

STATE OF COLORADO  
OFFICE OF THE TREASURER  
Walker R. Stapleton



**COLORADO TREASURER'S 2<sup>ND</sup> ANNUAL REPORT**  
**STATE INSTITUTIONS OF HIGHER EDUCATION**  
**FISCAL YEAR 2017/2018**



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## Introduction

# STATE OF COLORADO DEPARTMENT OF THE TREASURY

**Walker R. Stapleton**  
State Treasurer



**Ryan Parsell**  
Deputy Treasurer

September 1, 2017

Colorado Joint Budget Committee

The Honorable Kent D. Lambert, Chair  
The Honorable Millie Hamner, Vice Chair  
The Honorable Dominick Moreno  
The Honorable Kevin Lundberg  
The Honorable Bob Rankin  
The Honorable Dave Young

200 East Colfax Ave  
Denver, CO 80203

Dear Committee Members:

The Colorado Treasurer's Office submits this report to comply with Colorado Revised Statutes (C.R.S.) section 23-5-139. According to the statute, this report addresses the fiscal health of Colorado's Higher Education Institutions ("institution(s)") as it relates to outstanding debt and debt service costs. Specifically, this report will show:

1. The most recent credit rating of each institution that has issued either intercept or stand alone bonds
2. The debt service coverage ratio for each institution that has issued either intercept or stand alone bonds
3. The total amount of all intercept and stand alone bonds issued by each institution

Additionally, this report also serves as the communication mechanism to show which institutions qualify for pre-approval of the state of Colorado's intercept program. Colorado law directs the Treasurer's Office to calculate a pre-approval amount for qualifying institutions one of two ways. The Treasurer's Office has calculated the amount using the two methods outlined in statute and using the "lesser of the two amounts". One of the methods states to use "the difference between seventy-five percent of the most recent fiscal year's general fund appropriations for stipends and fee-for-service contracts that are

re-appropriated to such governing board and the total annual debt service payments for intercept bonds”. The second method allows for “[t]he total amount of additional revenue bonds a governing board could issue while maintaining the requirements set forth in subparagraph (II) of paragraph (b) of this subsection (1)”. Pre-approvals were then calculated assuming a thirty year amortization at a 4.25% interest rate.

This is the second such report the Treasurer’s Office has submitted. The Treasurer’s Office has sought to make improvements over the last report to better communicate relevant financial data and better inform decision makers. Hopefully the new executive summary and the inclusion of reports from Standard and Poors are welcome additions to this document. Please do not hesitate to give feedback if there are any additional data or format changes you would like to see in the future.

The information presented in this report is believed to be accurate and up-to-date. However, some of the rating data for a few of institutions is older than that of other institutions. New ratings usually are updated when an institution is seeking new debt. Please use caution when comparing some datasets.

Finally, a report like this represents much time and effort among the contributors. The Treasurer’s Office would like to thank Stephanie Chichester, Nick Taylor, and Julia Donnelly of North Slope Capital, Lori Ann Knutson and Grant Sullivan from the Attorney General’s Office, and Amanda Bickel of the Joint Budget Committee Staff for their help and guidance in preparing this report.






Sincerely,






Walker R. Stapleton  
State Treasurer

Ryan Parsell  
Deputy Treasurer

## 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:					
Ratings Requirement Met	✓	✓	✓	✓	✓
Ratio Requirement Met	✓	✓	✓	✓	✓
Percentage Requirement Met	✓	✓	✓	✓	✓
Pre Approval Amount	\$22,939,257	\$706,692,210	\$113,640,209	\$80,363,557	\$796,448,154

Institution:					
Ratings Requirement Met	✓	✓	✓	✓	✗
Ratio Requirement Met	✓	✓	✓	✓	✗
Percentage Requirement Met	✓	✓	✓	✓	✓
Pre Approval Amount	\$110,836,063	\$532,962,753	\$249,180,718	\$335,290,009	N/A

## Ratings

C.R.S. section 23-5-139 requires the Treasurer's Office to communicate an institution's "credit rating in one of the three highest categories, without regard to modifiers with a category, from at least one nationally recognized statistical rating organization".

There are three nationally recognized statistical rating organizations from which a credit rating can be obtained: Moody's, Standard and Poors, and Fitch. Below are the most recent ratings available for each institution. **However, not each institution has been rated recently and their financial situation may have changed since their last rating.** Please reference "Institution Profiles" for the last date an institution was rated.

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
Adams State College	A3 (Negative)	N/A	N/A
Colorado Community College System	Aa2 (Stable)	N/A	N/A
Colorado Mesa University	A2 (Stable)	N/A	N/A
Colorado School of Mines	Aa3 (Stable)	A+ (Stable)	N/A
Colorado State University	Aa3 (Stable)	A+ (Stable)	N/A
Fort Lewis College	A2 (Stable)	A (Stable)	N/A
Metropolitan State University	A1 (Stable)	A (Negative)	N/A
University of Colorado	Aa1 (Stable)	Withdrawn	AA+ (Stable)
University of Northern Colorado	A2 (Negative)	A (Negative)	N/A
Western State Colorado University	Baa1 (Stable)	Withdrawn	N/A

Institutions Meeting the Rating Requirement	Institutions Not Meeting the Rating Requirement
        	

## 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”. Colorado statute requires a ratio of “at least one and one-half to one” to be eligible for the intercept program.

The following is the calculated outstanding debt, service coverage, and their respective ratios.

Institution	Adams State University	Colorado Community College System	Colorado Mesa University	Colorado School of Mines	Colorado State University
FY2017 Debt Service-All Outstanding Bonds	\$3,972,910	\$7,997,899	\$13,559,162	\$16,492,601	\$72,797,692
FY2017 Debt Service-Intercept Bonds	3,972,910	2,729,880	12,725,602	11,348,746	57,242,451
Debt Service Coverage Ratio: FY 2016 Net Pledged Revenues	6,639,403	25,044,836	26,265,770	44,983,000	152,933,908
<b>DSCR-All</b>	<b>1.67x</b>	<b>3.13x</b>	<b>1.94x</b>	<b>2.73x</b>	<b>2.10x</b>
<b>DSCR-Inter.</b>	<b>1.67x</b>	<b>9.17x</b>	<b>2.06x</b>	<b>3.96x</b>	<b>2.67x</b>

Institution	Fort Lewis College	Metropolitan State University	University of Colorado	University of Northern Colorado	Western State Colorado University
FY2017 Debt Service-All Outstanding Bonds	\$4,258,916	\$11,131,999	\$130,964,657	\$10,457,336	\$5,899,190
FY2017 Debt Service-Intercept Bonds	2,267,195	7,120,401	N/A	9,818,592	5,899,190
Debt Service Coverage Ratio: FY 2016 Net Pledged Revenues	8,817,242	29,686,874	1,068,058,000	31,593,821	8,338,071
<b>DSCR-All</b>	<b>2.07x</b>	<b>2.67x</b>	<b>8.16x</b>	<b>3.02x</b>	<b>1.34x</b>
<b>DSCR-Inter.</b>	<b>3.89x</b>	<b>4.17x</b>	<b>N/A</b>	<b>3.22x</b>	<b>1.34x</b>

Institutions Meeting the Ratio Requirement	Institutions Not Meeting the Ratio Requirement
        	

## Debt Service as a Percentage of State Funding

The institutions in question receive funding through various mechanisms. The state supplies funding to institutions directly through the Colorado Opportunity Fund (“COF”) and fee for service. The amount of intercept debt service owed by any institution in any year cannot be more than 75% of the combined amount of the COF and fee for service.

