

# FY 2009-10 Supplemental Capital Construction Request

## Adams State College Auxiliary Facilities (202 Project)

**Motion:**

Approve the FY 2009-10 supplemental request for additional cash funds spending authority for the Auxiliary Facilities project (\$10,0000 CF).

**GENERAL INFORMATION**

2010-016

**1. Which supplemental criterion does the request meet?**

Other

Adams State College (Adams State) says this supplemental request is necessary in order to refinance some of its existing debt and take advantage of tax-free Build America Bonds.

**2. Which projects will be restricted to fund the supplemental request?**

No restriction is necessary because the project is funded from cash sources.

**3. Has the request been approved by OSPB and CCHE?**

Yes

**PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION**

The appropriation to be amended was authorized in the following bill: SB 09-0259

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CF	\$22,000,000	\$10,000,000	\$0	\$32,000,000
	\$22,000,000	\$10,000,000	\$0	\$32,000,000

**REASON FOR SUPPLEMENTAL REQUEST**

This supplemental request is for additional cash funds spending authority to continue renovation of two of the three campus residence halls in order to provide more up-to-date finishes, address life safety concerns, and realize cost savings from increased energy efficiencies. According to Adams State, there is significant renovation yet to complete in these facilities. The college plans to refinance its existing debt service in December 2009, to take advantage of low interest-rate, tax-exempt Build America Bonds.

**Source of cash funds.** The source of cash funds to repay the bonds is an existing student capital fee. Adams State says the Fall 2009 capital fee was \$29 per credit hour. The college plans to issue tax-exempt bonds in December 2009, for a period of 30 years with an average annual payment of about \$898,000. The bonds will also be used to finance two additional projects (both of which are listed on the school's two-year projection of cash need) including: 1) Music Building Remodel; and 2) Education and Social Studies Building Renovation.

**SUMMARY OF PROJECT**

The project develops an auxiliary facilities master plan, constructs a new residence hall combined with athletic facilities next to Rex Stadium, and renovates various existing facilities and features around campus in accordance with the master plan that is developed. Facilities and features to be renovated include the existing student housing inventory, the Student Union building, recreation and athletic fields, and parking. The project also includes the potential for land acquisitions. The project allows the college to evaluate its existing facilities, develop a long-term plan, and proceed with the major projects identified within the plan.

# FY 2009-10 Supplemental Capital Construction Request

## Adams State College Auxiliary Facilities (202 Project)

### Motion:

Approve the FY 2009-10 supplemental request for additional cash funds spending authority for the Auxiliary Facilities project (\$10,0000 CF).

This supplemental request continues renovations in Coronado Hall, including reconfiguring old lounge areas to accommodate super suites, making some rooms ADA-accessible, installing new windows, heating, and ventilation, insulating the exterior walls and roof, and diminishing sound transmission between floors and between rooms. Additionally, this supplemental request makes improvements in Girault Hall, including updates to toilet and shower facilities, the installation of new windows, and insulation of the roof and walls.

As a Senate Bill 92-202 project, no state funds can ever be used for the design, construction, operation, or maintenance of the project's components.

### QUESTIONS / OUTSTANDING ISSUES

1) Does Adams State plan to proceed with the refinance of its existing debt prior to receiving final approval from its governing board? (The CC-C narrative form indicates that the project will receive governing board approval on December 18, 2009.)

*ASC administration informed the Board at its October 2009 board meeting that favorable bond market conditions meant that the College may have the opportunity to enter into the market earlier than originally planned. The introduction of Build America Bonds and other bond instruments associated with the American Recovery and Reinvestment Act have reduced the cost of capital in the municipal markets to a 40 year low. The board authorized ASC Administration with the ability to move forward with the necessary financing due diligence. Preliminary bond documents have been drafted by bond counsel and ASC has met with Moody's investment analysts to update its bond rating. The Administration is in the process of attempting to schedule a special conference call to gain final board approval prior to our CDC hearing. Administration believes that it will be able to schedule the special meeting, but inserted the regularly scheduled December meeting date on the CC-C as a fallback position. The board is fully aware of these projects as they were approved by them when they approved the student capital fee following the positive vote by the students.*

2) Will the refinance of existing debt consolidate multiple bond issuances into a single new issuance?

*No. ASC will have three different bond series outstanding after this issuance.*

3) The CC-C narrative form explains that the students recently approved an increase in the capital fee. How much did the capital fee increase? When did students approve this increase?

*In February 2008 the students approved the student capital fee for funding several projects on campus. The fee is \$14.55 per credit hour. This is the second bond issuance financed using that new fee.*

4) What are Super Suites? (The justification section of the CC-C narrative states that the existing lounge areas in Coronado Hall will be reconfigured into Super Suites.)

*The lounge areas, which were underutilized, are to be converted into housing super suites which contain 4 bedrooms, one bathroom, a kitchenette, and living area.*