

Fiscal Year 2015-16 Capital Construction Request

Colorado Mesa University

Student Housing Phase VII

PROGRAM PLAN STATUS

2017-060

Approved Program Plan? Yes

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	\$12,649,630	\$0	\$0	\$12,649,630
Total	\$0	\$12,649,630	\$0	\$0	\$12,649,630

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	\$0	\$0	\$0	\$0
Construction	\$0	\$11,418,816	\$0	\$0	\$11,418,816
Equipment	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Contingency	\$0	\$1,230,814	\$0	\$0	\$1,230,814
Software Acquisition	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$12,649,630	\$0	\$0	\$12,649,630

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 Student Housing Phase VII project (\$12,649,630 CF).

Colorado Mesa University is requesting cash funds spending authority to construct a 43,330-GSF residence hall that will house 149 student beds. The project is also known as Garfield Hall Phase 3A. The project will include 35 four-bed rooms, 5 two-bed rooms, 2 computer rooms, 3 conference rooms, 5 resident assistant rooms, 10 bathrooms, 5 laundry rooms, gathering spaces, and a main entry. The Garfield Housing Complex includes four residence halls. Garfield Halls 1 and 2 were completed in 2013 and 2015, respectively. Garfield Hall 3 will be located immediately west of Garfield Hall 1.

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.

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

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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.