Below is each institution’s intercept debt service amount as a percentage of state funding.

Institution	State Funding Amount	FY2017 Intercept Debt Service Amount	Percentage of Debt Service Amount to State Funding
Adams State College	\$14,259,963	\$3,972,910	27.86%
Colorado Community College System	153,709,215	2,729,880	1.78
Colorado Mesa University	25,951,161	12,725,602	49.04
Colorado School of Mines	21,484,706	11,348,746	52.82
Colorado State University	139,285,526	57,242,451	41.10
Fort Lewis College	11,784,939	2,267,195	19.24
Metropolitan State University	51,626,603	7,120,401	13.79
University of Colorado	194,318,227	130,964,657	67.40
University of Northern Colorado	39,597,408	9,818,592	24.80
Western State Colorado University	11,821,897	5,899,190	49.90

*(Information continued on next page)*

Institutions Meeting the Percentage Requirement	Institutions Not Meeting the Percentage Requirement
         	

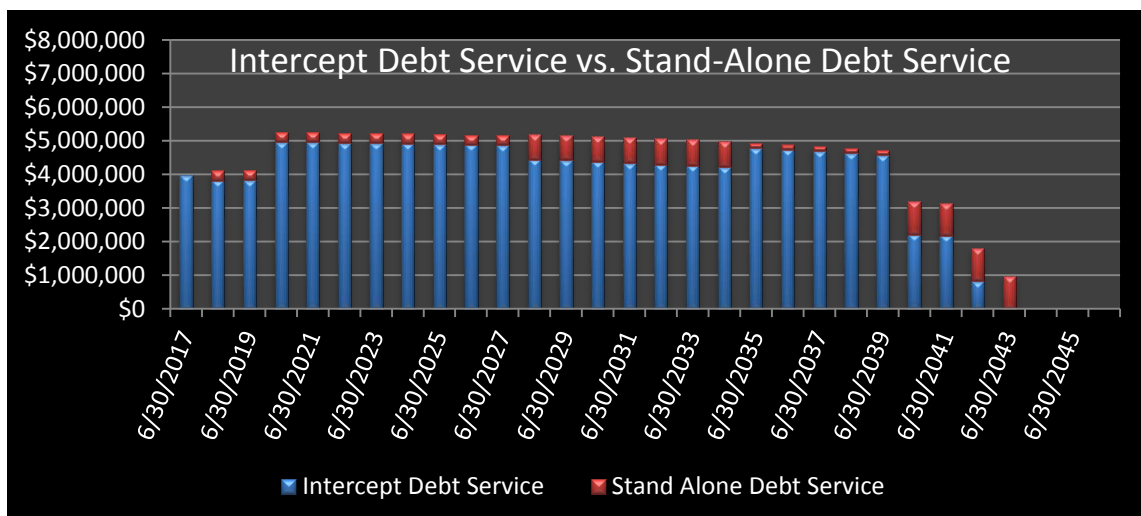
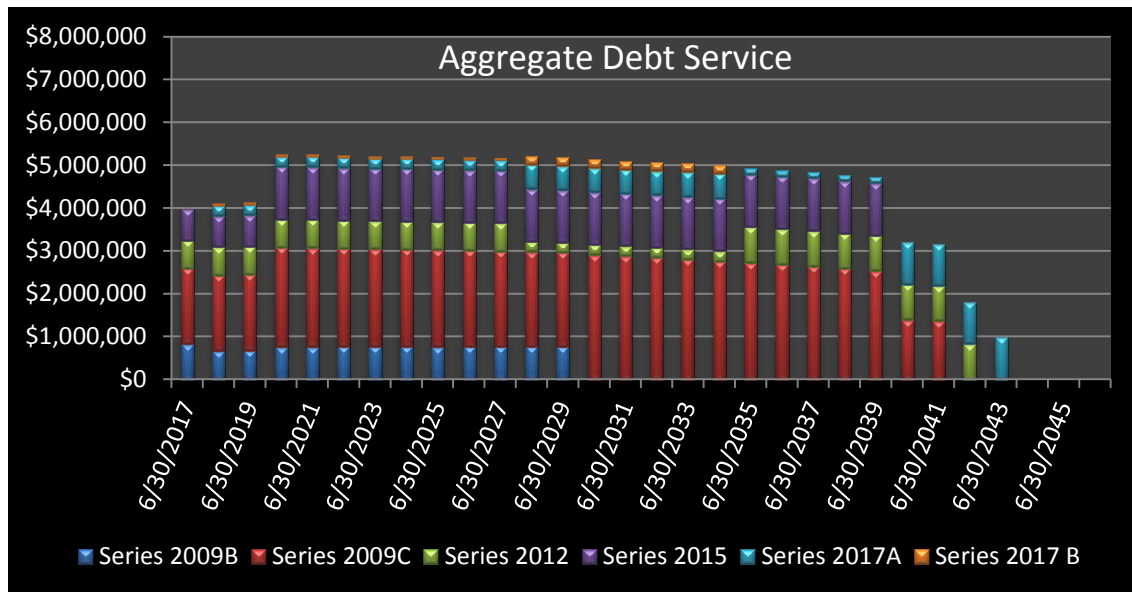
## Institution Profiles

