



# Memorandum

To: Joint Budget Committee  
From: Alfredo Kemm, JBC Staff (303-866-4549)  
Date: April 21, 2026  
Subject: Colorado Mesa University Revenue Bond Intercept Request

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## Request and Recommendation

On March 5, 2026, the Capital Development Committee (CDC) considered and approved a request from Colorado Mesa University (CMU) to expand its debt under the Higher Education Revenue Bond Intercept Program (Section 23-5-139, C.R.S.) by \$66.4 million to finance two projects. Statutory provisions require approval from both the CDC and JBC.

**Staff recommends that the Committee approve the request.**

## Background on the Intercept Program

The Higher Education Revenue Bond Intercept Program, first authorized in 2008 and most recently modified in 2022, enables the governing boards of higher education institutions to issue debt under the state's credit rating rather than their own. This reduces the cost of debt for governing boards but also makes the State responsible for making timely payments on the debt if the governing board is not able to do so. If this occurs, the State is authorized to recoup its expenditures from the affected governing board.

Pursuant to Section 23-5-139, C.R.S., to qualify for the Revenue Bond Intercept Program, an institution must have:

- A credit rating in one of the three highest categories from a nationally recognized statistical rating organization (i.e., a rating in the A or higher category)
- A debt service coverage ratio of at least 1.5x (net revenue available for debt service/annual debt service) applied to all debt.
- Pledged revenues for the issue of not less than: the net revenues of auxiliaries; 100% of tuition if an enterprise; indirect cost recovery revenues; facility construction fees designated for bond repayment; and student fees and revenues pledged to bondholders.
- Debt service payments for intercept bonds that do not exceed 75 percent of the governing board's most recent fiscal year state General Fund appropriation (amounts reappropriated to the Board).
- Pre-approval from the State Treasurer and approval from the CDC and JBC.

Senate Bill 16-206 (a JBC bill) modified Section 23-5-139, C.R.S., to tighten the program and ensure that the legislature and the Treasurer’s Office have better oversight and information on use of the intercept program, given that the State serves as the financial backstop for this debt.

Senate Bill 22-121 (Tuition Revenue Pledged by Institution of Higher Education) reduced restrictions on institutional indebtedness by increasing the amount of tuition revenue to be pledged from 10 percent to 100 percent. This greatly increased institutions’ debt service coverage ratios for the intercept program, making bonds more marketable and improving rates. However, the change also facilitates expanded use of the intercept program, since meeting the 1.5x coverage ratio for new issuances presents less of an obstacle. It thus makes other program constraints—including the JBC’s approval—particularly important.

An annual report from the Treasurer’s Office provides each governing board’s debt profile and outlines whether, at the time of the report, the governing board is qualified to participate in the program. Based on data provided by the Treasurer’s Office for the 2026 report, state institutions have outstanding principal and interest obligations of \$6.8 billion. This includes \$2.5 billion in obligations issued under the higher education revenue bond intercept program, which are issued based on the State’s Aa2 rating, rather than the underlying bond rating of the institution. All of the governing boards participate in the intercept program, except the University of Colorado, which has had a credit rating higher than or equal to the State’s.

**Colorado Mesa University Request**

CMU seeks expanded use of the intercept program by up to \$66.4 million for issuances for the two projects shown below, based on the attached letter dated April 16, 2026, from the CDC. The JBC must also review the request and approve it for CMU to expand its use of the intercept program.

**Colorado Mesa University Revenue Bond Intercept Request**

Project	Location	Amount
Centennial Village South (student housing)	Grand Junction	\$33,607,452
Student Parking Structure	Grand Junction	25,757,160
<b>Total</b>		<b>\$59,364,612</b>

The additional information below is from project plans submitted to the CDC and additional information provided to staff by CMU.

**Centennial Village South**

*Enrollment growth for first time, first year students has shown steady increases over the past decade, in line with the 1% annual growth projection described in the 2023 update to CMU’s Campus Master plan. However, Growth in first time, first year students grew increased to 28% in fall 2024, up from 1,830 students in 2023 to 2,348 students in 2024. Said increase in enrollment has required construction of an additional 310 bed residence hall scheduled to be open for students in fall 2026. Bringing an additional 310 beds on-line in fall 2026 will fill the need for the influx of new students in 2024 and will allow CMU to terminate existing leases for off campus housing but doesn’t provide a buffer for increased demand for student housing moving forward. Thus, CMU seeks spending authority to allow construction of an additional 163 beds to be delivered for fall 2027.*

*CMU requests \$33,607,452 in spending authority for the Centennial Village Student Housing project. CMU anticipates 30-year Tax Exempt interest rates between 3.5% and 4.5%. The anticipated annual debt*

service payment of ±\$1,829,777 - \$2,066,031 will be paid with increased revenues from continued growth in enrollment, housing contracts, and meal plans.

