



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# Memorandum

April 15, 2025

**TO:** Capital Development Committee

**FROM:** Bo Pogue, Senior Legislative Analyst, (303) 866-5390

**SUBJECT:** Metropolitan State University of Denver Intercept Requests

### Summary

The Higher Education Revenue Bond Intercept Program allows the state to make necessary payments of principal and interest on revenue bonds, if needed, on behalf of a participating state-supported higher education institution. Under the program, an institution is permitted to bond for projects using the state's credit rating, which typically results in cost savings for the institution.

In order to participate in the program, an institution must meet certain requirements regarding its credit rating and its debt service coverage ratio. An institution must have a credit rating in one of the three highest categories from a nationally recognized statistical rating organization, without regard to modifiers within a category. If more than one organization has rated an institution, none of the ratings can be in a category below the three highest categories. An institution must also have a debt service coverage ratio of 1.5, measured by dividing net revenue available for annual debt service by the total amount of annual debt service plus the annual debt service to be issued.

The requirements to participate in the intercept program are established in law and verified by the Office of the State Treasurer in a report published by September 1 of each year. An excerpt of relevant sections of the 2024 report is included as Attachment A. The report itemizes the following for each state-supported higher education institution:

- the most recent credit rating or ratings;
- the debt service coverage ratio;
- the total amount of intercept bonds issued, including the anticipated payment schedule; and
- the total amount of revenue bonds issued, including the anticipated payment schedule.

**Open records requirements:** Pursuant to Section 24-72-202 (6.5)(b), C.R.S., research memoranda and other final products of Legislative Council Staff are considered public records and subject to public inspection unless: a) the research is related to proposed or pending legislation; and b) the legislator requesting the research specifically asks that the research be permanently considered "work product" and not subject to public inspection. If you would like to designate this memorandum to be permanently considered "work product" not subject to public inspection, or if you think additional research is required and this is not a final product, please contact the Legislative Council Librarian at (303) 866-4011 within seven days of the date of the memorandum.



Based on this report, the State Treasurer issues an annual preapproval certificate to each governing board that meets the statutory requirements to participate in the intercept program. The preapproval certificate includes the total amount of intercept bonds that a governing board may issue in the next year.

For FY 2024-25, Metropolitan State University of Denver's (MSUD) preapproval amount is \$1.3 billion. The institution is required to receive certification from the State Treasurer that it qualifies to participate in the intercept program prior to submitting a proposal to the Capital Development Committee (CDC) for review and approval. Any proposed new borrowing under the state intercept program is subject to approval by the CDC and the Joint Budget Committee (JBC), regardless of the cost of individual projects.

**Other approval requirements.** Intercept projects exceeding \$2 million for new projects or \$10 million for renovation projects must also be reviewed as part of an institution's two-year projection of cash need. In addition, the Colorado Commission on Higher Education must review and approve program plans for any new project costing more than \$2 million that will be financed under the intercept program. Once an institution is prepared to issue intercept-backed bonds, it submits the proposed borrowing for separate review and approval by the CDC and the JBC. MSUD seeks intercept approval for the following projects:

- Event Center Renovation. Cash funds spending authority is being sought for \$13 million for the project.
- Student Housing and Workforce Complex. Cash funds spending authority is being sought for \$95 million for the project.

Written descriptions of these two projects, prepared by Legislative Council Staff, may be found at Attachment B.

## Additional Intercept Requirements

In addition to the preapproval requirements verified by the State Treasurer, current law specifies that a request for intercept project approval to the CDC must also include:

- the maximum amount of intercept bonds the governing board seeks to issue;
- the anticipated terms of the issuance, including the maximum annual debt service; and
- if available, a copy of the governing board's resolutions authorizing the issuance.

The maximum amount of intercept bonds MSUD seeks to issue for the projects is \$115 million. The total amount of cash funds spending authority sought by MSUD for the projects is \$108 million. MSUD anticipates that the intercept bonds for the two projects will be issued for a term of 30 years, with a maximum final maturity date of December 1, 2060, at an interest rate of 4.6 percent, and not to exceed 5.75 percent. The average debt service payment is anticipated to be \$7.45 million per year. A projected debt service schedule is attached for the two projects (Attachment C).