### Adams State College



**Location:** Alamosa  
**Agency Ratings:** A3, N/A, N/A\*  
**Last Rated by Agency:** May 2017

**Pre-Approved for Intercept?**  
 Yes  
**Pre-Approval Amount:**  
 \$22,939,257

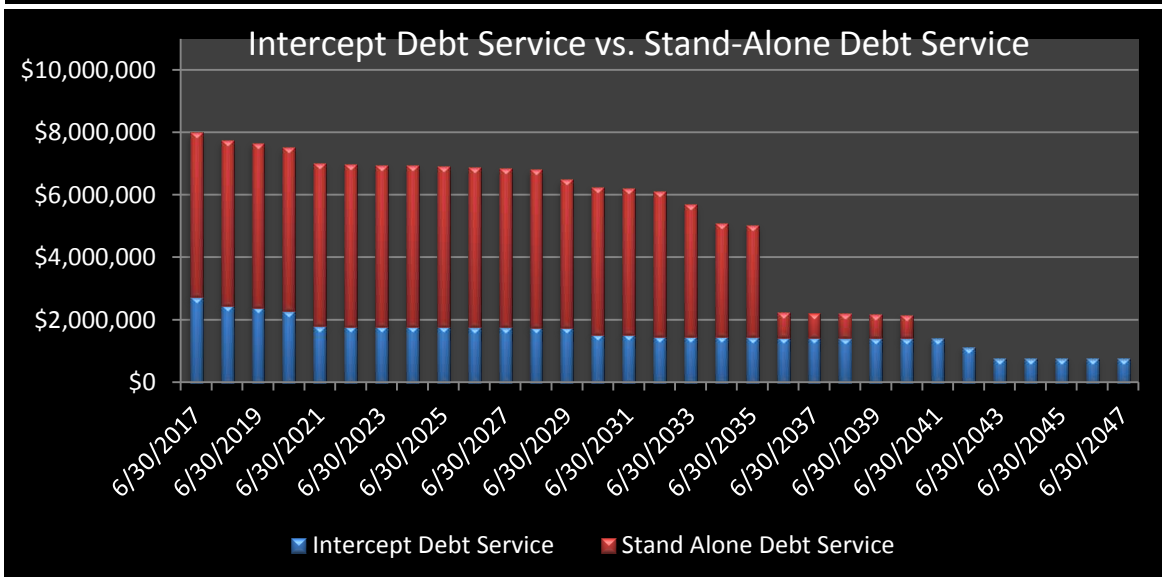
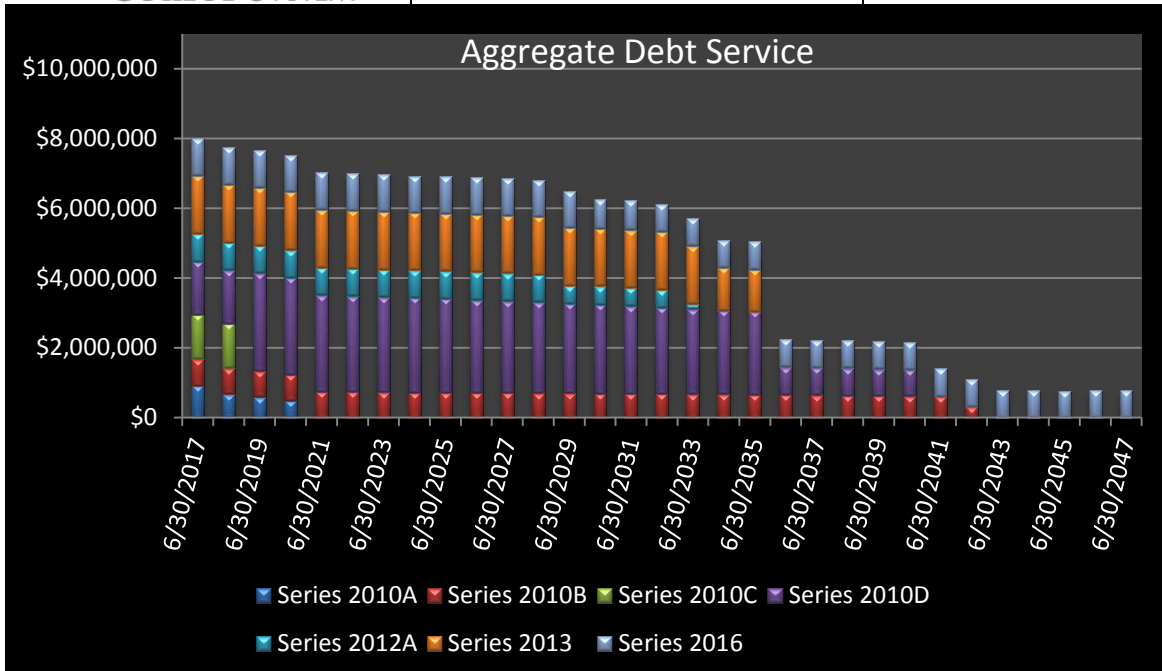


## Colorado Community College System



**Location:** Various  
**Agency Ratings:** Aa2, N/A, N/A  
**Last Rated by Agency:** Jan 2016

**Pre-Approved for Intercept?**  
 Yes  
**Pre-Approval Amount:**  
 \$706,692,210



## Colorado Mesa University

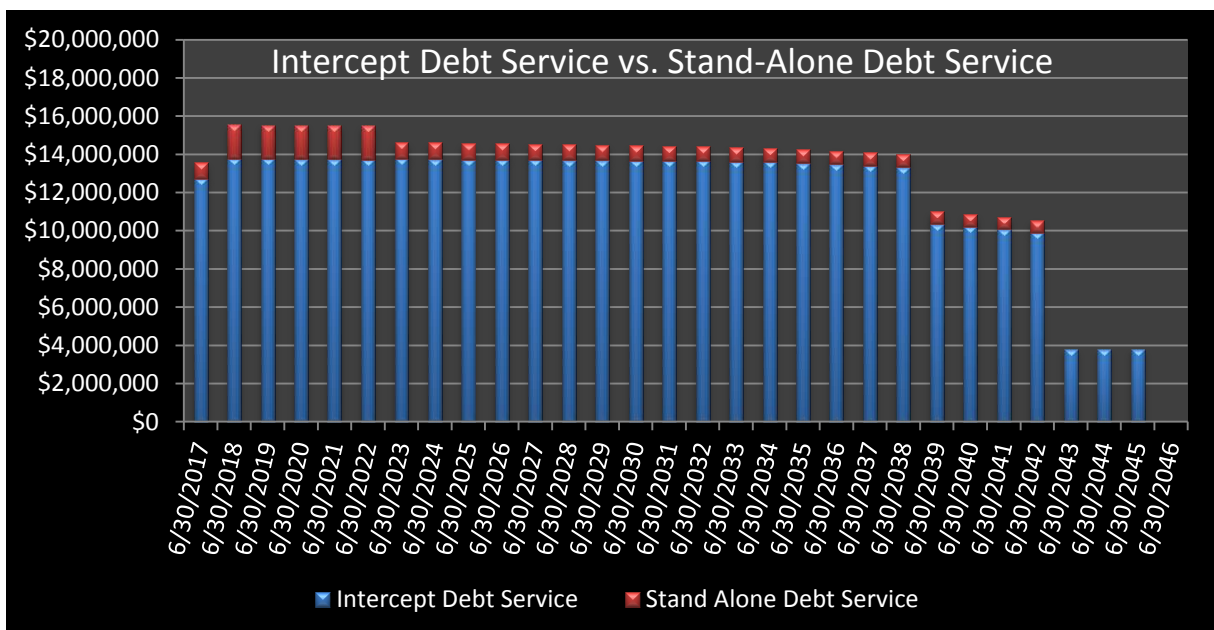
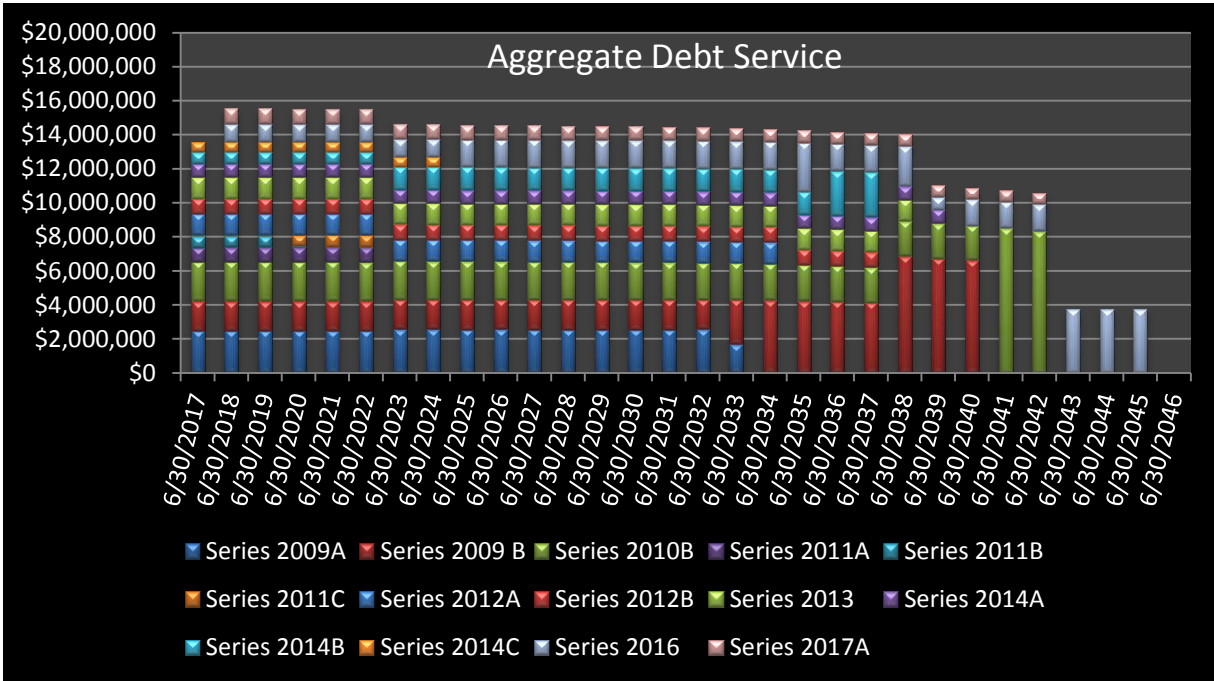