The project will construct a new 69,311 square foot student housing facility that will provide an additional 163 beds. Due to increasing student enrollment, the university has already started construction on a 310-bed residence hall that will be ready in fall of 2026. The Centennial Village South facility will provide a buffer for increased student housing demand beyond that.

The source of cash funds for the project is bonding backed by the Higher Education Revenue Bond Intercept Program, with an expected 30-year interest rate between 3.5 and 4.5 percent and annual debt service payments between \$1.8 million and \$2.1 million, to be repaid through housing and dining services student revenues.

**Colorado Mesa University  
Housing and Parking Pro Forma as of 4/17/26**

New Residence Hall - Suite Style					
	Inflation Factors	Year 1 Projection	Year 3 Projection	Year 5 Projection	Year 10 Projection
<b>Revenue</b>					
Housing Revenue	2%	2,459,424	2,558,785	2,662,160	2,939,239
Total Meal Plan Revenue	2%	1,658,993	1,726,017	1,795,748	1,962,651
<b>Total Revenue (less tech fee)</b>		<b>\$ 4,118,417</b>	<b>\$ 4,284,801</b>	<b>\$ 4,457,907</b>	<b>\$ 4,921,890</b>
<b>Expenditures</b>					
Staff Compensation	1%	157,560	160,727	163,958	172,321
Student Wages	0%	44,200	44,200	44,200	44,200
Student Stipends	0%	-	-	-	-
Utilities	5%	96,810	106,733	117,673	150,184
Insurance	5%	33,915	37,391	41,224	52,613
Financial Aid	0%	98,900	98,900	98,900	98,900
Admin Recharge	2%	46,920	48,816	50,788	56,074
Maint Recharge	2%	177,174	184,332	191,779	211,739
Telephone and Cable	0%	64,900	64,900	64,900	64,900
Other Operating	1%	10,100	10,303	10,510	11,046
Food Service Expense	2%	774,439	805,726	838,278	925,526
<b>Total Expenditures</b>		<b>\$ 1,504,918</b>	<b>\$ 1,562,028</b>	<b>\$ 1,622,209</b>	<b>\$ 1,787,504</b>
<b>Net before Debt</b>		<b>\$ 2,613,499</b>	<b>\$ 2,722,773</b>	<b>\$ 2,835,698</b>	<b>\$ 3,134,386</b>
<b>Annual Debt Service</b>		<b>\$ 1,901,230</b>	<b>\$ 1,901,230</b>	<b>\$ 1,901,230</b>	<b>\$ 1,901,230</b>
<b>Net after Debt</b>		<b>\$ 712,269</b>	<b>\$ 821,543</b>	<b>\$ 934,468</b>	<b>\$ 1,233,156</b>
		17%	19%	21%	25%

Analysis - Assumptions	
<b>Housing Costs</b>	
Housing Rate	\$ 8,800
Number of Beds	288
Occupancy Rate	95%
Meal Plan	The 14
<b>Total Debt</b>	
Construction Only	\$ 31,186,167
Capitalized Interest & Closing Cost	\$ 2,000,000
(less) Cash	
<b>Total Finance Amount</b>	<b>\$ 33,186,167</b>
Interest Rate	4.00%
Period	360
<b>Annual Debt Service Payment</b>	<b>\$ 1,901,230</b>

Annual Debt Service Sensitivity	Change
Rate Change	0.25%
Per Rate Change	\$ 56,946

All-In Cost per Bed	
Beds as Built	288
Total Cost	\$ 33,186,167
<b>Price per Bed</b>	<b>\$ 115,230</b>

Price per Square Foot	
Square Feet per Plan	69,311
Total Cost	\$ 31,186,167
<b>Price per Square Foot</b>	<b>\$ 450</b>

**Student Parking Structure**

CMU proposes construction of a 500 stall, five level parking structure, in the center of campus that will provide much needed parking to address continued growth in student enrollment, combined with recent losses of at grade parking due to construction of Centennial Village Student Housing and the soon to be completed Ember Dining Hall. CMU's original request for cash spending authority to allow construction of a parking structure in the proposed location, was submitted to the CDHE in FY2010-11 and has remained a high priority ever since. The university has been able to keep up with ever increasing demand for more parking by continuing its long-standing practice of purchasing residential real estate adjacent to campus, razing whatever structure existed, before adding surface parking. Unfortunately, CMU has exhausted the supply of at grade parking near the center of campus, which has pushed the need for a student parking garage to the top of it's capital projects priority list.

