are we taking out of play and how much utilization would we use to grab a couple from here and the couple from housing and financial aid so you would have to have several people in that one spot so they could answer whatever questions is my thinking of what the concept is. Yes. Either we could grab a team that will be cross trained on all but.

>> That facility will anticipate all of it because they have made a recommendation and there are options on how to backfill. It is like a domino. It is started by the stem building and that report addresses how we could backfill all of these spaces and make this entire campus a lot more user-friendly.

>> Okay. That's it then we will follow that. Yes

>> Okay. Good enough?

>> I would like to follow along with Nick. Our next slide.

>> Congratulations I have a very bland slide. But part of what we are talking about is our continued residence facility which includes both residence halls and dining halls. My slides are not nearly as engaging as the past two because what we are looking at following along with our master plan so what I would like to highlight here is this lumberjack landing and the master plan calls for a continuation of lumberjack landing so, this is not necessarily a new idea as a matter of fact it was in our plan to approach this project next year but it became more advantageous to go ahead and make it part of this large package of the projects because of the financing portion of this so we have escalated this idea. Next slide. This is an aerial of the current space and you can see lumberjack landing here. This parking lot here is short-term parking not designated for any particular type of parking but pay for use parking and when we started this we wanted to keep this fluid because we knew this would be the eventual expansion place for the lumberjack landing so when the architect is selected give this entire site because the plan is again these numbers vary somewhat but to about a 400 bed facility here and then we will ask for their recommendations which of these two if this is hall 16 and this is hall 14 which of these two 400 bed facilities would come off because it is a matter of going had to continually upgrade facilities and one thing we heard in Richard Stolberg's report this summer in what they are hearing in their focus groups is that our residential facilities look outdated so when student visit campus even though we have done work inside still outside they look rather old and some of this would be to remove one of these facilities and we would basically be a [Indiscernible] but we would continue to remove older facilities that are proving to be a

detriment to the curb appeal for potential students. We will give them some carte blanche to recommend to switch to these facilities. We think it will likely be 16 because if we transition into parking it is a little bit more accessible for those streets here but they will guide us on that. The other thing is this college cafeteria this new building was

hall 14 was built in 1964 and 16 was 1966 so all of this is in the 64 to 60 six years and the structure here is not bad

but we looked at guiding that and renovating that except then you still have an old building so when students drive by or look at it online it is still going to look dated from the outsides of the plan now is to take down these college cafeteria as part of this as we build a new dining hall. We would like to keep this college cafeteria functional until the new dining hall is open because we serve 16,500 meals per week to the students that we have no other place to serve that many meals per week while we are doing this so one of the challenges for the architect will be to add the dining hall into this overall footprint somewhere. It is not unusual to have a dining hall that is part of a residence hall so they won't be looking at anything here they have not seen in other places it is just something that will be unusual for us. The goal then it would be what's this hall is built and the dining hall is built and we think this footprint to do this again these two or these two facilities would be removed and very likely turned into parking to accommodate our parking needs on campus so moving forward the total package on this and let me add another element. Some of our existing halls need some attention. Particularly on the exterior so that is what we are hearing is that even though the interiors have been touched the exteriors have not been so we focused our funds on the insights where students live and from a recruiting standpoint to the outside is important as well so what we want to do is charge the architects with a residence hall and dining hall facility in this space and we have a financial request of 39 1/2 million dollars for the entire package so the hope would be that they are able to do that and then be able to reserve some funds that we could allow that entire package to do some exterior renovations on some of our existing calls. We are focusing on this side of the campus what we call our first-year comments. First-year students live in 1416 and a landing and we don't have enough space and therefore all of our first-year students so some students then are moved into Curtis Hall on the other side of the campus so we are transitioning lumberjack Lodge into first-year housing. It has been after your first year you could live here and we are transitioning that overtime into first-year housing. Student center there can finish out the time there but we will then make it available to incoming first-year students so when we are finished first-year students will have a choice of lumberjack Lodge which is apartment style and they will have these all that is very popular with sweet style baths and we have lumberjack landing which is sweet dial very modern and as an additional crosspoint they will have one of these two facilities but whichever facility survives this process we need to do some work on it because all of a sudden is it is going to look like a car jacked up in a driveway somewhere so what we will have to do is an hour long range plan add elevators to those hall that's an expensive project so we look forward to doing something and we will just stop everything on those halls until we know what we are doing then we need

