

**STATE OF COLORADO
DEPARTMENT OF THE TREASURY
State Treasurer Dave Young**



**Colorado Treasurer's 9th Annual Report
State Institutions of Higher Education
Fiscal Year 2025/2026**

February 28, 2026

**STATE OF COLORADO
DEPARTMENT OF THE TREASURY**

Dave Young
State Treasurer



Eric Rothaus
Deputy Treasurer

February 28, 2026

Colorado Capital Development Committee
Colorado Commission on Higher Education
Colorado Joint Budget Committee
Colorado Office of State Planning and Budgeting
200 East Colfax Ave.
Denver, CO 80203

Colleagues:

The Colorado Department of the Treasury, Office of the State Treasurer ("State Treasurer" or the "Department") submits this report pursuant to Section 23-5-139, Colorado Revised Statutes ("C.R.S.")(as amended). The report addresses the fiscal health of Colorado's Higher Education Institutions ("institution(s)") as it relates to outstanding debt and debt service costs. Specifically, the report presents:

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; and,
3. The total amount of all intercept and stand-alone bonds issued by each institution.¹

The report analyzes information reflecting a higher education institution's: 1) pledged revenues; 2) General Fund appropriations (limited to the appropriation for stipends and fee-for-service contracts), and 3) debt service obligations. In 2022, the [General Assembly passed SB 22-121](#), permitting all public higher education governing boards to pledge up to 100% of tuition revenue to bondholders. This legislation was enacted to provide institutions greater flexibility, access lower capital costs, and the opportunity to increase pledged revenues.² With the exception of Adams State University, all institutions have adopted the expanded 100% tuition revenue pledge. Accordingly, the Department calculated each institution's pledged-revenue ratios using actual figures from audited financial statements and continuing disclosures.

¹ The University of Colorado has not issued any intercept bonds due to its Aa1 and AA+ credit ratings which are currently one rating level higher than the Intercept credit ratings of Aa2 and AA.

² [Legislation enacted in 2016](#) allowed the University of Colorado to pledge 100% of tuition revenue to debt service.

HB 25-1313 improved the timing misalignment in previous years' reports by moving the report filing deadline to March 1 of each fiscal year effective March 1, 2026 to allow for inclusion of more recent audited financial information in the debt service coverage ratio and the General Fund support Intercept Program debt capacity testing. Information presented is based on the most recently available audited financial data as of January 2026. We welcome input and will do our best to make changes in accordance with that feedback.

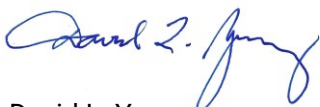
This report also serves as the communication mechanism to show which institutions qualify for pre-approval to participate in the State of Colorado's intercept program at a point in time. Colorado law directs the State Treasurer to calculate a pre-approval amount for qualifying institutions using two different methods outlined in statute and then establishing the pre-approved amount at the "lesser of" the two methods.

The first calculation is the difference between seventy-five percent of the most recent (current) 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 of such governing board.

The second method allows for "the 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)" § 23-5-139, C.R.S., a reference to debt service coverage of not less than 1.5x. Pre-approvals within the report have been calculated assuming a thirty-year amortization at an interest rate of 4.19%, the "AA" rated Municipal Market Data tax-exempt index rate (20-year maturity) as of January 23, 2026.

This report is the product of considerable time and effort among the contributors. The Department thanks Amanda Bickel and Alfredo Kemm, of the Joint Budget Committee Staff, Bo Pogue of the Capital Development Committee Staff, Steph Chichester and Nick Taylor of North Slope Capital Advisors, Lori Ann Knutson from the Attorney General's Office, and Jim Eke in the Department of the Treasury for their help and guidance. We would also like to thank the Chief Financial Officers, and their staff, from the higher education institutions who reviewed, refined (where applicable), and confirmed the figures used in this report. Specifically, we would like to thank Heather Biron, Jim Carpenter, Samantha Gallagher, Kevin Gravina, Brendan Hanlon, Heather Heersink, Ian Higgins, Kelsey Jones, Liza Larsen, Alex LeBlanc, Lisa Martinez, Chad Marturano, Leila McCamey, Erin McKenzie, Dale Pratt, Michelle Quinn, Bill Raimer, Spencer Rockwell, Dave Ryan, Usha Sharma, Mark Superka, Michelle Travis, Charlie Ulsamer, Kirsten Volpi, and Suzanne Zimmerer.

Sincerely,



David L. Young
State Treasurer
State of Colorado

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³ The underlying product technology platform that generates these ratings reports presents known accessibility issues that reasonable accommodations or modifications cannot overcome. We are unable to obtain a replacement at this time.

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 Community College System	Colorado Mesa University	Colorado School of Mines	Colorado State University	Fort Lewis College	Metropolitan State University of Denver	University of Colorado	University of Northern Colorado	Western Colorado University
Ratings Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Coverage Ratio Requirement Met	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
State Funding % Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pre-Approval Amount	\$0	\$3.71 Billion	\$316.4 Million	\$142.5 Million	\$2.15 Billion	\$58.9 Million	\$910.3 Million	\$4.38 Billion	\$709.4 Million	\$192.1 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 the 2024/2025 report, only Metropolitan State University of Denver has incurred rating changes (downgraded from A1 to A2 by Moody's and from A to A- by S&P). 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	November 2025
Colorado Community College System	Aa3 (Stable)	N/A	N/A	December 2025
Colorado Mesa University	A2 (Stable)	N/A	N/A	February 2025
Colorado School of Mines	A1 (Stable)	A+ (Stable)	N/A	October 2025
Colorado State University	Aa3 (Stable)	A+ (Stable)	N/A	December 2025
Fort Lewis College	A3 (Stable)	N/A	N/A	January 2025
Metropolitan State University	A2 (Stable)	A- (Stable)	N/A	July 2025
University of Colorado	Aa1 (Stable)	N/A	AA+ (Stable)	August 2025
University of Northern Colorado	A3 (Stable)	A- (Stable)	N/A	February 2025
Western Colorado University	A3 (Stable)	N/A	N/A	August 2024