**Location:** Grand Junction  
**Agency Ratings:** A2  
**Last Rated by Agency:** Jan 2016

**Pre-Approved for Intercept?**

Yes

**Pre-Approval Amount:**  
 \$113,640,209

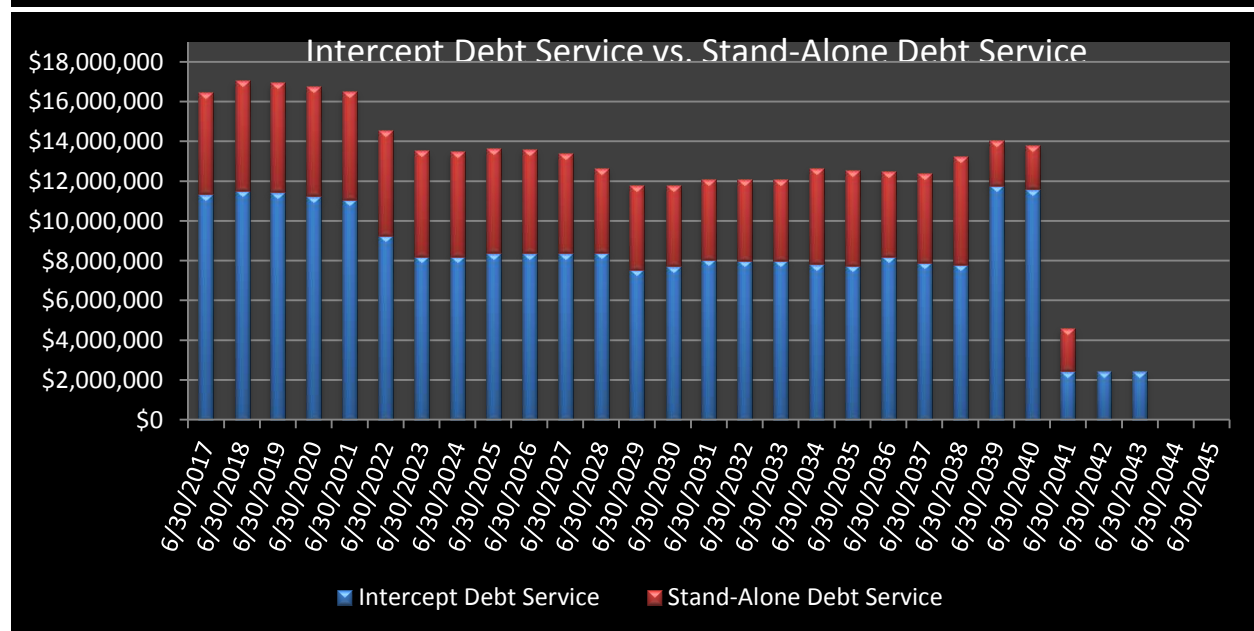
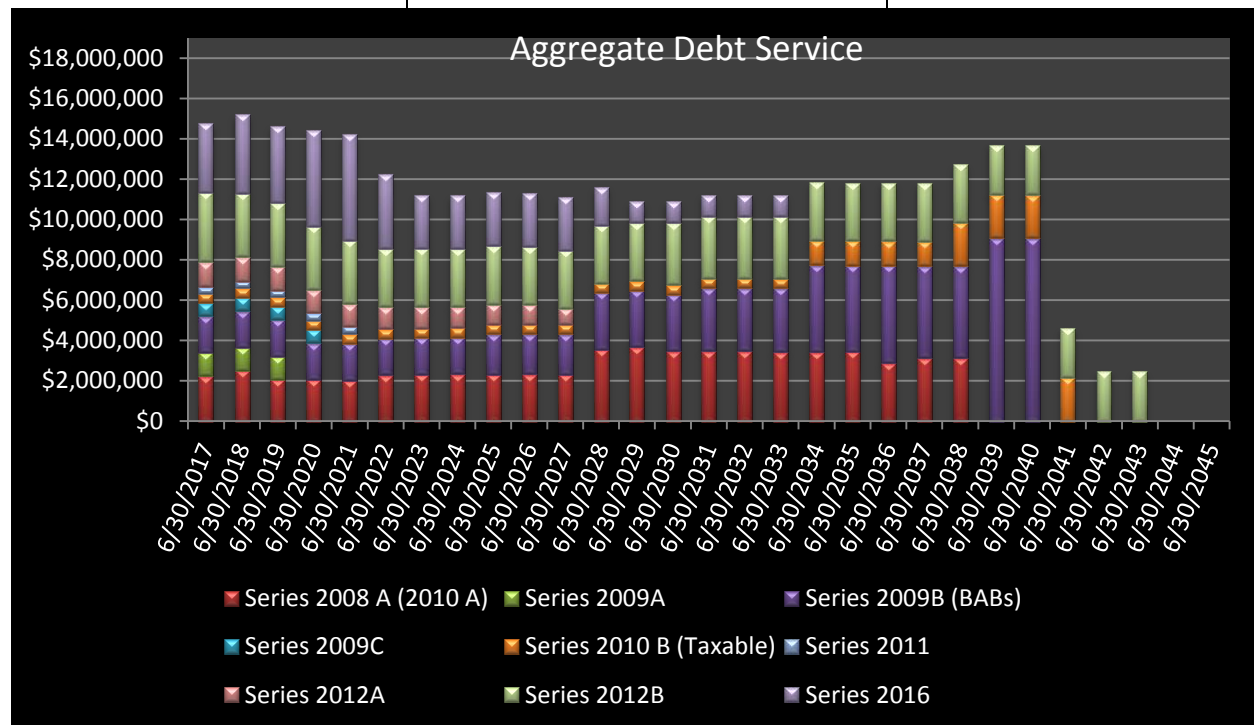