### **CDC Action Required**

Approve the use of the intercept program for bonding of up to \$115 million for the Metropolitan State University of Denver Event Center Renovation and Student Housing and Workforce Complex projects, contingent upon approval by the Colorado Commission on Higher Education.

## Executive Summary

The following institutions are measured as to whether they met the statutory requirements to participate in the intercept program. If all requirements are met, the pre-approval amount is included as well.

Institution:	ADAMS STATE UNIVERSITY COLORADO	COLORADO COMMUNITY COLLEGE SYSTEM	COLORADO MESA UNIVERSITY	COLORADO SCHOOL OF MINES	Colorado State University	FORT LEWIS COLLEGE	MSU DENVER	CU DENVER	UNIVERSITY OF NORTHERN COLORADO	WESTERN COLORADO UNIVERSITY	Pre-Approval Amount
Ratings Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	\$580,477
Coverage Ratio Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	\$3.565 Billion
State Funding % Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	\$410.5 Million
											\$143.2 Million
											\$2.295 Billion
											\$61.75 Million
											\$1.301 Billion
											\$4.858 Billion
											\$754.2 Million
											\$184.9 Million

## Ratings

Section 23-5-139(1)(b)(II)(A), C.R.S., requires the State Treasurer to confirm that an institution's governing board participating in the state higher education intercept program carries a "credit rating *in one of the three highest categories* from at least one nationally recognized statistical rating organization [NRSRO]." (emphasis added).

There are three NRSRO's from which a credit rating has been obtained: Moody's, Standard and Poor's, and Fitch. Below are the most recent ratings available for each institution. **Note - not every institution has been rated recently and their financial situation may have changed since their last rating report was issued.** Since last year's report, no institution has received a rating change. In addition, all rating agency outlooks remain unchanged except for University of Northern Colorado's S&P outlook was revised to stable from negative. The three highest categories for Moody's, S&P, and Fitch are Aaa/Aa/A, AAA/AA/A, and AAA/AA/A, respectively.

Institution	Moody's	S&P	Fitch	Most Recent Agency Report
Adams State University	A3 (Stable)	N/A	N/A	December 2022
Colorado Community College System	Aa3 (Stable)	N/A	N/A	April 2023
Colorado Mesa University	A2 (Stable)	N/A	N/A	April 2024
Colorado School of Mines	A1 (Stable)	A+ (Stable)	N/A	March 2024
Colorado State University	Aa3 (Stable)	A+ (Stable)	N/A	February 2024
Fort Lewis College	A3 (Stable)	N/A	N/A	March 2024
Metropolitan State University	A1 (Stable)	A (Stable)	N/A	July 2024
University of Colorado	Aa1 (Stable)	N/A	AA+ (Stable)	June 2024
University of Northern Colorado	A3 (Stable)	A- (Stable)	N/A	March 2024
Western Colorado University	A3 (Stable)	N/A	N/A	August 2024

Institutions Meeting the Rating Requirement	Institutions Not Meeting the Rating Requirement
	NONE

## Debt Service Coverage Ratio and Outstanding Debt

The debt service coverage ratio is measured by “dividing the governing board’s net revenue available for annual debt service over such governing board’s total amount of annual debt service.” § 23-5-139(1)(b)(II)(B), C.R.S. As of the writing of this report, the eight institutions which expanded their tuition pledges (from 10% to 100%) are the Colorado Community College System, Colorado Mesa University, Colorado School of Mines, Colorado State University, Fort Lewis College, Metropolitan State University of Denver, University of Northern Colorado, and Western Colorado University. The statute requires a coverage ratio of at least one and one-half times to be eligible for the intercept program.

The following is the calculated debt service for all outstanding bonds and intercept bonds (FY2025), net pledged revenues (FY2023), and their respective debt service coverage ratios. For Adams State University, calculations are provided for debt service coverage ratios under both a 10% tuition pledge and a 100% tuition pledge.