Institutions Meeting the Rating Requirement	Institutions Not Meeting the Rating Requirement
Adams State University Colorado Community College System Colorado Mesa University Colorado School of Mines Colorado State University Fort Lewis College Metropolitan State University of Denver University of Colorado University of Northern Colorado Western Colorado University	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 (FY2026), net pledged revenues (FY2025), 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
FY2026 Debt Service-All Outstanding Bonds	\$4,451,008	\$8,263,052	\$15,348,291	\$34,028,748	\$91,639,688
FY2026 Debt Service-Intercept Bonds	\$4,161,258	\$1,351,194	\$13,411,789	\$8,221,840	\$58,487,108
FY2025 Net Pledged Revenues	\$5,998,113	\$367,600,367	\$111,531,000	\$216,428,000	\$774,175,000
DSCR – All Outstanding Bonds	1.35x	44.5x	7.27x	6.36x	8.45x
DSCR – Intercept Bonds	1.44x	272.1x	8.32x	26.32x	13.24x

*Assuming a 100% tuition pledge, DSCR-All Bonds would be 1.88x and DSCR-Intercept Bonds would be 2.01x.

Institution	Fort Lewis College	Metropolitan State University	University of Colorado**	University of Northern Colorado	Western Colorado University
FY2026 Debt Service-All Outstanding Bonds	\$4,979,148	\$13,144,822	\$149,798,384	\$10,879,702	\$7,052,099
FY2026 Debt Service-Intercept Bonds	\$3,297,088	\$10,424,389	-	\$10,735,064	\$6,648,944
FY2025 Net Pledged Revenues	\$12,676,968	\$133,214,806	\$1,707,529,000	\$89,336,938	\$30,563,444
DSCR – All Outstanding Bonds	2.55x	10.13x	11.40x	8.21x	4.33x
DSCR – Intercept Bonds	3.84x	12.78x	N/A	8.32x	4.60x

**CU has no intercept debt; therefore ratio is not applicable

Institutions Meeting the Coverage Requirement	Institutions Not Meeting the Coverage Requirement
Colorado Community College System Colorado Mesa University Colorado School of Mines Colorado State University Fort Lewis College Metropolitan State University of Denver University of Colorado University of Northern Colorado Western Colorado University	Adams State University

Debt Service as a Percentage of State Funding

Higher education institutions receive State funding through various mechanisms. The State provides funding to institutions directly through the Colorado Opportunity Fund (“COF”) and fee for service contracts (“FFS”). 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 FFS. § 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 2025-2026 State funding.

Institution	State Funding Amount* FY2025-26	Current Maximum Intercept Debt Service Amount	Percentage of Maximum Intercept Debt Service Amount to State Funding
Adams State University	\$28,388,215	\$4,504,380	15.9%
Colorado Community College System	\$293,789,546	\$1,373,450	0.47%
Colorado Mesa University	\$49,748,543	\$18,684,795	37.6%
Colorado School of Mines	\$37,861,424	\$20,002,019	52.8%
Colorado State University	\$248,782,602	\$59,792,231	24.0%
Fort Lewis College	\$23,628,916	\$3,405,169	14.4%
Metropolitan State University	\$89,363,245	\$13,433,536	15.0%
University of Colorado	\$343,897,840	N/A	N/A
University of Northern Colorado	\$70,005,817	\$10,743,317	15.3%
Western Colorado University	\$25,076,791	\$7,498,530	29.9%

*Supplemental Enacted State Funding (College Opportunity Fund and Fee for Service)

Institutions Meeting the State Funding Percentage Requirement	Institutions Not Meeting the State Funding Percentage Requirement
Adams State University Colorado Community College System Colorado Mesa University Colorado School of Mines Colorado State University Fort Lewis College Metropolitan State University of Denver University of Colorado University of Northern Colorado Western Colorado University	NONE