to invest in the one that remains so we hope that we are able to retain some funds out of the overall project to do that's we will last the architects to accomplish that for us. We have some other halls that need help as well and if we can help them but the intent would be this first-year conference because that is for that is a recruiting piece for us and we want to make sure that we provide as much positive presents for students that are considering us and I would like to remind you that out of all of the housing systems in the state and there are 38 in the universities we are the number eight lodging largest housing system and we follow and them, the University of Texas at Austin and University of Houston Texas Tech University of Texas at Dallas and University of North Texas and SFA than the University of Texas at Arlington and San Antonio so that is an important part of what we do and our residential experience here so this is the ongoing piece of trying to make sure that we provide service we talked about and the amenities that our students particularly our prospective students are expecting when they visit. I will now answer any questions you might have.

>> I do have a question. One I know that you are going to but I will be honest about this. I know that [Indiscernible - multiple speakers] but the question is obviously 16 and 14 are lower price point entries. You are going to expand landing over year which is probably premium and you think that is going to be an issue because now you are swapping out 400 cheap beds for 400 expensive beds will that be a problem? Help me out with that.

>> Our experience has been that our more expensive halls are the more popular and fill up first. 14 and 16 now are default for students who cannot get into the more expensive halls. I don't know there are students who still need a lower price points but generally speaking, the lower-priced halls are the very last ones to fill up. Yes we are sensitive to that but what we look at and our data tells us that that has not been the issue. One of these halls will continue to be a lower-priced option for students but that has not tended to be

>> That was my question I just didn't want to yank the rug out from somebody if we felt that we could get you in at this point and that's all we can do.

>> Yes I am sure we will mention this in a bit more detail when we get to rate changes that will be needed for this and we looked at how we match up with other schools across the state and there is no good apples to apples comparison so we take a pretty broad brush approach for some of the larger schools and smaller schools and how we fit into the middle and even with our suggested rate increases that we will discuss later our most common cost is about 22 percent below the mean in the state and for common baths which are slowly going away but we still have those even with the increases we would be about 26 percent below the mean so it should not be a negative impact relative to their looking at other institutions to live on campus.

>> I just wanted to make sure that they are not cutting somebody off .

>> Steve, does the 39 1/2 million included the demolition of the two buildings?

>> Yes it all comes in that package. That will certainly take some out of that to do that but it will be a complete package that we will visit with the architects about. We are basically going to say here is your siding here is what we need tell us how to get there save as much as you can so we can give some to some of the existing halls.

>> So Jill will you auction off door numbers?

>> Yes 151 is near and dear to my heart and that is a thought for you.

>> We will make an executive decision later that you will not be a part of on this. [Applause]

>> [Indiscernible - multiple speakers]

>> See you are tearing our doors down. [Indiscernible - multiple speakers]

>> Cell of the doors. We will talk about that price later. That drove sheltered me during my first year so I am trying to hold onto that as best I can.

>> I would just like to point out that we have been very successful with intention. The numbers bear it out that lumberjack landing there is a waiting list for that so we know if the student doesn't get to live where they want to live in then that is a negative right off the bat. As long as we have strong demand it will help us going in with that and we let students know their housing assignment now in January or maybe even earlier. Usually we help that most institutions do and we spring it on you in the summer where you are going to live and what we found is that our students really wanted to know to help make the decision and we started releasing that as soon as we knew and we think that also helped but we are not sure exactly where it hurts. We know that students got where they wanted it was positive it is hard to tell if that was the deal.

>> The architectural design will drive those students if we know that they meet friends and become part of the group that they are more likely to stay and have that and that was new when you were there 50 years ago.