Institution	Adams State University	Colorado Community College System**	Colorado Mesa University**	Colorado School of Mines**	Colorado State University**
FY2025 Debt Service-All Outstanding Bonds	\$4,290,350	\$8,235,517	\$15,386,610	\$33,219,316	\$88,190,872
FY2025 Debt Service-Intercept Bonds	\$4,000,600	\$1,620,769	\$13,436,656	\$7,962,730	\$59,708,139
FY2023 Net Pledged Revenues	\$6,482,872	\$303,158,326	\$97,389,000	\$184,707,000	\$703,186,803
<b>DSCR-All w/ 10% Pledge</b>	<b>1.51x</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>DSCR-Intercept w/ 10% Pledge</b>	<b>1.62x</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>DSCR-All w/ 100% Pledge</b>	<b>6.60x</b>	<b>36.81x</b>	<b>6.33x</b>	<b>5.56x</b>	<b>7.97x</b>
<b>DSCR-Intercept w/ 100% Pledge</b>	<b>7.08x</b>	<b>187.05x</b>	<b>7.25x</b>	<b>23.20x</b>	<b>11.78x</b>

\*\*Denotes university/college which has adopted 100% tuition pledge provided for in SB22-121

Institution	Fort Lewis College**	Metropolitan State University**	University of Colorado***	University of Northern Colorado**	Western Colorado University**
FY2025 Debt Service-All Outstanding Bonds	\$4,283,611	\$8,976,848	\$161,657,336	\$10,884,438	\$7,201,719
FY2025 Debt Service-Intercept Bonds	\$3,277,844	\$6,209,957	-	\$10,739,801	\$6,798,176
FY2023 Net Pledged Revenues	\$11,462,085	\$126,289,149	\$1,542,950,000	\$88,316,932	\$25,886,326
<b>DSCR-All w/ 10% Pledge</b>	<b>**</b>	<b>**</b>	<b>N/A</b>	<b>**</b>	<b>**</b>
<b>DSCR-Intercept w/ 10% Pledge</b>	<b>**</b>	<b>**</b>	<b>N/A</b>	<b>**</b>	<b>**</b>
<b>DSCR-All w/ 100% Pledge</b>	<b>2.68x</b>	<b>14.07x</b>	<b>9.54x</b>	<b>8.11x</b>	<b>3.59x</b>
<b>DSCR-Intercept w/ 100% Pledge</b>	<b>3.50x</b>	<b>20.34x</b>	<b>N/A</b>	<b>8.22x</b>	<b>3.81x</b>

\*\*Denotes university/college which has adopted 100% tuition pledge provided for in SB22-121

\*\*\*The University of Colorado already had flexibility to pledge 100% tuition revenue under previous legislation

Institutions Meeting the Coverage Requirement	Institutions Not Meeting the Coverage Requirement
	NONE

### Debt Service as a Percentage of State Funding

Higher education institutions receive State funding through various mechanisms. The State supplies funding to institutions directly through the Colorado Opportunity Fund (“COF”) and fee for service contracts. The maximum amount of intercept debt service owed by any institution in any year *must equal 75% or less* of the combined amount of the COF and fee for service. § 23-5-139(1)(b)(I), C.R.S.

Below is each institution’s maximum annual intercept debt service, in any current or future year, as a percentage of 2024-2025 State funding.