## Colorado School of Mines



**Location:** Golden  
**Agency Ratings:** Aa3  
**Last Rated by Agency:** July 2017

**Pre-Approved for Intercept?**  
 Yes  
**Pre-Approval Amount:**  
 \$80,363,557

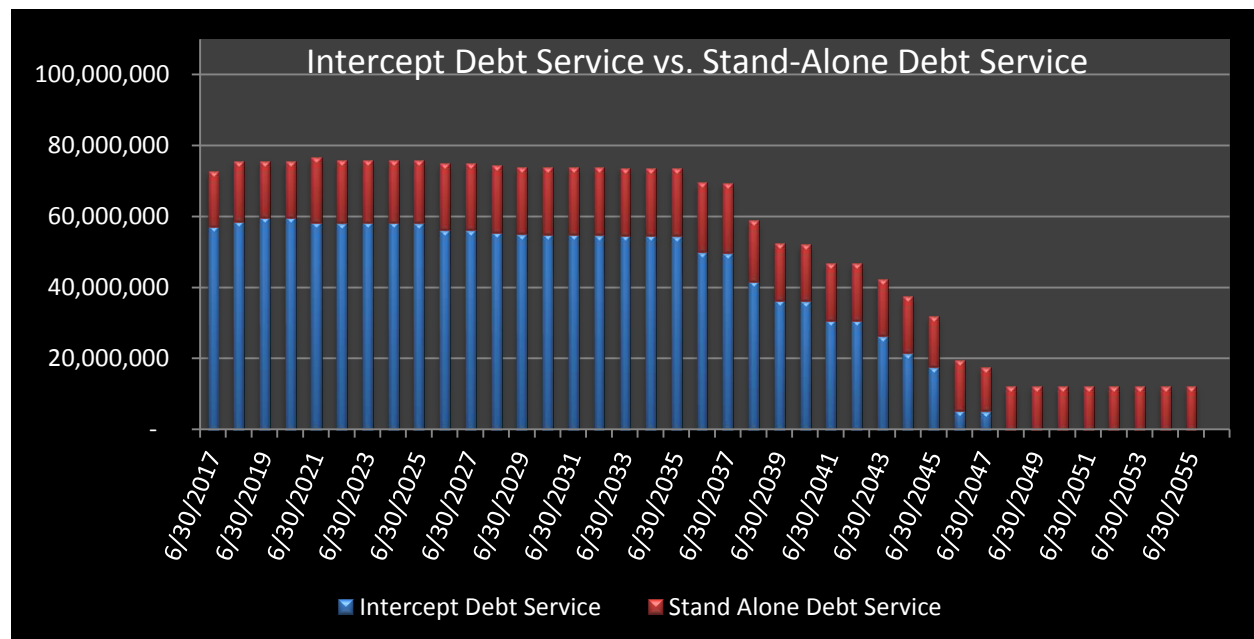
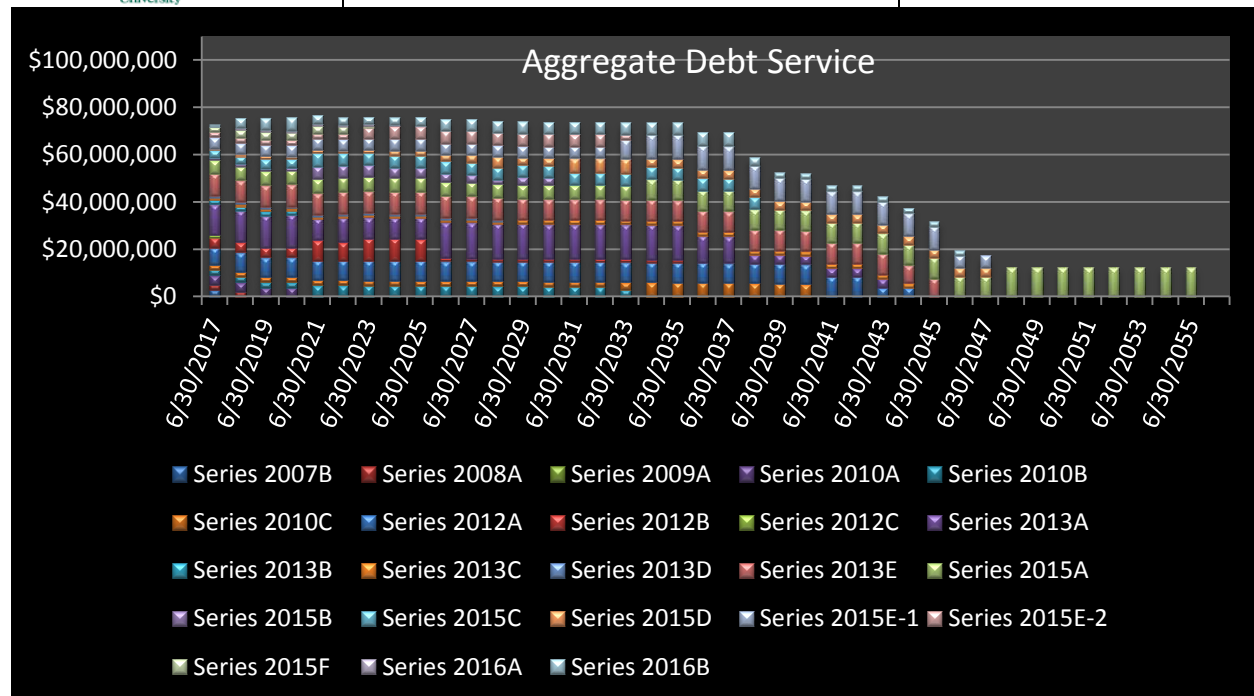


