

TOPIC: REVISED TWO-YEAR CASH FUNDED CAPITAL PROGRAM LIST – COLORADO SCHOOL OF MINES

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I. SUMMARY

This item requests approval of a revised Two-Year Cash Funded Capital Program list for the Colorado School of Mines (CSM). The revised list of cash funded projects, approved by the Colorado School of Mines Board of Trustees, contains four items that CSM will pursue. The revised 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 Commission and the Capital Development Committee (CDC) for 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 and in January the legislature's Capital Development Committee approved the same.

III. STAFF ANALYSIS

The previous CSM list consisted of four projects at a cost of approximately \$104.7 million. This cost was to be covered from cash funds. The revised CSM list consists of four projects at a total cost of approximately \$80 million. Table 1 displays the projections for cash funded projects as reported on the two-year list by funding type (Cash Funds [CF] and Federal Funds [FF]).

**Table 1:
Two-Year Cash Funded Capital Program
FY2012-2013**

CF	\$80,000,000
FF	\$0
TF	\$80,000,000

For these projects, Table 2 displays the breakdown between the academic and auxiliary projects and whether or not the project 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	3	3
Non-Intercept	0	1	1
Total	0	4	4

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. For the Colorado School of Mines, that program review is underway and is anticipated to be completed in time for the next interim CDC meeting scheduled for August 13, 2012. This will allow CSM to go to the bond market as soon as possible and gain a more advantageous interest rate.

The revision to CSM’s Two-Year List involves the inclusion/revision of:

“Elm Street Residence and Dining Hall” will use \$31M in Intercept bond proceeds to construct a LEED certified 200 bed residence hall and 500 seat dining facility to be completed in August 2014. The project furthers Mine’s goal of providing on campus housing for all freshmen and a larger percentage of sophomores and will replace a failing and functionally obsolete existing dining hall. The Intercept bond will be repaid through revenue generated by the new dining facility.

“Mines Stadium” project is to construct a \$19M new stadium to replace the failing and functionally obsolete existing stadium facility. The project is to be financed by a private loan to be paid back with donations and auxiliary cash funds supplied through the department of student life. This project will not utilize Intercept Act bonds.

“Mines Services Building” will use \$6M in Intercept bond proceeds to construct a 17,694 square foot Mines Services Building that will house the offices of the Alumni Association,

Foundation, University Advancement, reception, breakout spaces and meeting rooms. The project envisions a “front door” building to act as an arrival point for students and visitors. It will also provide permanent office space for University Advancement and Administration and Finance (currently in temporary space) in addition to needed meeting and conference facilities. The project will be paid back from donations and will be completed in June 2014.

“Student Center Renovation” project will use \$24M in intercept bond revenue to add 15,483 square feet and renovate the Mines Student Center. The Student Center houses dining and catering facilities, admissions, registrar, financial aid, university clubs, career center, bookstore, and ballrooms. The renovation will consolidate and optimize existing space (65,734 square feet) and will accommodate current enrollment of 5,300 students.

IV. STAFF RECOMMENDATION

That the Commission approve the Two-Year Cash Funded Capital Program for the Colorado School of Mines and forward it 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