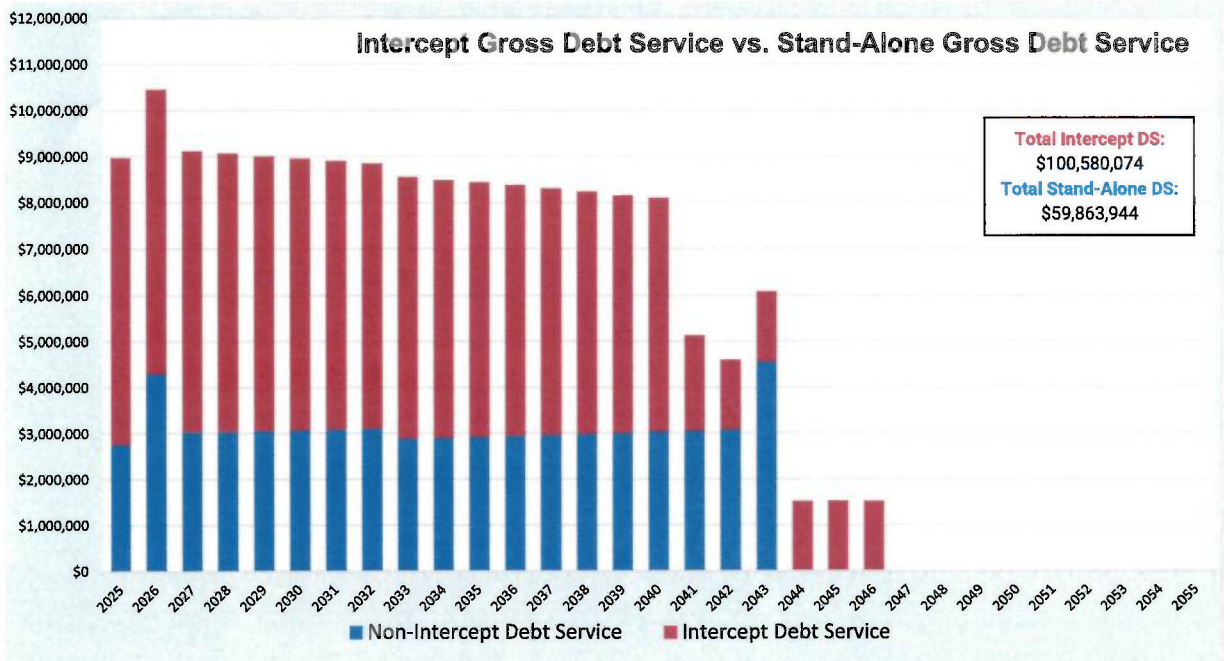
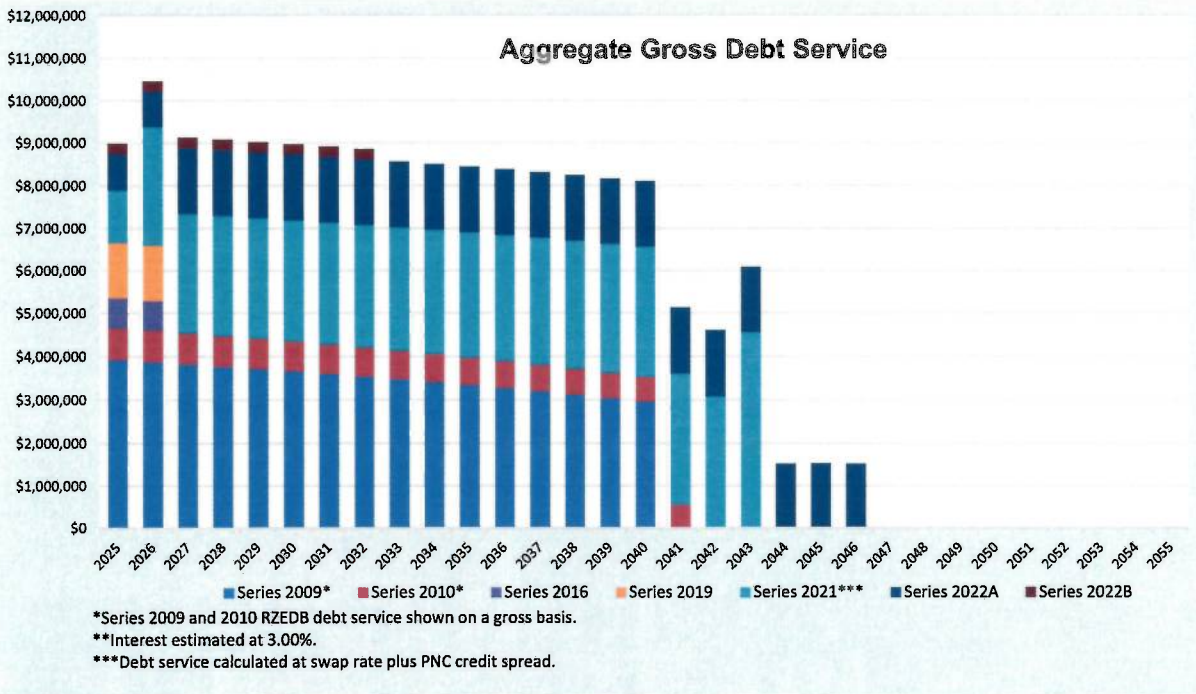
Institution	State Funding Amount FY2024-2025	Current Maximum Intercept Debt Service Amount	Percentage of Maximum Intercept Debt Service Amount to State Funding
Adams State University	\$28,074,295	\$4,504,380	16.04%
Colorado Community College System	\$293,557,242	\$1,623,619	0.6%
Colorado Mesa University	\$49,217,113	\$13,569,515	27.6%
Colorado School of Mines	\$37,054,876	\$20,002,019	53.9%
Colorado State University	\$245,989,778	\$59,708,139	24.3%
Fort Lewis College	\$23,188,891	\$3,405,169	14.7%
Metropolitan State University	\$102,577,951	\$6,209,957	6.1%
University of Colorado	\$352,251,853	\$0	N/A
University of Northern Colorado	\$69,004,345	\$10,743,317	15.6%
Western Colorado University	\$24,942,246	\$6,798,175	27.3%