>> Are you thinking about replicating all of the study areas in the new piece or just use the study areas that we have is the comments for both sections?

>> [Indiscernible - multiple speakers]

>> Our recommendation to them is that we limited the amount of non-residence space that we build into the remainder of that building.

>> Wonderful.

>> Yes we add a lot of common areas and so students will still have access to those but we are looking at primarily constructing revenue space because we have to pay for this.

>> Exactly. So, that will be our goal and we certainly want to make it still functional for what we need.

>> Thank you.

>> Very good. The last item we have

chairman and Madame chair is a basketball practice facility and a bit of background on that. I will talk about this in the opportunities but the Coliseum was constructed back in 74 and it has obviously had a lot of things that have to be addressed over the years and what we have done in this regard back in January 2018 the Regent selected Ginsberg architecture to do an assessment of facilities across campus that it had to have a lot of attention over the years and certainly this is no exception and what we started we asked the architects to take a look at basketball practice facility as a first step of a comprehensive facility and what they have done is they have provided a concept that they are going to talk about and also this project is also dependent on the increase we will recommend

>> Yes so this is a multilevel facility and it will be located on the corner of University and College Street where that current marquee site is outside of the Coliseum on the bottom floor you can see there is a tunnel that would be Doug to get from that facility into the but that would be a practice facility or practice court along with locker rooms and athletic training rooms down there as well and equipment in storage and on the second floor which we would encompass part of that corner of the Coliseum so that corner will be taken up and would have offices for both men's and women's basketball and all of the cultures along with the weight room up there along with reception areas and recruiting areas as well so it would be a comprehensive basketball Performance Center is what we are affectionately referring to it as a practice facility that is much more than just a practice facility it is an all-encompassing basketball informants Center to enhance the basketball program. There is a lot of things that I think it can do for us especially from a recruiting standpoint. Right now our basketball programs are performing at a high level and in order to continue that trend we need to do things that give opportunities to compete and retain quality student athletes and coaches and that the end of the day we talked about this before but if you have you have a chance to win the game so they all come down to recruiting to make sure that you have the right coaches and be able to keep them when other opportunities come up and I think this facility can do that for us as well. We have seen peer competitors step up and do things that transcend what we have from a student athletes experience standpoint and that is important if we continue to recruit against these institutions we need to be able to repeat with their experience factor and with that this facility will provide increased student athlete welfare to help them with time management because now all of their

functions will be there in the facility with the athletic training, the way room and study hall there as well so they can do things so instead of going over to the Fieldhouse or academics you are going to the Fieldhouse for athletic training now to the weight room and there is really a one-stop shop opportunity for them. But what helped them in the time management standpoint you think about the hours that our student athletes put in everyday for them to have to go from place to place is not conducive and not a real efficient use of time and I think also we can help from an external standpoint to leverage current success that our programs have had to develop the sense of pride and looking at the exposure to learning in our programs to bring forth this institution and that is important so we want to continue that and as I said early on I want to be able to leverage athletics to help his institution grow and this is part of it moving forward. I would give you a quick story to illustrate a point and then I will sit down but, the story goes that a farmer and a wife and decide they bought a farm and they want to build they decided where the barn or the house first and the wife decides she wants to build the house first and she talks about it in the rooms of what they will do moving forward the pharmacist that is great and I appreciate that but we are going to build the barn force and the wife was stunned how can you build the barn before the house and the farmer said because the barn will build the house and if you think about it from the standpoint that's where the work gets done and this is where the work is going to get done for our basketball. While the Coliseum is great that is where they play that is where the games are going on and we need an area where the work can get done so they can enhance our program so that we can take a step forward and move our program to the point where these programs are competing and those are things that will help enhance our institution moving forward that's why this project is important to us and our basketball program and it is important to the future of this institution as well.

>> Any questions? Me again. I am confused about the design on this. There is a tunnel connecting the Coliseum and the practice facility and equip practice facility ground floor second floor?