Institution Profiles

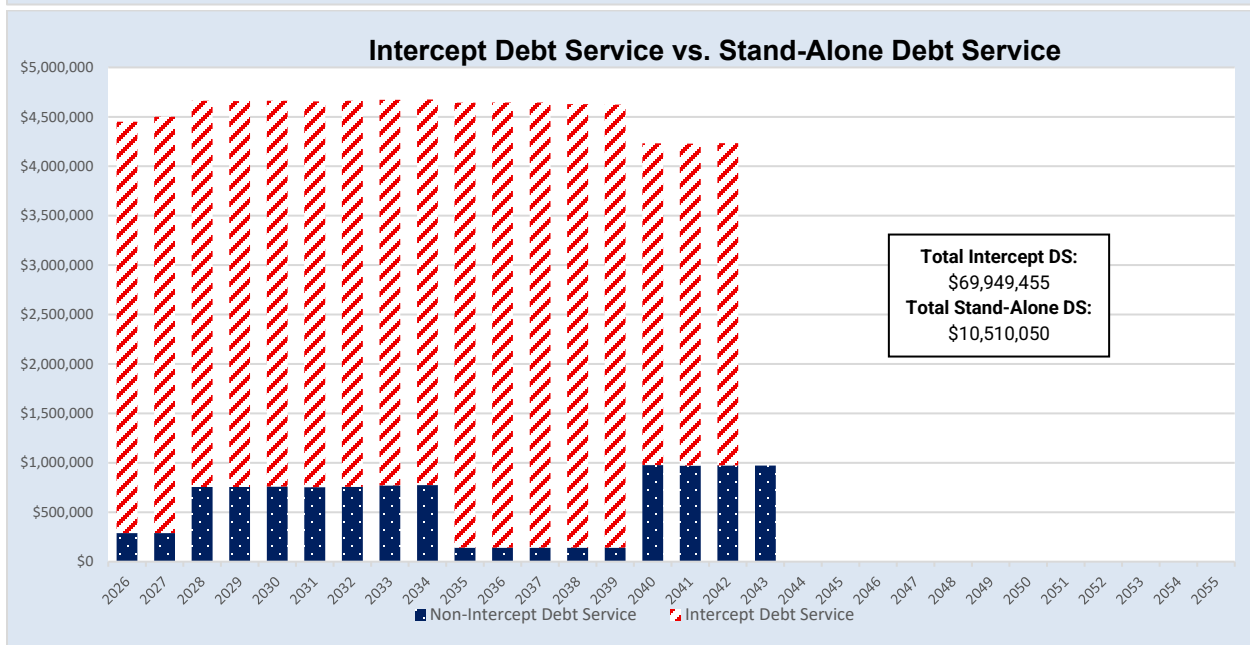
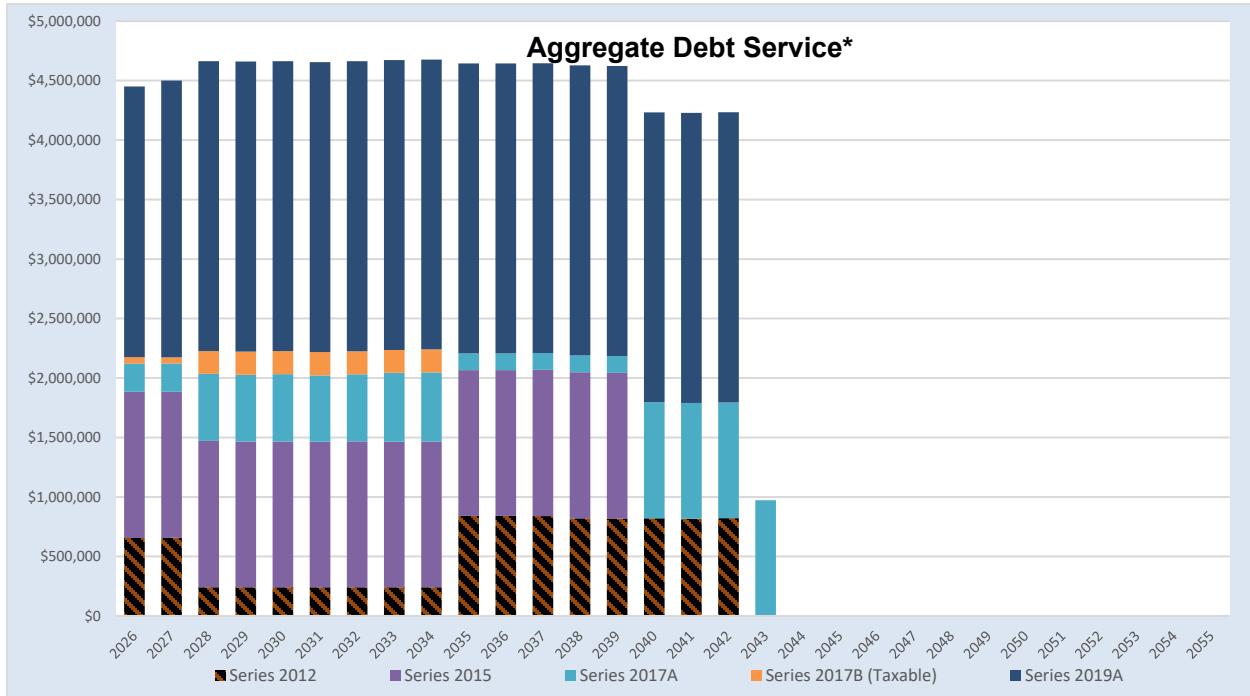
Click the logo to view the profile.



Adams State University



Location: Alamosa
Underlying Ratings: A3, N/A, N/A**
State Intercept Enhanced Ratings: Aa2, N/A, N/A**
Most Recent Agency Rating: November 2025
Pre-Approved for Intercept? No
Pre-Approval Amount: \$0