Institutions Meeting the State Funding Percentage Requirement	Institutions Not Meeting the State Funding Percentage Requirement
	NONE

# Metropolitan State University



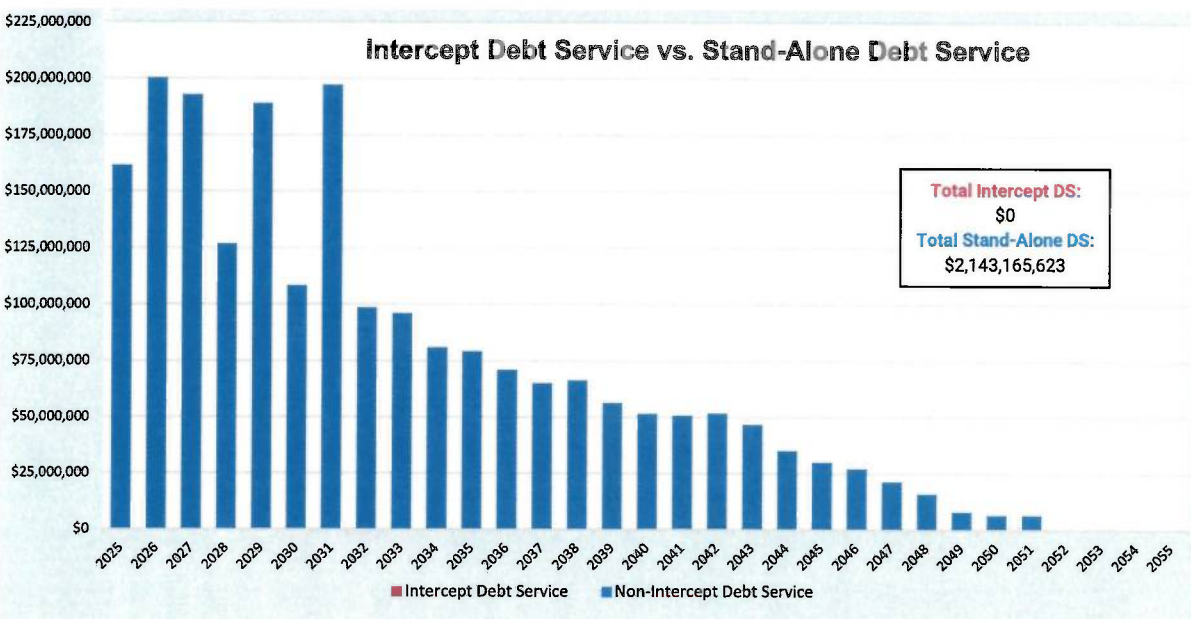
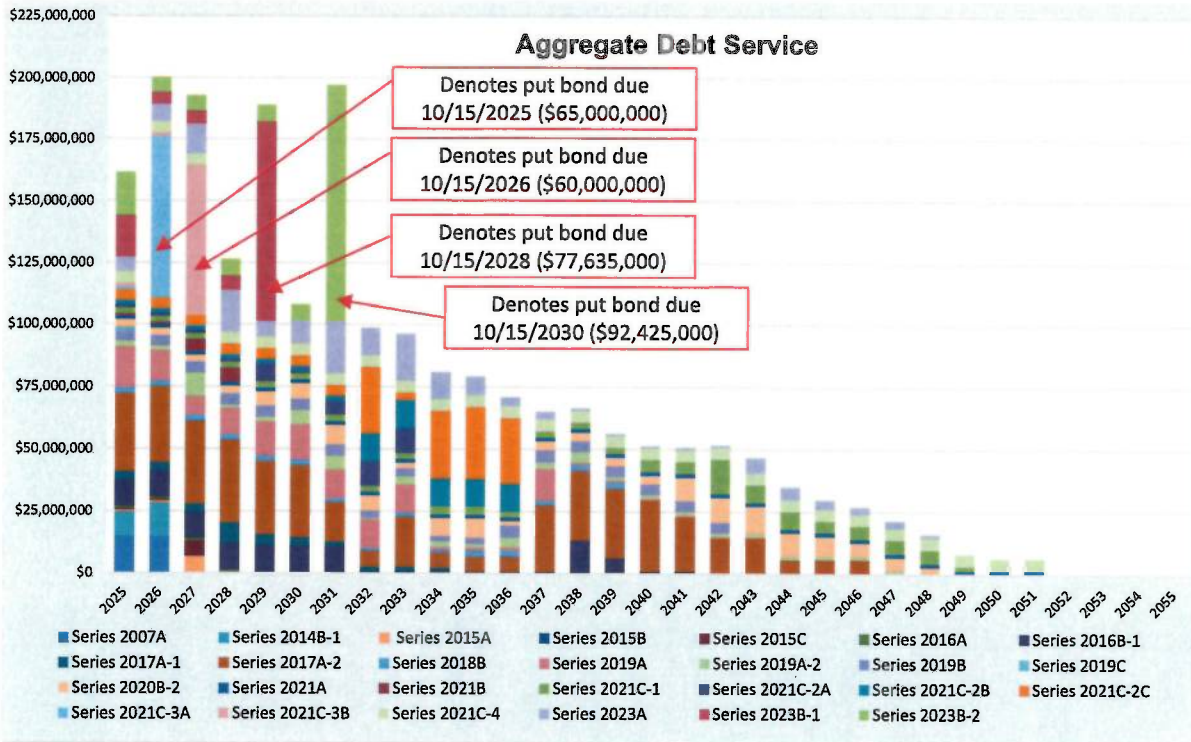
**Location:** Denver  
**Underlying Ratings:** A1, A, N/A\*  
**State Intercept Enhanced Ratings:** Aa2, N/A, N/A\*  
**Most Recent Agency Rating:** July 2024  
**Pre-Approved for Intercept?** Yes  
**Pre-Approval Amount:** \$1.301 Billion