## Colorado State University



**Location:** Fort Collins  
**Agency Ratings:** Aa3, A+, N/A  
**Last Rated by Agency:** Nov 2016

**Pre-Approved for Intercept?**  
 Yes  
**Pre-Approval Amount:**  
 \$796,448,154

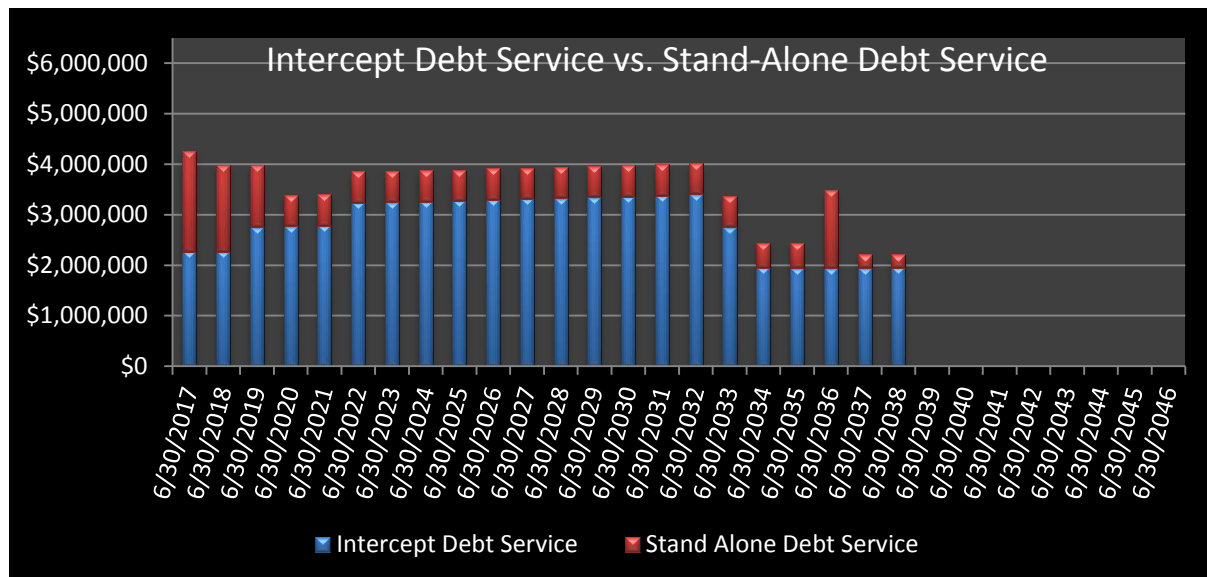
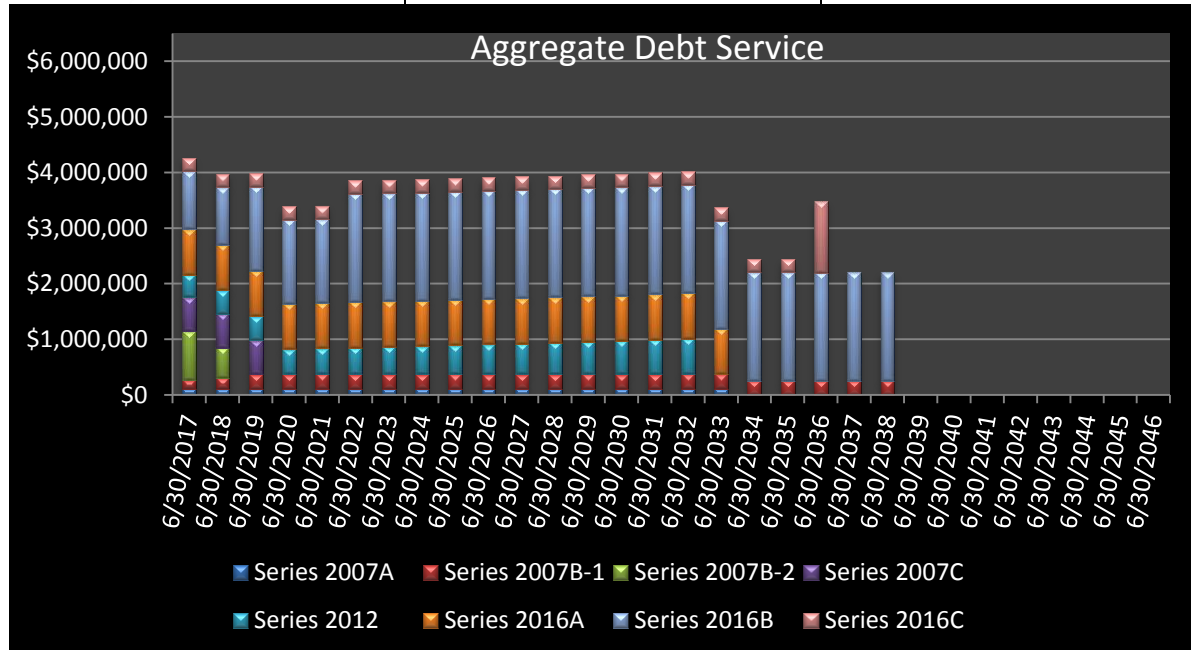


## Fort Lewis College



**Location:** Durango  
**Agency Ratings:** A2, A, N/A  
**Last Rated by Agency:** Feb 2016

**Pre-Approved for Intercept?**  
 Yes  
**Pre-Approval Amount:**  
 \$110,836,063

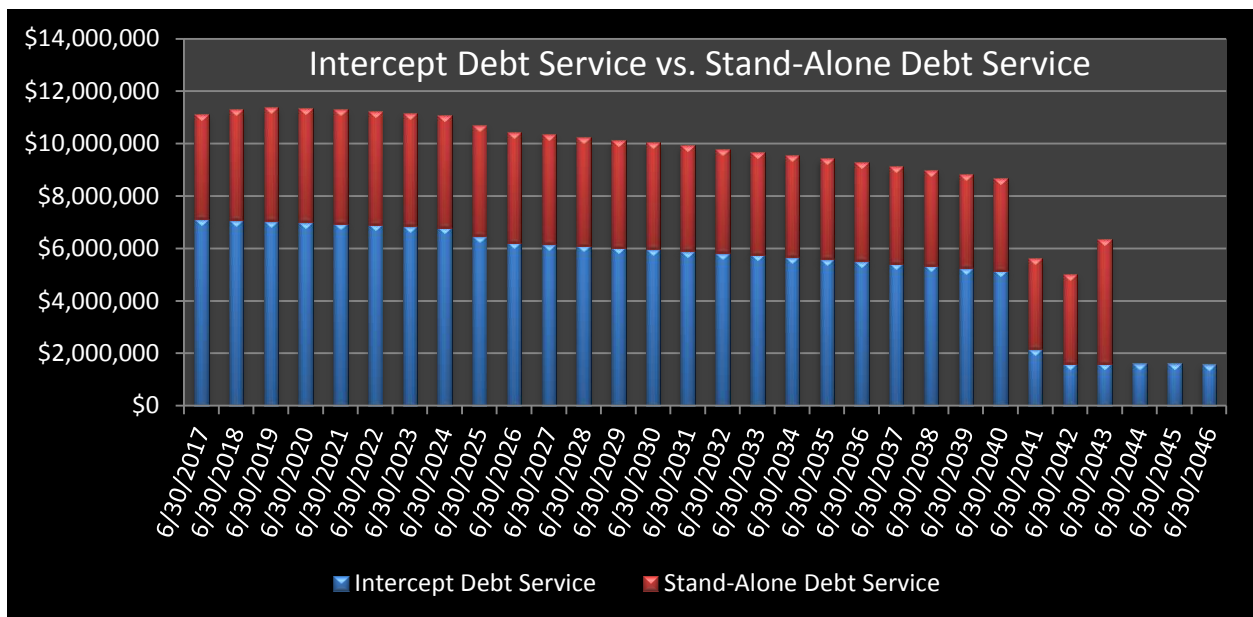
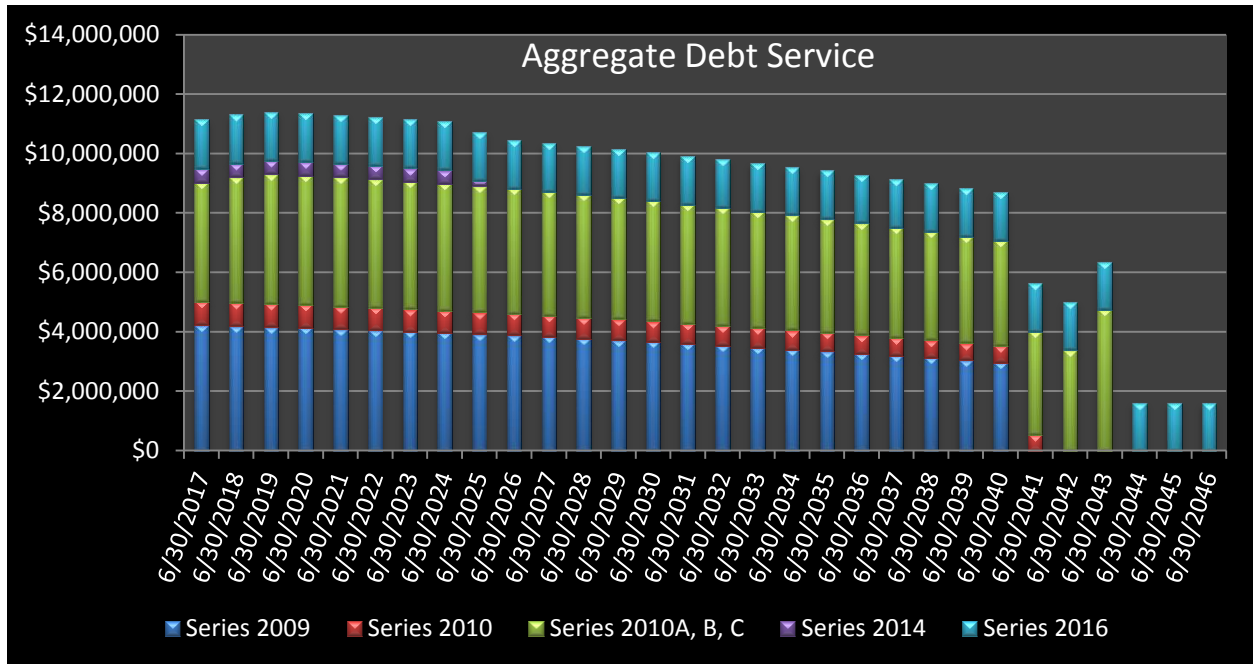