All campus programs, student, faculty, staff, and campus visitor populations alike will benefit from increased parking available in the center of campus. Additional parking has the potential to increase attendance at class, campus events, tutoring, athletics, and extracurricular activities, while greatly improving access to campus for those individuals with mobility challenges. Increased parking in the center of campus will also improve access for staff members who work nonstandard schedules including individuals on the custodial, grounds, and skilled trades teams, while improving overall campus climate.

CMU requests \$25,757,160 in spending authority for the Student Parking Structure project. CMU anticipates 30-year Tax Exempt interest rates between 3.5% and 4.5%. The anticipated annual debt service payment of ±\$1,400,451 - \$1,581,272 will be paid with increased revenues from continued growth in enrollment, housing contracts, and meal plans.

The project will construct a new five level parking structure on the university’s campus. The structure will provide 500 spots, which are needed to address continued growth in the university’s enrollment and to make up for recent losses of at grade parking due to the construction of the Centennial Village Student Housing and the Ember Dining Hall.

The source of cash funds for the project is bonding backed by the Higher Education Revenue Bond Intercept Program, with an expected 30-year interest rate between 3.5 and 4.5 percent and annual debt service payments between \$1.4 million and \$1.6 million, to be repaid through housing and dining services student revenues.

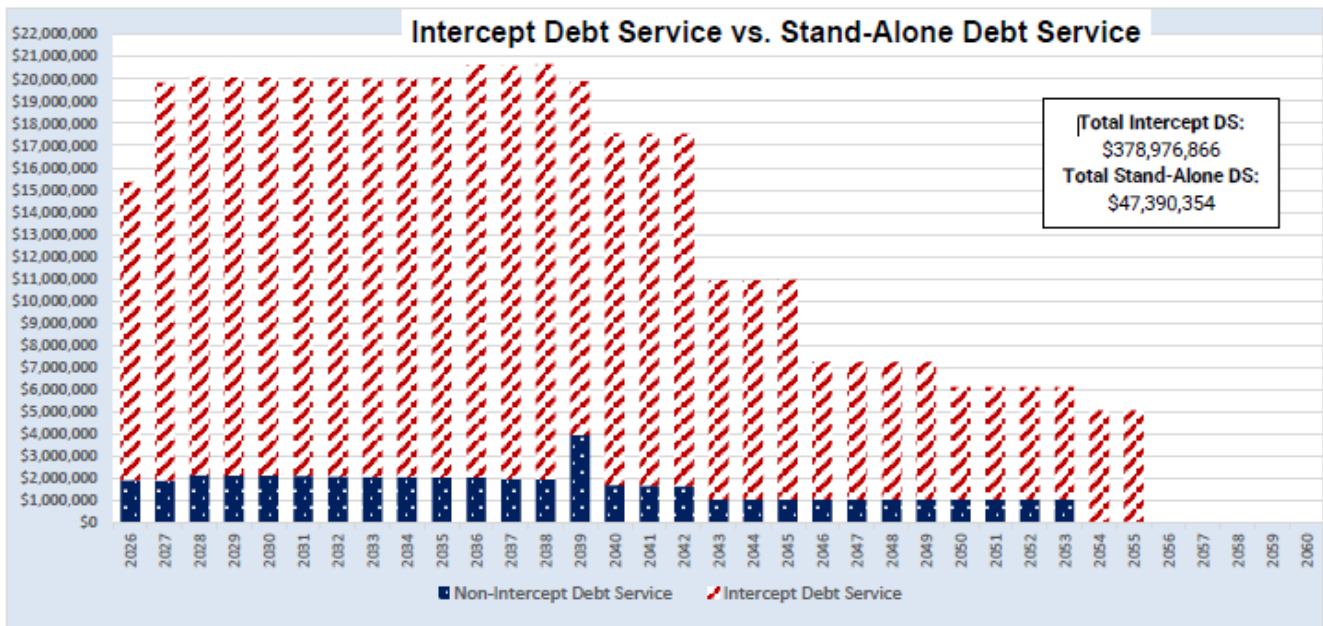
<b>Pro Forma Summary - Total Parking Operation</b>				
	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>FY 2029-30</b>	<b>FY 2030-31</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Revenue</b>	<b>2,956,783</b>	<b>3,016,353</b>	<b>3,077,597</b>	<b>3,140,829</b>
<b>Direct Operating Expenses</b>				
Salaries & Other Operating	478,155	480,265	482,428	484,645
Salaries & Benefits	190,610	190,610	190,610	190,610
Student Labor	84,407	86,517	88,680	90,897
Contract Services	128,175	128,175	128,175	128,175
Debt Service	1,764,625	1,764,625	1,764,625	1,764,625
Equipment	17,000	17,000	17,000	17,000
Other Current Expense	54,963	54,963	54,963	54,963
Travel	3,000	3,000	3,000	3,000
Utilities	-	-	-	-
<b>Total Direct Operating Expenses</b>	<b>2,242,780</b>	<b>2,244,890</b>	<b>2,247,053</b>	<b>2,249,270</b>
<b>Net Margin Before Reinvestment</b>	<b>684,258</b>	<b>741,718</b>	<b>800,799</b>	<b>861,814</b>
	26%	28%	30%	32%