\*Ratings are displayed in order of Moody's, S&P, and Fitch



**Location:** Various  
**Underlying Ratings:** Aa1, N/A, AA+\*  
**State Intercept Enhanced Ratings:** N/A, N/A, N/A\*  
**Most Recent Agency Rating:** June 2024  
**Pre-Approved for Intercept?** Yes  
**Pre-Approval Amount:** \$4.858 Billion



\*Ratings are displayed in order of Moody's, S&P, and Fitch



# Capital Development Committee

## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

### FISCAL YEAR 2024-25 TWO-YEAR PROJECTION OF CASH NEED

Metropolitan State University of Denver  
April 17, 2025

Date Authorized Until: April 17, 2027  
Grand Total, all projects: \$108,000,000

#### Motion

Approve the new projects listed on the Metropolitan State University of Denver two-year projection of cash need.

#### Event Center Renovation

Project Number	Project Status	High Performance Certification	Cost	Fund Source
2025-138	New project, requires approval	N/A	\$13,000,000	CF

The project renovates a defunct, 12,355-ASF pool space in the Event Center for repurposing into a multipurpose instruction and event space. The Exercise and Sport Sciences Department will use the space for hands-on learning and training experiences. In addition, the renovations will allow the space to host events, including guest lectures, student orientations, and large-scale academic assemblies, and will offer seating for up to 500 attendees. The university says the new space will fill a gap in its facilities portfolio.

The source of cash funds for the project is the issuance of bonds, to be repaid from the university's Metro Bond Fee, which is dedicated to debt repayment for capital improvements.

#### Student Housing and Workforce Complex

Project Number	Project Status	High Performance Certification	Cost	Fund Source
2025-137	New project, requires approval	N/A	\$95,000,000	CF

The project constructs a 199,800-GSF, 550-bed student housing building on the north side of campus to house students in a traditional on-campus environment. The university says it does not currently have a residence hall exclusively for its students, and a market study it conducted indicates that of the nearly half of its enrollment that live in apartment rentals, 71 percent would

prefer an on-campus unit. Further, the project will significantly impact students who might not otherwise be able to afford to live in Denver, and will help transform the campus away from being a commuter-focused campus.

The source of cash funds is bonds, to be repaid from student housing revenue and the university's Metro Bond Fee, which is dedicated to debt repayment for capital improvements.

