

**TOPIC: TWO-YEAR CASH FUNDED CAPITAL PROGRAM LIST
AMENDMENT– COLORADO MESA UNIVERSITY**

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I. SUMMARY

This item requests approval of a Two-Year Cash Funded Capital Program list amendment and program approval for Colorado Mesa University (CMU). Two (2) projects have been amended on their cash funded project list and one program plan has been submitted for review. Additionally, there has been a correction to the name of another project on the list. Both amended projects are now requesting to use the Higher Education Revenue Bond Intercept Program. The comprehensive list is included as Attachment A.

II. BACKGROUND

Current law allows governing boards to amend their two-year capital construction lists at any point during the fiscal year, and such amendments are to be submitted to the Colorado Commission on Higher Education (CCHE) and the Capital Development Committee (CDC) for approval or re-approval.

Department and CDC policy and practice is that no Cash Funded project may commence until it has received approval from the Commission and the CDC on the Two-Year list for non-intercept projects. In addition to CDC and Commission Two-Year Cash Funded list approval, a program plan must be reviewed and approved for Intercept projects. Last December, the Commission approved all submitted Two-Year Cash Funded Capital Program lists. They were approved earlier this month by the legislature's Capital Development Committee.

III. STAFF ANALYSIS

The CMU list amends two (2) projects and adds a cost of \$13.5 million, making CMU's total projection of cash needs approximately \$50 million. Table 1 displays the amended cash funded projects as reported on the two-year list by funding type.

**Table 1:
Two-Year Cash Funded Capital Program
FY 2012-2014**

CF	\$13,480,117
FF	\$0
TF	\$13,480,117

For these projects, Table 2 displays the breakdown between the academic and auxiliary nature of the projects and whether or not the projects will be financed under the Higher Education Revenue Bond Intercept Program (C.R.S. 23-5-139). The Intercept program permits schools to issue bonds for capital construction and use either the state's credit rating (opt in), or use their own credit rating (opt out). Academic facilities are those that are considered core to the role and mission of the institution (e.g. classrooms, student services, libraries), while auxiliary facilities are those that are not considered core to the role and mission and exist for some other purpose (e.g. residence halls, recreation centers, parking facilities).

Table 2:
Cash Funded Project Types

	Academic	Auxiliary	Total
Intercept	0	2	2
Non-Intercept	0	0	0
Total	0	2	2

Senate Bill 09-290, allows academic facilities constructed to be eligible for state Controlled Maintenance Funds. Non-Intercept projects will only have their cost projections reviewed in the Two-Year list, while Intercept projects require approval in the Two-Year list as well as program review. In accordance with the two step approval process for cash funded projects, the Department will review all budget documents submitted for Intercept Act cash projects and submit all forms to the General Assembly's Capital Development Committee as they are approved.

The amendments to CMU's Two-Year List are described briefly below:

“Maverick Recreation Center Expansion and Renovation” will add \$13.5 million in funds to the previously approved amount of \$6.2 million for a total cost of \$19.7 million. The project will renovate 30,518 GSF (gross square feet) of the existing recreation center and will replace the Maverick Pavilion with 49,028 ASF (assignable square feet). In order to address enrollment growth and CMU campus's recreational space needs, the project will add locker room space, group class rooms, basketball and racquetball courts, as well as redesign and expand the Saunders Fieldhouse. The expansion and renovation is expected to allow for enrollment growth for up to 15,000 students. CMU plans to use 50% auxiliary enterprise reserves and 50% enterprise auxiliary bonds through the Intercept program to fund this project. The University will use auxiliary enterprise net revenues to service the anticipated annual debt of \$372,000 for this project. If approved, it is anticipated the project would commence in March 2014 and would be completed in August 2015.

“Residence Hall Phase VI” was mistakenly listed as “Residence Hall Phase IV” on the two-year cash list that CCHE approved in December 2014. The attachment shows a correction to the name of the project. Additionally, the project was originally approved as a non-intercept project. CMU would like to opportunity to pursue this project using the Higher Education

Revenue Bond Intercept Program. CMU has not yet submitted a program plan for this project. When a program plan is submitted, it will come back to CCHE for review.

IV. STAFF RECOMMENDATION

Staff recommends that the Commission approve the Two-Year Cash Funded Capital Program list for Colorado Mesa University for submission to the Governor, the Office of State Planning and Budgeting, and the Capital Development Committee.

V. STATUTORY AUTHORITY

C.R.S. §23-1-106 (7)

(c) (I) The commission annually shall prepare a unified, two-year capital improvements report for projects to be constructed or acquired pursuant to subsection (9) or (10) of this section and estimated to require total project expenditures exceeding two million dollars, coordinated with education plans. The commission shall transmit the report to the office of state planning and budgeting, the governor, and the general assembly, consistent with the executive budget timetable.

(II) (A) Commencing in the 2010 regular legislative session, and in each regular legislative session thereafter, the commission shall submit the two-year projections prepared by each state institution of higher education for the 2010-11 and 2011-12 fiscal years, and for each two-year period thereafter as applicable, to the office of state planning and budgeting and the capital development committee. Beginning in the 2010 regular legislative session and in each regular legislative session thereafter, the capital development committee shall conduct a hearing on the projections and either approve the projections or return the projections to the institution for modification. The commission and the office of state planning and budgeting shall provide the capital development committee with comments concerning each projection.

(B) A state institution of higher education may submit to the staff of the capital development committee, the commission, and the office of state planning and budgeting an amendment to its approved two-year projection. The capital development committee shall conduct a hearing on the amendment within thirty days after submission during a regular legislative session of the general assembly or within forty-five days after submission during any period that the general assembly is not in regular legislative session. The capital development committee shall either approve the projections or return the projections to the institution for modification. The commission and the office of state planning and budgeting shall provide the capital development committee with comments concerning each amendment.

ATTACHMENT A: Two-Year Cash Funded Capital Program List Amendment – CMU