Other Approvals/Requirements:

- As of the Treasurer’s FY 2025-26 Annual Report on Institutions of Higher Education (February 28, 2026), CMU was qualified to participate in the intercept program and had “pre-approval” from the Treasurer’s Office, based on various factors including its A2 credit rating from Moody’s.

- Based on the data provided by CMU, the increased debt service payments estimated at \$3.8 million for 30 years (approximately \$114.3 million) remains within the “pre-approval” of \$316.4 million in additional intercept debt reflected in the Treasurer’s report.
- If CMU’s total annual intercept debt payment increases to \$23.8 million, as would be anticipated with the addition of this issuance, staff anticipates that annual payments will remain within 75 percent of annual state operating appropriations at the time of issuance, as required by statute. CMU received \$49.7 million in appropriations for student stipends and fee-for-service contracts in FY 2025-26 and is appropriated \$50.3 million for FY 2026-27.
- The projects to be funded have been reviewed and approved by the Colorado Commission on Higher Education, as well as the CDC.

**Additional Background on CMU Debt and Financial Profile:** The chart below, from the Treasurer’s February 28, 2026 report on the program, shows CMU’s debt service obligations, most of which use state-backed intercept debt.



As shown, CMU’s annual net debt service payments are currently at \$15.4 million and increase to \$20.0 million for 2027. As noted above, CMU’s proposal to increase its debt by up to \$66.4 million is expected to increase its annual debt service by approximately \$3.8 million for the two requested projects, representing a 19.0 percent increase.

Based on financial statements, CMU’s gross revenue in FY 2023-24 was \$224.8 million. The table below (data included in the staff budget briefing) provides additional context on the scale of the new debt compared to CMU’s obligations. As shown, CMU is already quite leveraged, and these new projects will make it more so. However, this seems difficult to avoid given the school’s growth.

In February 2025, Moody's maintained CMU's underlying **credit rating of A2**. This is significantly lower than the State rating of Aa2 that CMU may use under the intercept program. (Moody's scale from highest to lowest: Aa1, Aa2, Aa3, A1, A2, A3, Baa1, etc.). The credit rating report notes CMU's "very good credit quality reflects the college's important role for Western Colorado, as a provider of both technical and academic programs. The importance of the institution is further evidenced by its unique funding support from the Cities of Grand Junction and Montrose, and Mesa County. Very strong EBIDA margins<sup>1</sup>, 27.5% in FY24 ... Prudent financial management including broad strategic initiatives to attract and retain students will continue to foster strong operating performance. Further, growing wealth and liquidity levels support the university's considerable debt burden with total debt to revenue of around 1.0x and historical high reliance on student charges."

### **Staff Recommendation**

Staff recommends the request.

- As highlighted by Moody's, CMU has been performing well as a business operation, with strong operating margins.
- There appears to be ongoing significant demand for housing at CMU and the need for additional parking that is offset by housing facility construction.
- These projects are expected to cover costs and provide some net profits.
- The proposed projects are consistent with plans approved by the Colorado Commission on Higher Education (CCHHE) and the CDC.
- In general, housing students on campus corresponds to stronger student academic performance, and this has been CMU's experience.

Staff has attached a draft letter to the Treasurer's Office and the Colorado Commission on Higher Education for the Committee's consideration.

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<sup>1</sup> A measure of profitability – revenue less expenses, excluding depreciation and amortization, divided by revenue.