>> They will dig down and to get the point to where it is about 50 or 60 feet down below so right now the current facility where you get the graphic goes into the call Coliseum so one that corner that will be the actual practice will be below that so there will actually be from this area here this area is below that walkway okay so when that comes out all of that is underneath there and that is where that tunnel comes into play so now we can connect the lock rooms or everything I believe that the practice floor work on the first well the actual playing service is eight feet above the playing surface in the Coliseum so there is an eight foot yes and that is where that comes into play so it's not really underground?

>> It showed you that it is actually underneath the walkway. They will take the walkway out and build the walk under there and then put the walkway back over it so they will have to excavate but the biggest part of it is pretty much at the level that you see there now which appears to be down from the Coliseum and then there is actually 2 1/2 levels

above that going above that so the current thing the northeast corner of the Coliseum closest to the universal collagen that corner with the concession stand will be encompassed by this facility so that will or that is where office space and where that second level facility will come out and then the basketball practice court will be on the outside of that area that Marquis .

>> I understand your confusion about that and that of course is the current shape in the way the building sits because you have that deep well so it seems like it is at a different level than it already is so it brings all of those levels together and that makes more sense because my confusion is we don't build anything underground.

>> Right, it is really there just a matter of wringing that all together and that is probably answering my second question is and this is just my ignorance, is it traditional to put is just the spacing yes and that would be no problem .

>> The second floor is the concourse level.

>> Yes and I think that answered the question. Okay it is just a matter of how to plan this accordingly . So from a practice level for playing floor you have an eight foot grade so you go downhill that would be the appropriate grade for the accessibility aspect. Yes.

>> So then you have the opponents coming in the saw mill ramp and you have our team and all of its glory in coming out of the new ramp.

>> Okay.

>> I would also point out that this particular layout is in concert with an overall future layout design to have a completely so this is the most important thing whether work is going to be done.

>> Is .

>> Any more questions? Some

>> What is the west extension there? Right now that is currently proposed by that yes, this is where that training facility is.

>> So again that will be

just because of the need to have the did everything around and underneath the current seating structure so all of that . You would be able to move some of that out.

>> Any more questions?

>> Comments? Thank you.

>>

Are we ready for the next item?

>> Yes. This we will talk about short term financing.

>> As an introduction to that what we had hoped our approach today what we had hoped to do is begin and this is in association and in consideration and a little background there when we issue bonds you will see the resolution for your consideration and it will include a reimbursement option to reimburse preconstruction expenditures and we will look at this project to determine when would be the right time to issue bonds and talk about the team and how do we stage this so that we can develop and divide talking about different options and what we are going to do is this next item we would simply authorize me to go out for short-term construction as needed and I can tell you right now at this point currently we have \$20 million in short-term

resident cash and at Texas A&M we have a system of approximately 58 million and I don't think that we want to make sure that we have complete flexibility to issue bonds and the issuance is based on market rates and as rates rise these probably will be issued sooner rather than later and in fact the calculation and timetable varies that shows us likely issuing January or February so we would like this gives us the flexibility and all of this is authorized to give short-term financing back to approval at this point and we have that flexibility in place.

>> Any questions on that? Any questions of their and then our approach is to get as much information as we can so that you can ask questions

so

we have a group of very impressive team members and we feel like they are part of us and of the director of financial services and some conversations we would we have been talking for months about this and what you see today is a combination of a lot of planning so

Mr. Williams with hilltop securities so [Indiscernible - low volume]

>> If you go to the hilltop service

>> Good morning. I am pleased to be here and

the University members have four years as of two weeks ago we already retired some of the data that we issued. We are starting out to demonstrate on slide two where the amount of debt that is outstanding as of today and it shows allocation TRP versus non-TRP and the non-TRP

included the knowledge that the projects that are being supported are on internal dollars. From a financial perspective it is still all of your debt but we segregate it to be able to track. On slide 3 are just graphs showing what the annual debt service looks like and shows the bottom is