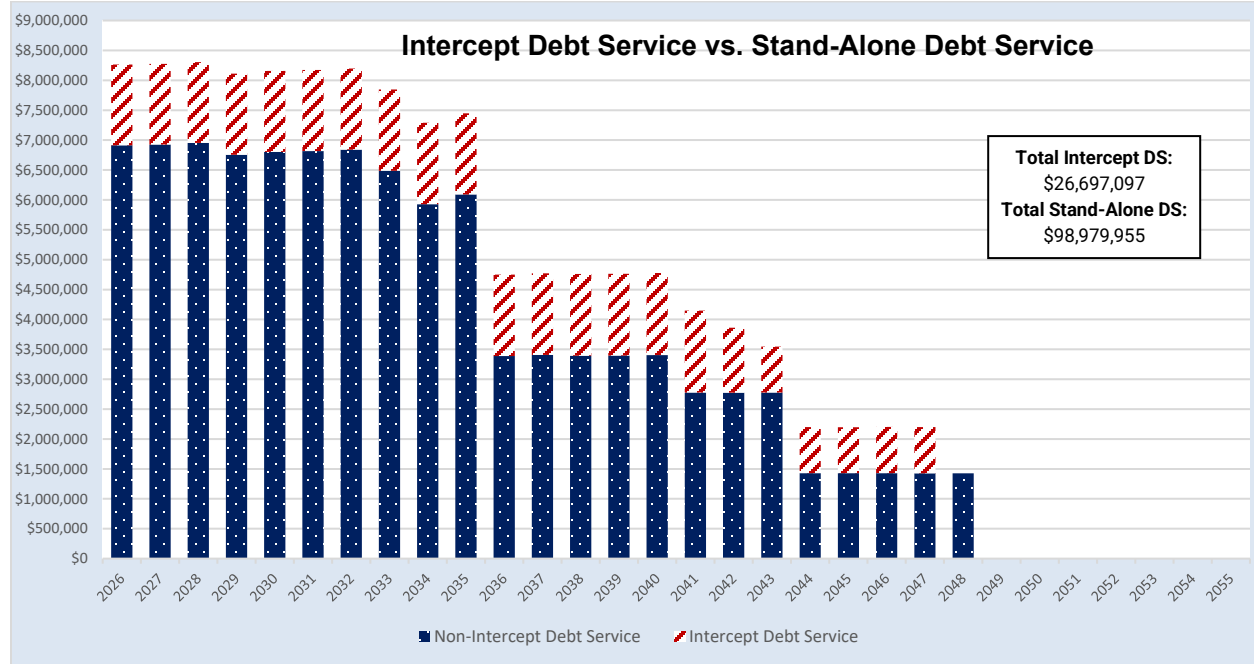
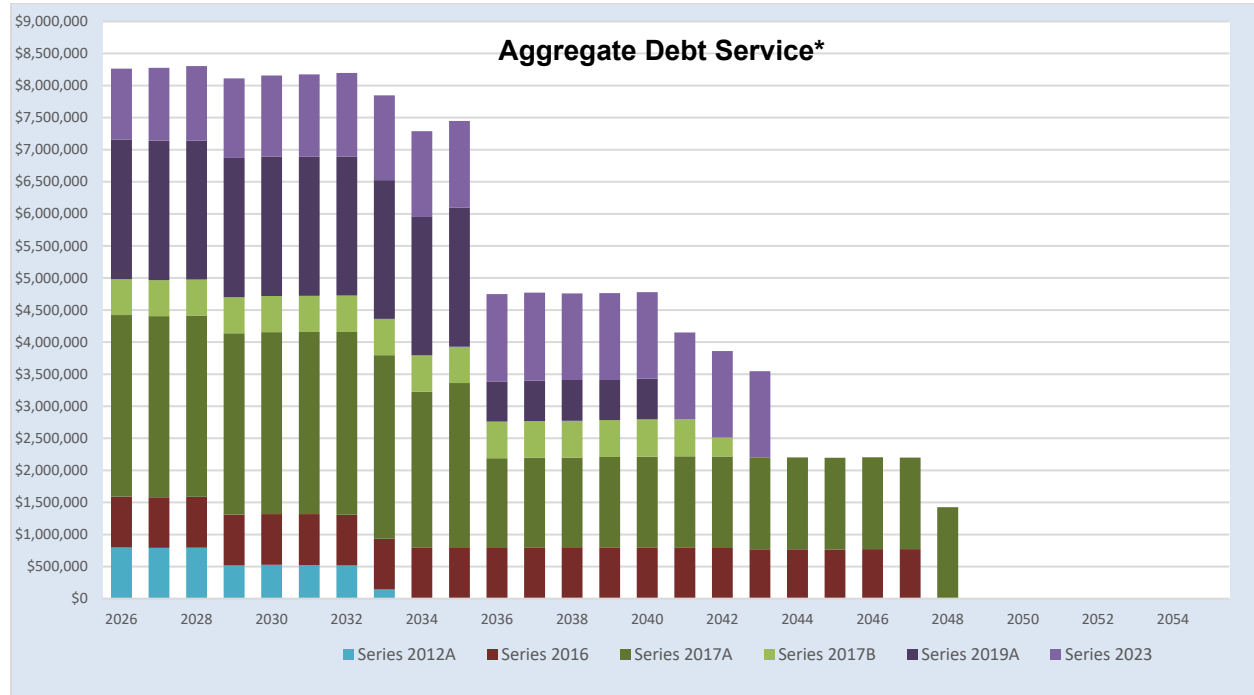


**The underlying product technology platform that generates this graph presents known accessibility issues that reasonable accommodations or modifications cannot overcome. We are unable to obtain a replacement at this time.*
***Ratings are displayed in order of Moody's, S&P, and Fitch*

Colorado Community College System



Location: Various
Underlying Ratings: Aa3, N/A, N/A**
State Intercept Enhanced Ratings: Aa2, N/A, N/A**
Most Recent Agency Rating: December 2025
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$3.71 Billion