**REPRESENTATIVES**

Rep. Emily Sirota, Chair  
Rep. Kyle Brown  
Rep. Rick Taggart

**SENATORS**

Sen. Jeff Bridges, Vice Chair  
Sen. Judy Amabile  
Sen. Barbara Kirkmeyer



**STAFF DIRECTOR**

Craig Harper

**JOINT BUDGET COMMITTEE**

200 E. 14th Avenue, 3rd Floor  
Denver, Colorado 80203-1784  
(303) 866-2061

April 21, 2026

Mr. John Marshall  
President  
Colorado Mesa University  
1100 North Avenue  
Grand Junction, CO 81501

Hon. Dave Young  
State Treasurer  
State Capitol  
200 E Colfax, Room 410  
Denver, CO 80203

Dear President Marshall and Treasurer Young,

Pursuant to the provisions of Sections 23-5-139 (1.5)(c), C.R.S., on April 21, 2026, the Joint Budget Committee reviewed a request from Colorado Mesa University to expand its borrowing under the Higher Education Revenue Bond Intercept Program by up to \$66,400,000 for costs associated with the projects below.

**Colorado Mesa University Revenue Bond Intercept Request**

Project	Location	Amount
Centennial Village South (student housing)	Grand Junction	\$33,607,452
Student Parking Structure	Grand Junction	25,757,160
<b>Total</b>		<b>\$59,364,612</b>

The Joint Budget Committee voted to approve this request. The amount requested falls within the pre-approval amount identified in the Colorado Treasurer’s 9th Annual Report on State Institutions of Higher Education Fiscal Year 2025/2026 (February 28, 2026), and the Capital Development Committee approved the request March 5, 2026.

Colorado Mesa University may therefore proceed with issuing this additional debt under the Higher Education Revenue Bond Intercept Program, so long as the final bond issue complies with Section 23-5-139 (1)(b)(I),(II), and (III), C.R.S., and any other relevant provisions of law.

Please contact Alfredo Kemm on our staff (303-866-4549) should you have any questions about this matter.

Sincerely,

Representative Emily Sirota, Chair

Cc:

Mark Ferrandino, Executive Director, Office of State Planning and Budgeting

JB Holston, Executive Director, Colorado Department of Higher Education

Jennifer Walmer, Chair, Colorado Commission on Higher Education

Representative Tammy Story, Chair, Capital Development Committee

Michelle Quinn, Vice President for Finance and Administration, Colorado Mesa University

# COLORADO GENERAL ASSEMBLY

Sen. Kyle Mullica, Chair  
Sen. Nick Hinrichsen  
Sen. Byron Pelton



Rep. Tammy Story, Vice-Chair  
Rep. Mandy Lindsay  
Rep. Ty Winter

## Capital Development Committee

State Capitol Building, Room 029  
Denver, Colorado 80203-1784  
(303) 866-3521

April 16, 2026

Representative Emily Sirota, Chair  
Joint Budget Committee  
200 East 14th Avenue, Third Floor  
Denver, CO 80203

Dear Representative Sirota:

On March 5, 2026, the Capital Development Committee (CDC) considered and approved two projects submitted by Colorado Mesa University pursuant to the requirements of the Higher Education Revenue Bond Intercept Program under Section 23 5 139, C.R.S. The university seeks intercept bonding authority of up to \$66.4 million for the two projects. The CDC approved the projects as submitted on a vote of 5-0. Table 1 summarizes the intercept projects. A memorandum describing the requested bond issuance and the projects is attached.

**Table 1**  
**Approve Intercept Projects**

<b>Project Name</b>	<b>Location</b>	<b>Amount of Issuance</b>
Centennial Village Student Housing South	Grand Junction	\$33.6 million
Student Parking Structure	Grand Junction	\$25.8 million

Representative Sirota

April 16, 2026

Page 2

If you have any questions or concerns about the CDC's recommendations, please call Nina Forbes, Legislative Council Staff, at (303) 866-4785.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kyle Mullica". The signature is fluid and cursive, with a prominent initial "K" and a long, sweeping underline.

Senator Kyle Mullica  
Chair, Capital Development Committee

c:

Capital Development Committee Members

Joint Budget Committee Members

Kennedy Evans, Department of Higher Education

Kent Marsh, Colorado Mesa University

Michelle Quinn, Colorado Mesa University

Adrian Leiter, Governor's Office of State Planning and Budgeting

Tammy Pacheco, Office of State Planning and Budgeting

Dave Young, State Treasurer

Eric Rothaus, State Treasurer's Office

Alfredo Kemm, Joint Budget Committee Staff

Andrea Uhl, Joint Budget Committee Staff

Capital Development Committee Staff