

Fiscal Year 2015-16 Capital Construction Request

Colorado Mesa University

Kinesiology Expansion

PROGRAM PLAN STATUS

2017-059

Approved Program Plan? Yes No Date Approved:

PRIOR APPROPRIATION AND REQUEST INFORMATION

<u>Fund Source</u>	<u>Prior Approp.</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$0	\$9,997,913	\$0	\$0	\$9,997,913
Total	\$0	\$9,997,913	\$0	\$0	\$9,997,913

ITEMIZED COST INFORMATION

<u>Cost Item</u>	<u>Prior Approp.</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>Future Requests</u>	<u>Total Cost</u>
Land Acquisition	\$0	\$0	\$0	\$0	\$0
Professional Services	\$0	\$1,120,797	\$0	\$0	\$1,120,797
Construction	\$0	\$8,152,567	\$0	\$0	\$8,152,567
Equipment	\$0	\$340,886	\$0	\$0	\$340,886
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Contingency	\$0	\$383,663	\$0	\$0	\$383,663
Software Acquisition	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$9,997,913	\$0	\$0	\$9,997,913

SUMMARY OF THE PROJECT

Staff note: The university is seeking project approval for borrowing under the Higher Education Revenue Bond Intercept Program. The project must also be approved through the two-year process.

Motion: Approve the request from Colorado Mesa University to use funds borrowed under the Higher Education Revenue Bond Intercept Program on behalf of the Kinesiology Expansion project (\$9,997,913 CF).

Colorado Mesa University is requesting cash funds spending authority to replace the current Maverick Pavilion with a new, 32,893-GSF pavilion. The new, two-story Maverick Pavilion will house the marching band, which is vacating space in the Moss Performing Arts Center, as well as the Kinesiology Department, intramural sports, and athletic programs. The new pavilion will be located on the south side of the existing Maverick Student Recreation Center, and will replace a temporary pavilion constructed in 2009 to accommodate needed classroom and student life space. The university may decide to reuse the temporary pavilion at another location on campus. The new facility will feature four gymnasiums, a running track, a climbing wall, support facilities, informal student gathering spaces, and instrument storage space for the CMU marching band. CMU says the project is necessary to accommodate recent enrollment growth. Between 2008 and 2013, graduates in the Kinesiology Department increased by 111 percent. Established in 2011, the marching band program has grown by 75 percent in its first three years.

Source of cash funds. The source of cash funds is unrestricted enterprise cash reserves and proceeds from bonds to be issued under the Higher Education Revenue Bond Intercept Program.

Intercept program requirements pursuant to Section 23-5-139 (1)(b)(I), C.R.S. Based on the information provided by the State Treasurer's Office, staff has determined that the CMU Board of Trustees meets the requirements to participate in the intercept program, as follows:

- 1.) **Credit rating:** As of May 2013, the board received a credit rating of A2 from Moody's. This credit rating — from a nationally recognized statistical rating organization — is in one of the three highest categories.

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2.) **Debt service coverage ratio:** The debt service coverage ratio is 1.69 (net revenue available for annual debt service/total amount of debt service subject to intercept program, including new debt proposed under program).

The State Treasurer's Office has reviewed this project and expects that CMU will maintain its credit rating from Moody's after its proposed bond issuance. The proposed bond issuance will bring CMU's debt service coverage ratio closer to the minimum threshold of 1.5. Also, future hikes in interest rates could further reduce CMU's additional debt capacity following the issuance of bonds for this project.