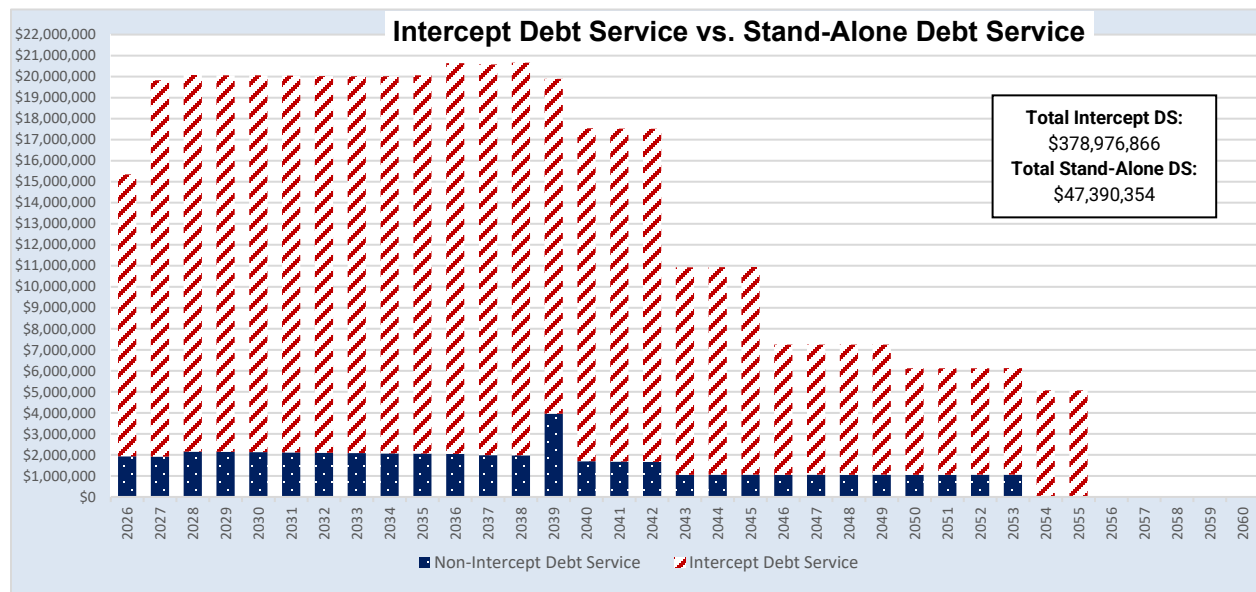
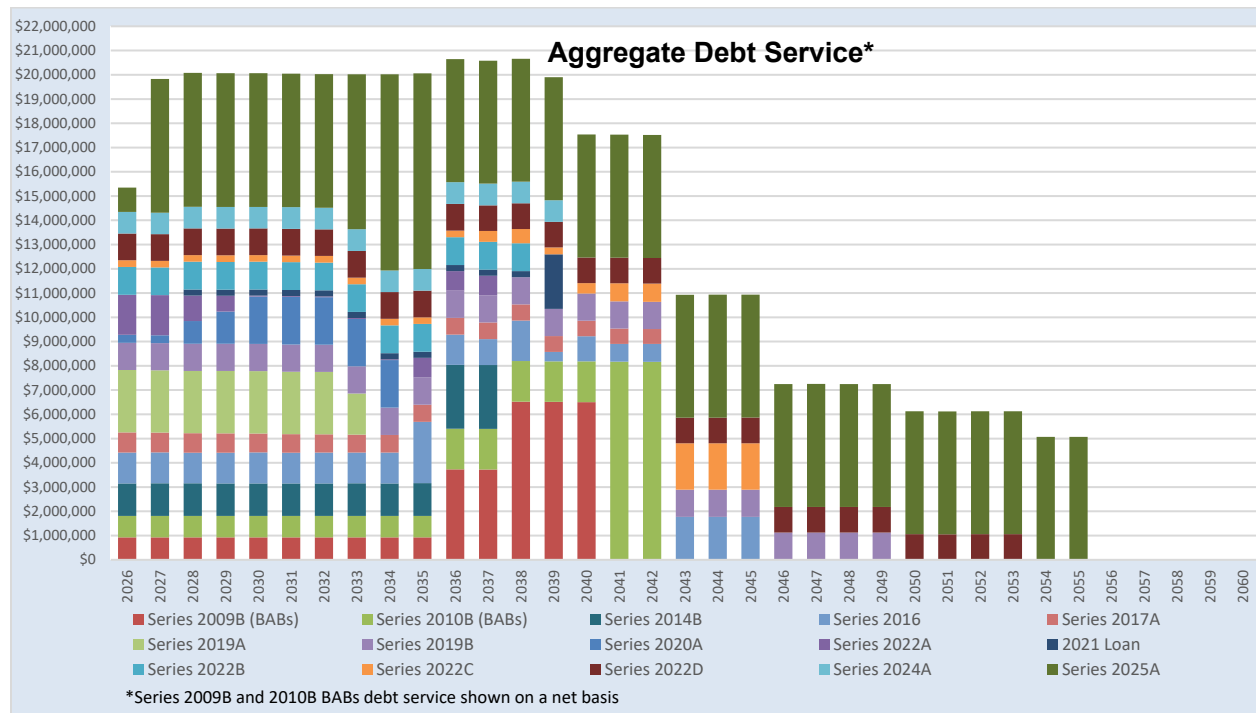


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 **Ratings are displayed in order of Moody's, S&P, and Fitch

Colorado Mesa University



Location: Grand Junction
Underlying Ratings: A2, N/A, N/A**
State Intercept Enhanced Ratings: Aa2, N/A, N/A**
Most Recent Agency Rating: February 2025
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$316.4 Million