# Metropolitan State University



**Location:** Denver  
**Agency Ratings:** A1, A, N/A  
**Last Rated by Agency:** Jan 2016

**Pre-Approved for Intercept?**  
 Yes  
**Pre-Approval Amount:**  
 \$532,962,753

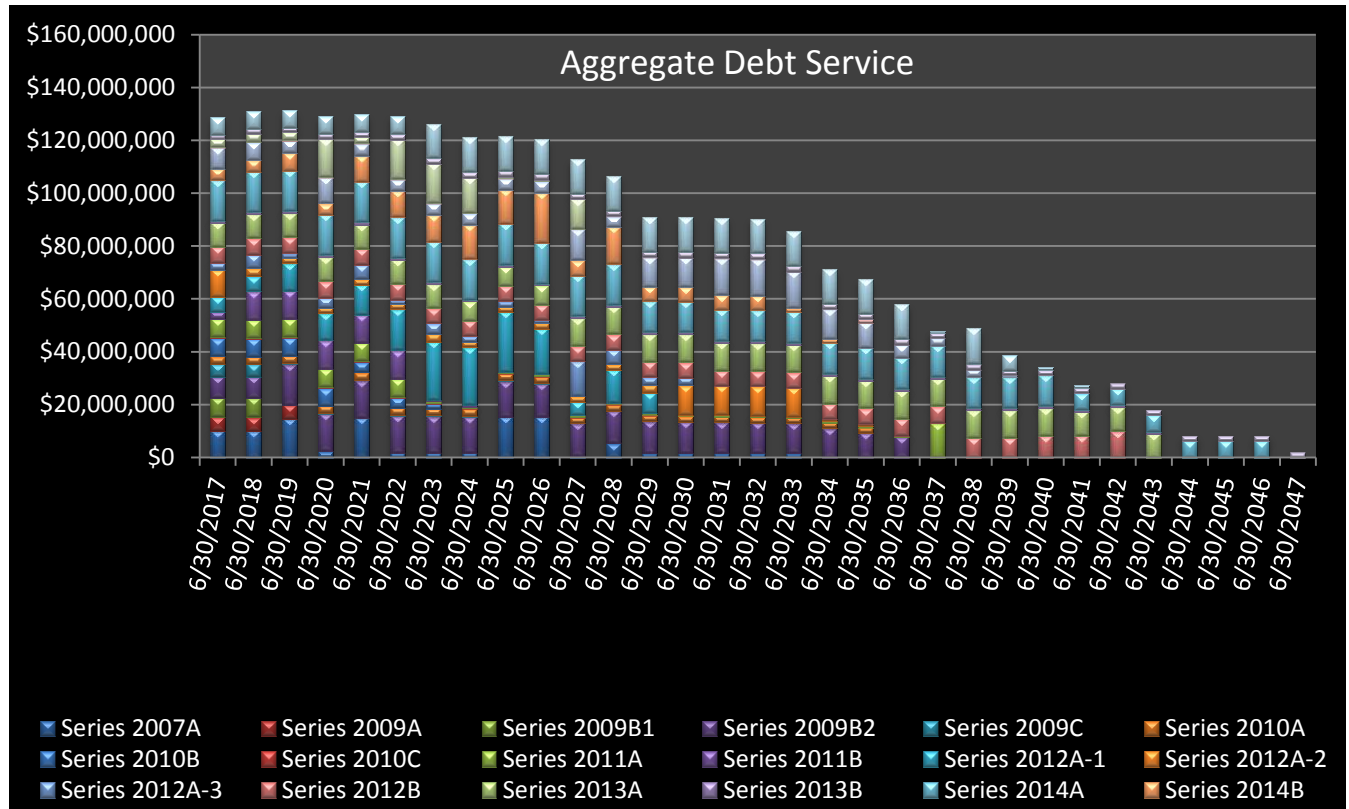


# University of Colorado



**Location:** Various  
**Agency Ratings:** Aa1, N/A, AA+  
**Last Rated by Agency:** May 2017

**Pre-Approved for Intercept?**  
 Yes  
**Pre-Approval Amount:**  
 \$249,180,718

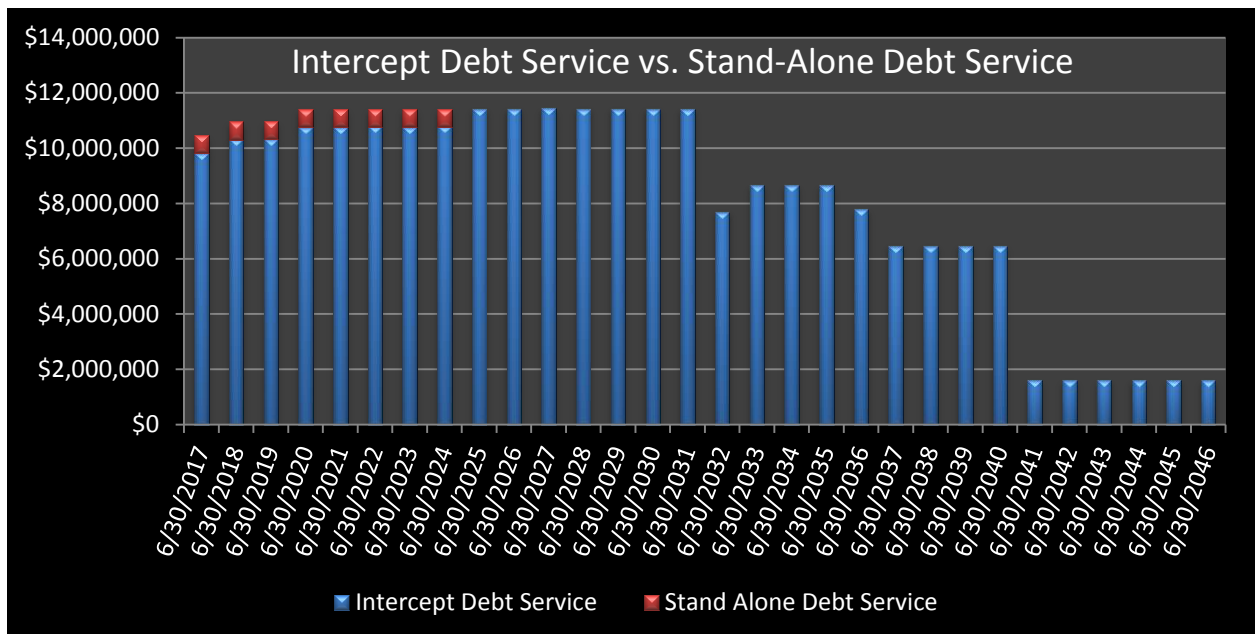