**TABLE OF CONTENTS**

**BOARD OF TRUSTEES OF METROPOLITAN STATE UNIVERSITY OF DENVER**  
**Enterprise Revenue Bonds, Series 2025A**  
**MSUD Student Housing Project**  
**'A1' Rated Enterprise Revenue Bonds**  
**Capitalized Int. thru 9/1/2027. Net Funded Project Fund and CAPI @ 2%.**  
**30-Yr Amortization Post-CAPI. No Donation.**



**'A' MMD Rates (+25bpts Cushion) and Assumptions as of 4/11/2025. All Subject to Change.**

Report	Page
Sources and Uses of Funds . . . . .	1
Net Debt Service . . . . .	2
Bond Summary Statistics . . . . .	3

**SOURCES AND USES OF FUNDS**

**BOARD OF TRUSTEES OF METROPOLITAN STATE UNIVERSITY OF DENVER**  
**Enterprise Revenue Bonds, Series 2025A**  
**MSUD Student Housing Project**  
**'A1' Rated Enterprise Revenue Bonds**  
**Capitalized Int. thru 9/1/2027. Net Funded Project Fund and CAPI @ 2%.**  
**30-Yr Amortization Post-CAPI. No Donation.**



**'A' MMD Rates (+25bpts Cushion) and Assumptions as of 4/11/2025. All Subject to Change.**

Dated Date 06/26/2025

Delivery Date 06/26/2025

**Sources:**

---

Bond Proceeds:	
Par Amount	114,150,000.00
Premium	3,991,123.25
	<hr/>
	118,141,123.25
	<hr/> <hr/>

**Uses:**

---

Project Fund Deposits:	
Student Housing Project Fund	77,840,784.63
Retail Project Fund	15,770,460.58
PE Event Center	12,815,094.15
	<hr/>
	106,426,339.36
Other Fund Deposits:	
Capitalized Interest Fund	10,757,597.49
Delivery Date Expenses:	
Cost of Issuance	500,000.00
Underwriter's Discount	456,600.00
	<hr/>
	956,600.00
Other Uses of Funds:	
Contingency (Project Fund)	586.40
	<hr/>
	118,141,123.25
	<hr/> <hr/>

**NET DEBT SERVICE**



**BOARD OF TRUSTEES OF METROPOLITAN STATE UNIVERSITY OF DENVER**  
**Enterprise Revenue Bonds, Series 2025A**  
**MSUD Student Housing Project**  
**'A1' Rated Enterprise Revenue Bonds**  
**Capitalized Int. thru 9/1/2027. Net Funded Project Fund and CAPI @ 2%.**  
**30-Yr Amortization Post-CAPI. No Donation.**