TRP debt service TR B and you can see as we do refinancing you can accelerate that debt to maximize appropriations so it does give benefit to the state because you can amortize and make sure that there that goes down faster and the gray area is all of the projects supported by internal efforts and then the top layer is most of that

>> Slide five is a recap of this bond authorization looking to finance the projects you just heard 13 million practice facility and the different in-house. Slide six will give you a lot of information so here is your history lesson. The HEF was created in 1984 it used to be called the higher education's fund and it is try to help the non- other institutions in the state that are not part of the permanent package. So if you fast forward to the last session it was increased to 393.7 million still not close enough to compete and at least it is going in the right direction. The analysis that was done to show how the first two projects the performing arts in the welcome center will be used to fund HEF appropriations because of the debt that was just retired two weeks ago the appropriation that was used for that debt service and the net effect after you are still going to come out ahead even with the two finances and that is because of the increases that have been done over the years. And this institution has been very conservative in its financing and at this point this gives you an opportunity to utilize increasing the outstanding debt so for now we can go through and address how these projects and what capacity that is being supported and the coverage that we have. Good morning. So on slide 7 the appropriation will give the main source of funding and the welcome center so currently in fiscal year 2019 these appropriations are up approximately as shown. These two parts here there are approximately 2.1 million and 769,000 so with these two projects an annual appropriation with and the remaining amount of 8.6 million for the service.

>> So this is where it is still net effects. You will still have 33 percent more than what you had before.

This appropriation is the first dollars that came off the top? So it is more, where is on the TR B debt service that is still an appropriations. You don't have any concerns.

>> On the next slide is a graph view of debt service so the gray vertical lines show the

total peak appropriation at approximately \$11 million and the first line illustrates that million of the welcome center 769,000 and then the purple line shows the 2 million for a total of it is illustrated there for 30 years. So everything above the red line is the additional HEF appropriation that we had to use tutor support the institutions. That is 33 percent higher.

>> On the next slide here we illustrate the athletics project parking facility which will be funded from a proposed increase of a \$10 Yunis University services fee. The University services fee is estimated to generate \$3.1 million

in revenues based on current enrollment projections and we did project eight percent of the current enrollment and no growth they were based on last year's and it doesn't net out dual credits from other exemptions so it is fairly conservative and the debt is structured to achieve and again this does not anticipate any growth over 30 years.

>> That annual debt service is approximately 1.5 million and based on 3.1 million of the projected revenues and the debt service of 1.5 the remaining University services will be available for operations so you

can illustrate that the project student fee increases and this lesson that service the projected debt service you have remaining 1.5 million of University services fees and debt service coverage of two point 04 so there is a projection based on projected debt service.

>> On the next slide again this illustrates view of the University service fee which is 3.1 million and the pro forma debt service for this project 3.5 million for a total debt service coverage of 2.04.

>> On the next slide,

this is the student housing project so the 400 bed student housing here what we projected a 6.5 increase in housing rates for fiscal year 2021 and 2022. The fiscal year 2020 two annual estimations are generated based on 93 percent and 82 occupant 82 percent occupancy rates for a total of approximately \$4 million. Based on the project that you see here the estimated debt service for 30 years is approximately \$2.4 million. And, you have a remaining amount for operations and the debt service coverage for this project is 1.65 million dollars. And for this particular project and for all of the projects there is the debt would be sold and so your debt service payments would begin approximately six months later the negative coverage in fiscal year 2021 are because during the construction there was no operations but they are not or you have enough internal funds among housing to recover that deficit during construction and avoid having to borrow additional. Of interest coverage so we are just illustrating year and this is based on total housing revenues and total housing debt service.

>> That would be fiscal year 2022 .

>> Where is the 4 million of projected revenues, is that just in the increase based on six and half percent increase?

>> It is representative as an increase for six and half her age fiscal year and then it is level it say that these levels .

>> Plus the revenue of the new events. So it is a net effect but you do have, there were different price points of each .

>> 93 percent are average of what we have seen?