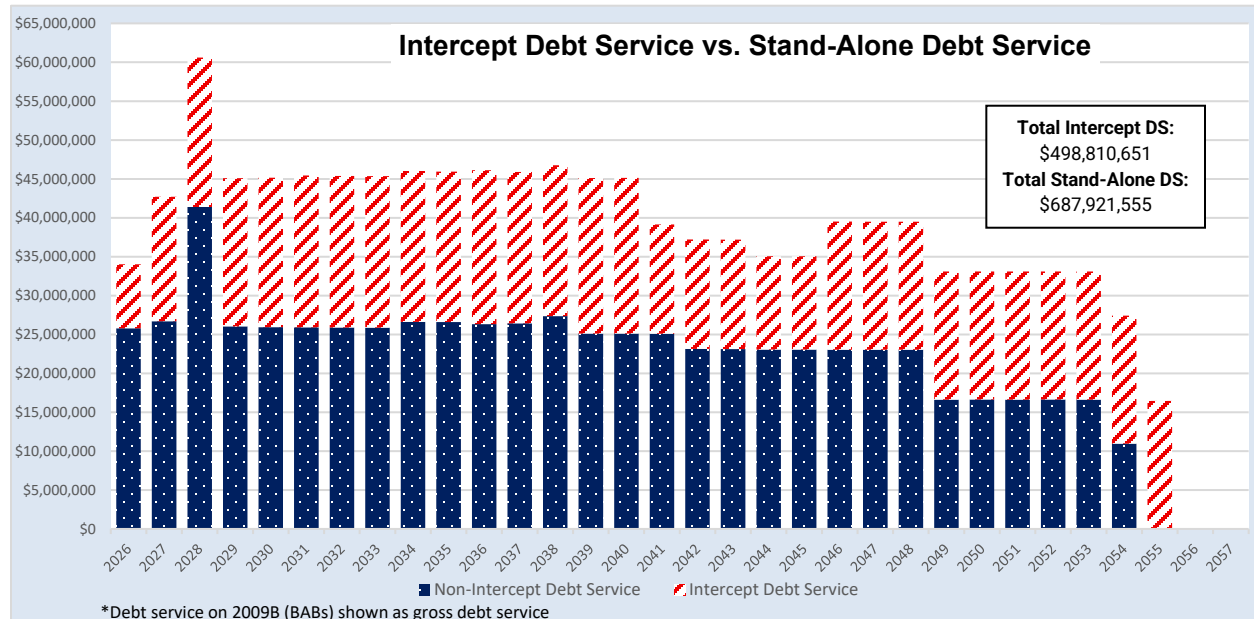
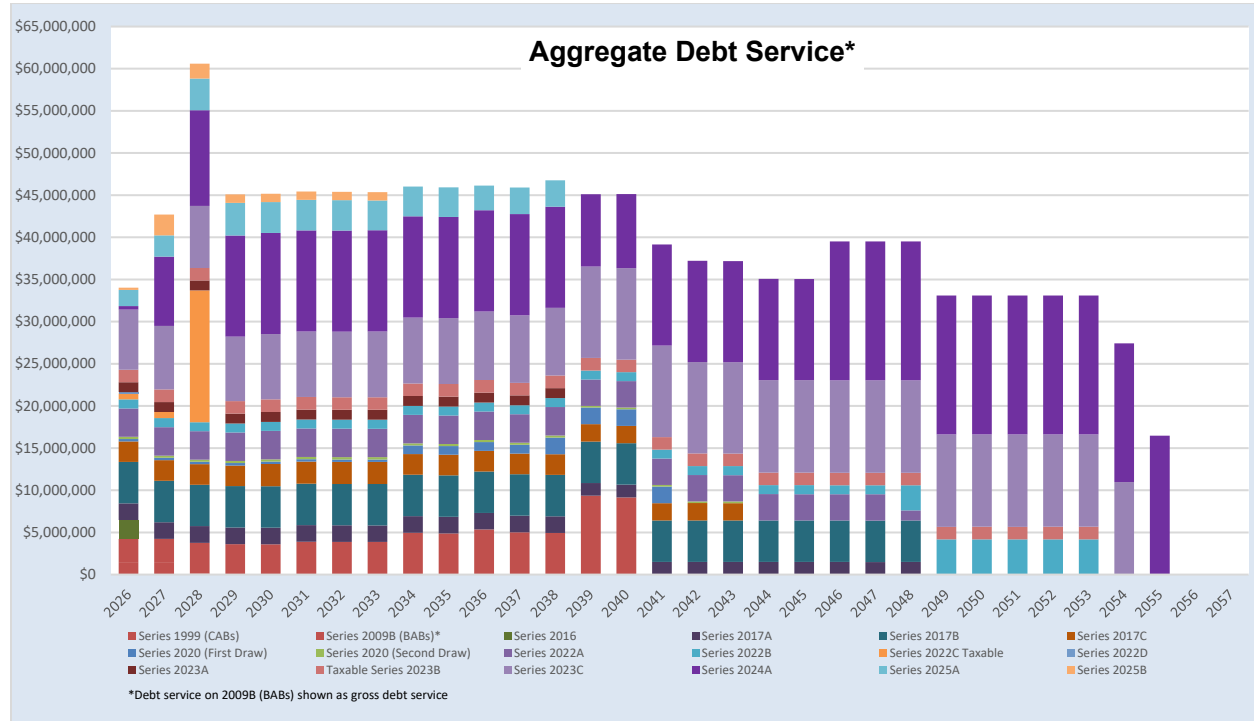


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 **Ratings are displayed in order of Moody's, S&P, and Fitch

Colorado School of Mines



Location: Golden
Underlying Ratings: A1, A+, N/A**
State Intercept Enhanced Ratings: Aa2, AA, N/A**
Most Recent Agency Rating: October 2025
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$142.5 Million