**'A' MMD Rates (+25bpts Cushion) and Assumptions as of 4/11/2025. All Subject to Change.**

Period Ending	Principal	Coupon	Interest	Total Debt Service	Capitalized Interest Fund	Net Debt Service
06/30/2026			5,311,145.83	5,311,145.83	(5,311,145.83)	
06/30/2027			5,707,500.00	5,707,500.00	(5,707,500.00)	
06/30/2028			5,707,500.00	5,707,500.00		5,707,500
06/30/2029	1,680,000	5.000%	5,665,500.00	7,345,500.00		7,345,500
06/30/2030	1,765,000	5.000%	5,579,375.00	7,344,375.00		7,344,375
06/30/2031	1,855,000	5.000%	5,488,875.00	7,343,875.00		7,343,875
06/30/2032	1,950,000	5.000%	5,393,750.00	7,343,750.00		7,343,750
06/30/2033	2,055,000	5.000%	5,293,625.00	7,348,625.00		7,348,625
06/30/2034	2,160,000	5.000%	5,188,250.00	7,348,250.00		7,348,250
06/30/2035	2,270,000	5.000%	5,077,500.00	7,347,500.00		7,347,500
06/30/2036	2,385,000	5.000%	4,961,125.00	7,346,125.00		7,346,125
06/30/2037	2,505,000	5.000%	4,838,875.00	7,343,875.00		7,343,875
06/30/2038	2,635,000	5.000%	4,710,375.00	7,345,375.00		7,345,375
06/30/2039	2,770,000	5.000%	4,575,250.00	7,345,250.00		7,345,250
06/30/2040	2,915,000	5.000%	4,433,125.00	7,348,125.00		7,348,125
06/30/2041	3,065,000	5.000%	4,283,625.00	7,348,625.00		7,348,625
06/30/2042	3,220,000	5.000%	4,126,500.00	7,346,500.00		7,346,500
06/30/2043	3,385,000	5.000%	3,961,375.00	7,346,375.00		7,346,375
06/30/2044	3,560,000	5.000%	3,787,750.00	7,347,750.00		7,347,750
06/30/2045	3,740,000	5.000%	3,605,250.00	7,345,250.00		7,345,250
06/30/2046	3,935,000	5.000%	3,413,375.00	7,348,375.00		7,348,375
06/30/2047	4,135,000	5.000%	3,211,625.00	7,346,625.00		7,346,625
06/30/2048	4,345,000	5.000%	2,999,625.00	7,344,625.00		7,344,625
06/30/2049	4,570,000	5.000%	2,776,750.00	7,346,750.00		7,346,750
06/30/2050	4,805,000	5.000%	2,542,375.00	7,347,375.00		7,347,375
06/30/2051	5,050,000	5.000%	2,296,000.00	7,346,000.00		7,346,000
06/30/2052	5,310,000	5.000%	2,037,000.00	7,347,000.00		7,347,000
06/30/2053	5,580,000	5.000%	1,764,750.00	7,344,750.00		7,344,750
06/30/2054	5,870,000	5.000%	1,478,500.00	7,348,500.00		7,348,500
06/30/2055	6,170,000	5.000%	1,177,500.00	7,347,500.00		7,347,500
06/30/2056	6,485,000	5.000%	861,125.00	7,346,125.00		7,346,125
06/30/2057	6,815,000	5.000%	528,625.00	7,343,625.00		7,343,625
06/30/2058	7,165,000	5.000%	179,125.00	7,344,125.00		7,344,125
	114,150,000		122,962,645.83	237,112,645.83	(11,018,645.83)	226,094,000

**BOND SUMMARY STATISTICS**

**BOARD OF TRUSTEES OF METROPOLITAN STATE UNIVERSITY OF DENVER  
Enterprise Revenue Bonds, Series 2025A  
MSUD Student Housing Project  
'A1' Rated Enterprise Revenue Bonds  
Capitalized Int. thru 9/1/2027. Net Funded Project Fund and CAPI @ 2%.  
30-Yr Amortization Post-CAPI. No Donation.  
'A' MMD Rates (+25bpts Cushion) and Assumptions as of 4/11/2025. All Subject to Change.**



Dated Date	06/26/2025
Delivery Date	06/26/2025
First Coupon	12/01/2025
Last Maturity	12/01/2057
Arbitrage Yield	4.710375%
True Interest Cost (TIC)	4.757705%
Net Interest Cost (NIC)	4.856277%
All-In TIC	4.791352%
Average Coupon	5.000000%
Average Life (years)	21.544
Duration of Issue (years)	12.969
Par Amount	114,150,000.00
Bond Proceeds	118,141,123.25
Total Interest	122,962,645.83
Net Interest	119,428,122.58
Bond Years from Dated Date	2,459,252,916.67
Bond Years from Delivery Date	2,459,252,916.67
Total Debt Service	237,112,645.83
Maximum Annual Debt Service	7,348,625.00
Average Annual Debt Service	7,311,396.36
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	4.000000
Total Underwriter's Discount	4.000000
Bid Price	103.096385

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Serial Bonds thru 2044	43,915,000.00	107.323	5.000%	12.618	9.404	33,692.05
Term Bond due 2049	21,790,000.00	101.957	5.000%	22.530	13.835	17,214.10
Term Bond due 2054	27,980,000.00	101.246	5.000%	27.531	15.299	22,104.20
Term Bond due 2057	20,465,000.00	100.000	5.000%	31.464	16.161	32,744.00
	114,150,000.00			21.544		105,754.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	114,150,000.00	114,150,000.00	114,150,000.00
+ Accrued Interest			
+ Premium (Discount)	3,991,123.25	3,991,123.25	3,991,123.25
- Underwriter's Discount	(456,600.00)	(456,600.00)	
- Cost of Issuance Expense		(500,000.00)	
- Other Amounts			
Target Value	117,684,523.25	117,184,523.25	118,141,123.25
Target Date	06/26/2025	06/26/2025	06/26/2025
Yield	4.757705%	4.791352%	4.710375%