>> Yes .

>> Wealth thank you I think for clarity the \$4 million is pursuant to what they will recommend .

>> That is correct.

>> Which will be an increase of the current.

>> Yes. 6 1/2 percent is built in .

>> So if you look at the next slide, here we are in illustrating six point five percent increase .

>> Yes that is the 6 1/2 percent increase.

>> Again it is illustrating the revenues for the student housing so you have service for this project which is approximately two and a half-million and yes that is 39.5 million and what I have illustrated here is a more conservative view because of
there is an outside operations so this particular component will have to be financed on a taxable basis
versus the rest of the projects which are tax-exempt and we don't know the allocation between the dining and housing aspects so for illustration purposes here we would assume the entire 39 and that half million is taxable so.

>> On the next slide here you can see the illustration .

>> But the reality is there is a substantial portion of that that will be tax-exempt you just note no what percentage that will be at this point and the benefits of financing it gives you more flexibility on how to utilize the facility. We know the dining portion itself because of management contracts that the square footage would
so if all of this were just a portion it would be to determine funding and part will be some of the discretion of management in the institution.

>> This just illustrates the broad projects the estimated amount of proximally 111 million. There is a total of 115 million so this is what the actual pricings for all of the projects would be. We estimate some of the expenses for the cost of issuing again this is a total of
100 million which does include some
premium maturity.

>> And these are rates based on October 10 and we have a lot of volatility in the market in the past few weeks but these are still representative as to what the rates are and still under four and half percent so relatively speaking it is still some of the lowest costs even though we have had increases that is why there have been discussions in projects later in the year or in future years to take advantage of the [Indiscernible - low volume]

>> This still will allow you refinancing Austin options.

>> Now on the next slide here we are illustrating your total outstanding debt across the projected 2019 for a total of 200 48 so this is based on the numbers we just discussed. I just wanted to illustrate our projections.

And on the next slide you can see the outstanding debt which is illustrated year over year plus the new projects illustrated here over 30 years.

>> So then the first eight or nine years in 2026 your debt drops dramatically. Yes. Most of the outstanding .

>> Is and the Dan and his team recently's spoke with the two rating agencies that provide a credit rating on institutions in a state of debt and they are now required

to reveal financial reforms and they are required to have at least an annual surveillance call and to those recently took place. Moody's went ahead and provided their or affirmed the outstanding rate. I guess I got it backwards. We affirmed with the discussion of these four projects potentially coming for issuance and then Moody's has withheld their rating of A- and tell we come back and actually provide bonds and the affirmation of Fitch gives a lot of confidence that when bonds are actually rated that you still have that double A- and the significance there is that it will provide an exemption from the requirement of having the bond review board for approval of the issuance of the bonds as long as any of the public higher education institutions in the state have a rating of a AA or higher you are exempt from we provided a schedule here that shows your rating history of the University and since 2009, or 2010 excuse me is when Fitch provided the upgrade from A+ to A- and the fact that you are adding 100 million of debt and they have already indicated that you maintain that rating is just a testament to the financial stability of the University and they are looking at four major components looking at the governance of the institution, they are looking at the financial ratio and they are looking at enrollment and the structure so, we feel confident that for both institutions you can maintain the rating on a stable outlook for both and on page 18 our major criteria of what can move your rating up or down and it is more just from operations that are stable and enrollment declines

but as we have tried to show the Performa debt service and how that would be paid for in the coverage there is based on a fairly conservative assumption and show that there is fairly good coverage on all of the projects so each stands alone on its own.

>> Is Moody's more stringent in their rating criteria as he moved up in Fitch several years ago we did not move up in Moody.

>> Right. Moody's, each of the three major agencies had a slightly different approach. Still it comes down to the same core bacteria. Moody's gives more intangible criteria for a connection with the state and then they have with the TRB debt, they are not able to give much comfort for those appropriations so they still are in stress on all of the debt on the availability of the University to pay 100 percent. [Indiscernible - low volume]

>> So it is a double-edged stored. When you talk about tier be projects. >>'s so Moody is sort of Moody is that right?