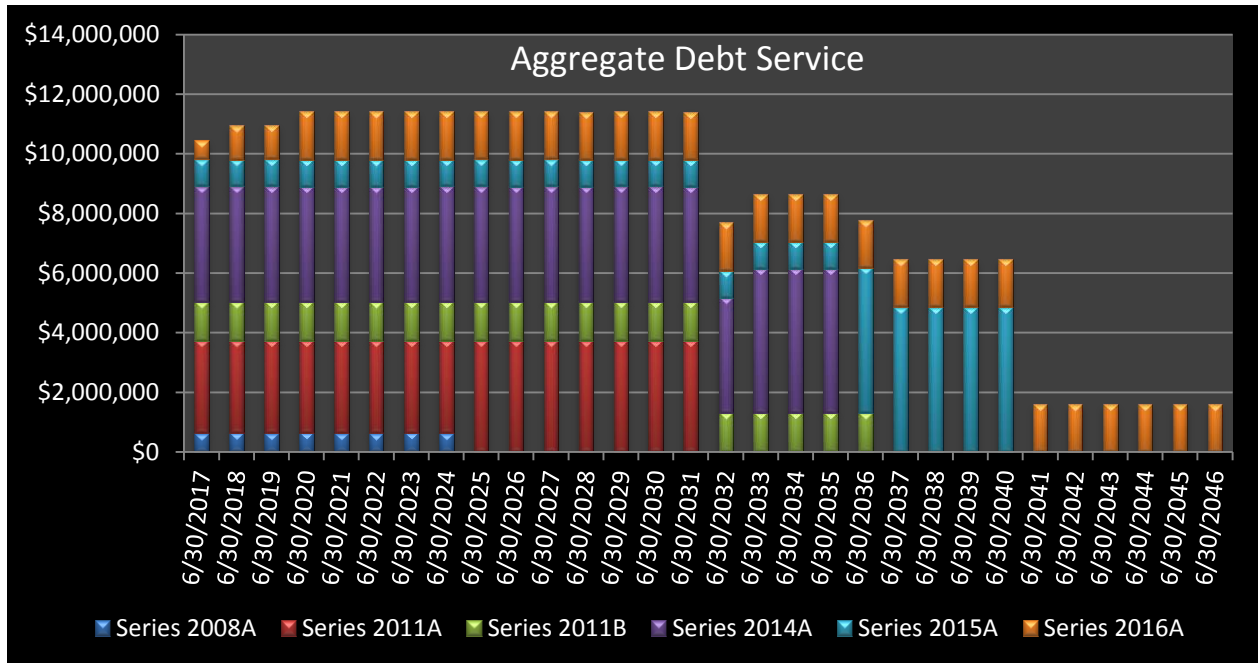


## University of Northern Colorado



**Location:** Greeley  
**Agency Ratings:** A2, A, N/A  
**Last Rated by Agency:** Oct 2016

**Pre-Approved for Intercept?**  
 Yes  
**Pre-Approval Amount:**  
 \$335,290,009

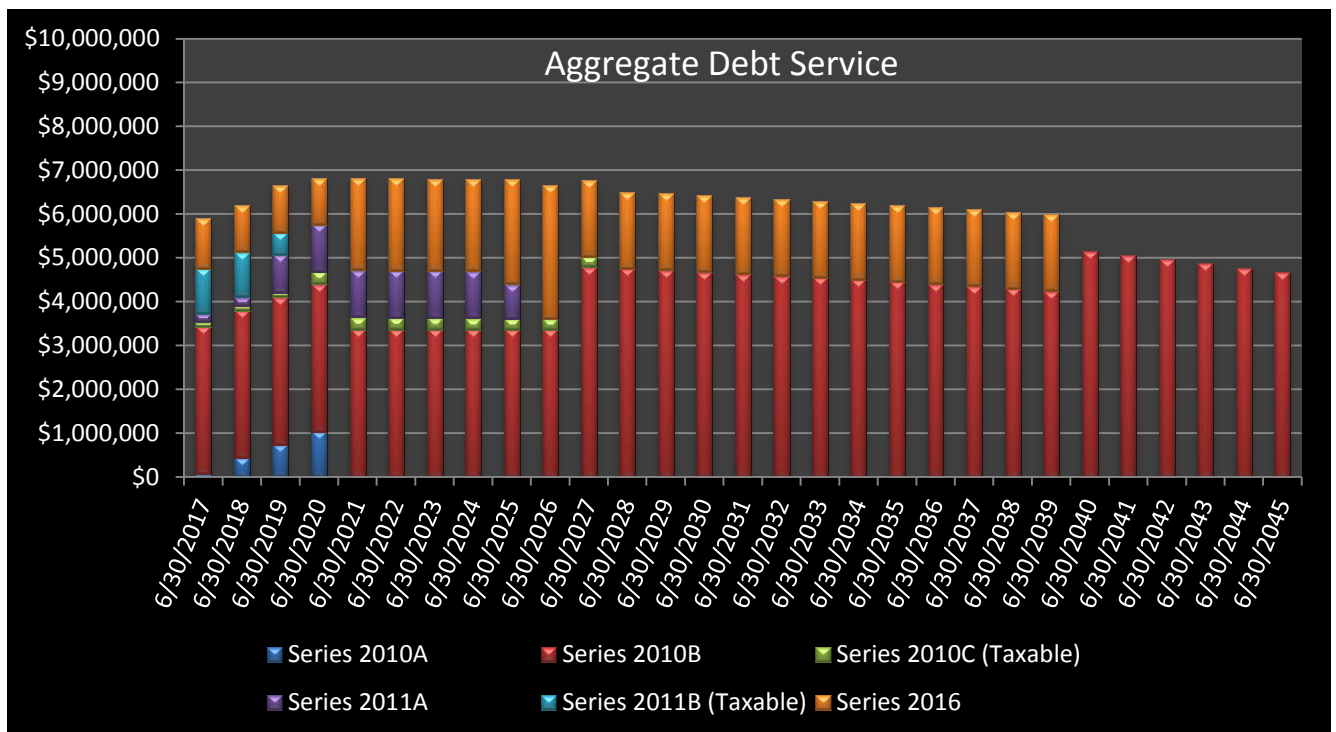


## Western State Colorado University



**Location:** Gunnison  
**Agency Ratings:** Baa1  
**Last Rated by Agency:** Aug 2016

**Pre-Approved for Intercept?**  
 No  
**Pre-Approval Amount:**  
 N/A



## Appendix: Credit Reports