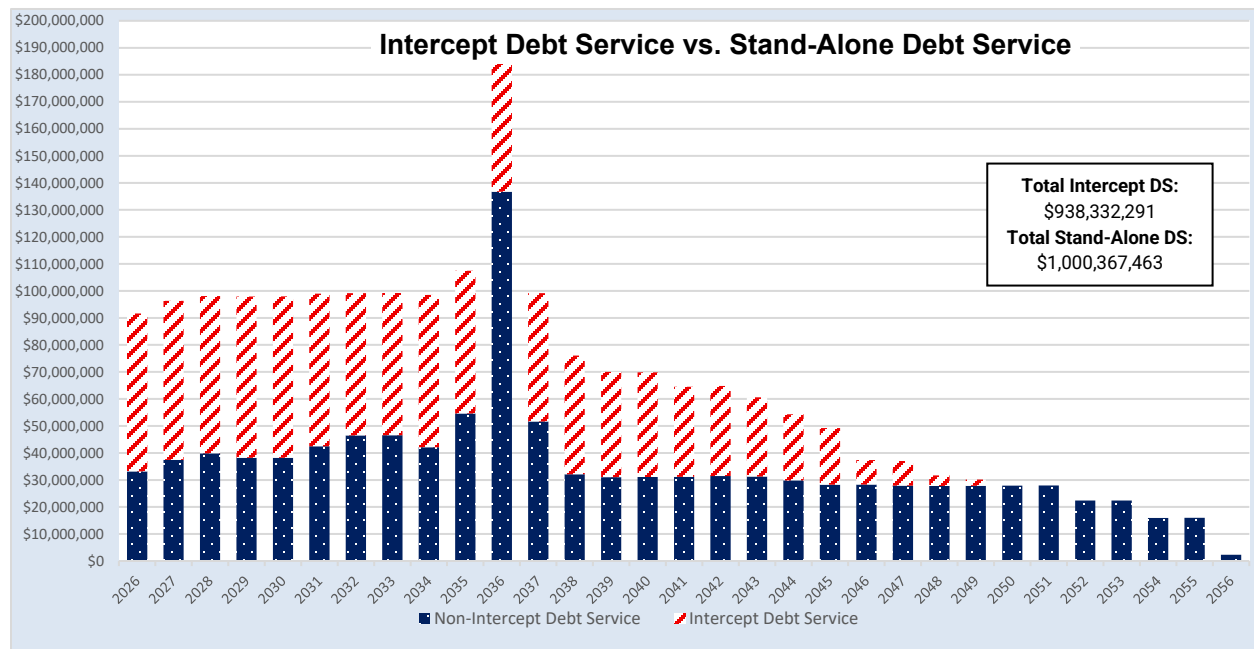
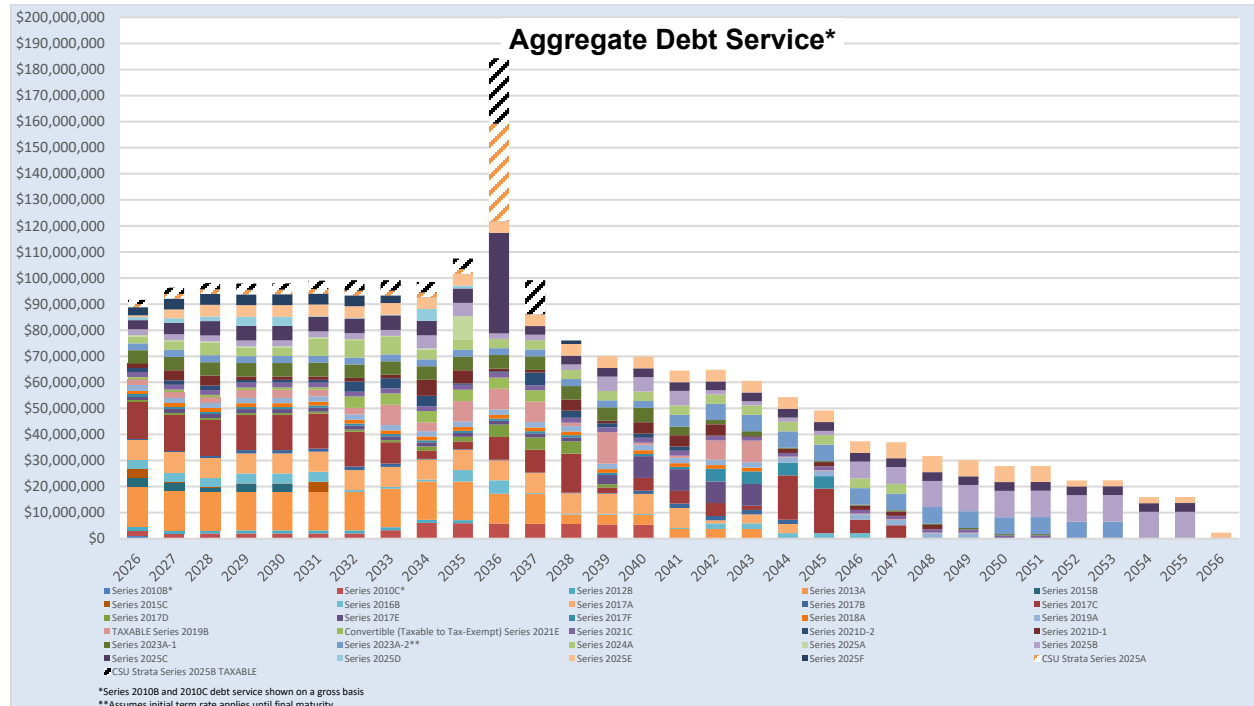


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 **Ratings are displayed in order of Moody's, S&P, and Fitch

Colorado State University



Location: Fort Collins, Pueblo
Underlying Ratings: Aa3, A+, N/A**
State Intercept Enhanced Ratings: Aa2, AA, N/A**
Most Recent Agency Rating: December 2025
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$2.15 Billion