>> Yes. On page 19 we just compared what the ratings and these are from Moody's rates as to how they compare to some of the outstanding and, not that it is fair to compare the size of an institution to A&M or UT but, there is only seven AAA universities in the country. To our here in this state. Most of the institutions the majority of them are all in the a category.

>> Slide 20 is just an outline of an estimated timing and the long and short of this schedule is that the time is to try to get into the

market right after the first of the year. We have built in what the schedule will look like if that is necessary so this could accelerate a couple of weeks where you have flexibility to determine and to if you take

a week for some event in the market that can be very volatile you have the discretion to choose [Indiscernible - low volume]

>> And on the next slide, this shows the projection of interest rates going forward in our forecast and most of this is just that rates are expected to go up.

>> However, I think next week after midterm elections we will get more indication of what that will look like going forward. And from this unless there are any questions I will hand us off to Carol who will explain what the resolutions have been.

>> Unless anyone has any questions.

>> Thank you.

>> I would say good morning but it is actually afternoon. I am Carol and I am honored to be able to serve this bond counsel of the University the K2 SFA as a junior on planetarium field trips. One of the items on your agenda tomorrow for the issuance of bonds for projects that we discussed today which is the bond resolution that is a rather big document but I won't bore you with all of the details but you have before you a few of the highlights of the important matters and that bond resolution. First of all it is very important to note that these issues have developed through the information system of the University like other bond issuance as we have done in the past. If you see one or more series in an aggregate not to exceed \$125 million so the question is how do we get to not to exceed 125 million that we actually saw earlier the estimated project cost R 115 million plus or minus and there are some financing costs involved flexibility built into this therefore market changes there is flexibility to add capitalized interest as part of the costs. Flexibility as it relates to timing with which to issue the bonds. There are certain parameters under state law that have to be in the resolution to give you the authority to go forward and one of those is not to exceed the principal amount of 125 million and the other is not to exceed the final maturity of the bonds and as you will recall the bonds have serial maturity dates but there is a final maturity for state law purposes which is October 15 2053.

>> Required by federal tax laws so that is something the staff has determined for some reason the taxable fees ended up being very small and the staff has flexibility to determine. We talked about the use in the bond resolution to make sure that we picked up any possible I think, as mentioned earlier this bond resolution does include in the event that the University uses to start construction costs the bond proceeds can be used to reimburse the universities for costs and then again it delegates to the key finance in the University to finalize the price in terms of issuance of the bonds in accordance with the parameters we haven't discussed not to exceed the critical amount and of course restrictions on the usage and this delegation pursuant to this bond

resolution is already valid for one year so if the markets were to change where it was determined that is not appropriate to proceed the resolution terminates within the year and we would have to come back to the board. I don't think any of us expected that at this point but that's a state law requirement. I guess the last thing is just for your comfort but our job as bond counsel is to prepare all of the legal documents necessary in condition can issuance with the bonds and we deliver our market opinions and the interest on those bonds are exempt from federal income taxation and we also coordinate with the Attorney General's office to an issue we have received your opinion and their opinion is very forward. So we structured the bond resolution as flexible but also to ensure that we have compliance with federal and state law and I did throw a lot at you there and that is the highlights but if I would be happy to stop and answer any questions you may have about the bond issuance process and the up further aspects of the bonds.

>>

If not we appreciate your time. We know we have given you a lot of information today and we appreciate your attention.

>> Thank you.

>>

Okay. We are going to recess the finance committee I do have some instructions for everyone. We would like to invite everyone in the room to have her lunch with us we have a buffet in the room next door and our instructions are if you would please allow people at the table to go first. We will enter through this way and come out and come back and we will dine at the table with the next red presentation ongoing. So, if you would just make your way as quickly as possible the people of the table and then others can join us and then we will come back.

>> Thank you.

>> [Indiscernible - multiple speakers]

>> [Captioners Transitioning]

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