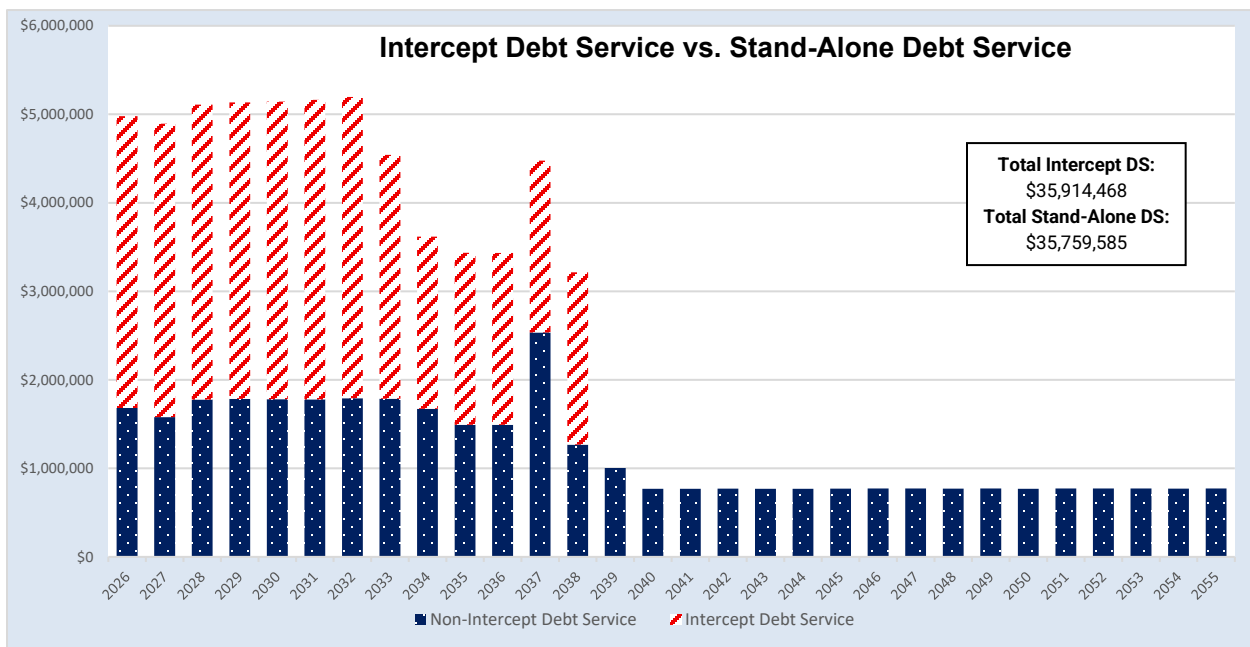
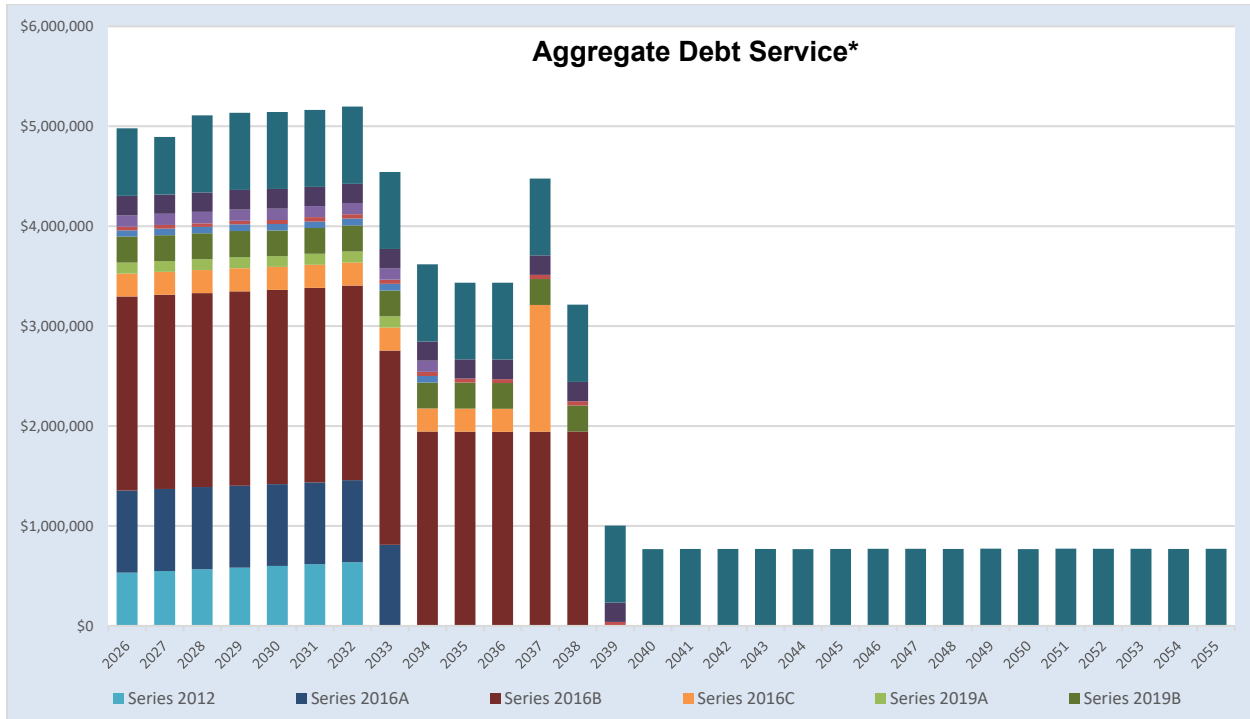


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 **Ratings are displayed in order of Moody's, S&P, and Fitch

Fort Lewis College



Location: Durango
Underlying Ratings: A3, N/A, N/A**
State Intercept Enhanced Ratings: Aa2, N/A, N/A**
Most Recent Agency Rating: January 2025
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$58.9 Million

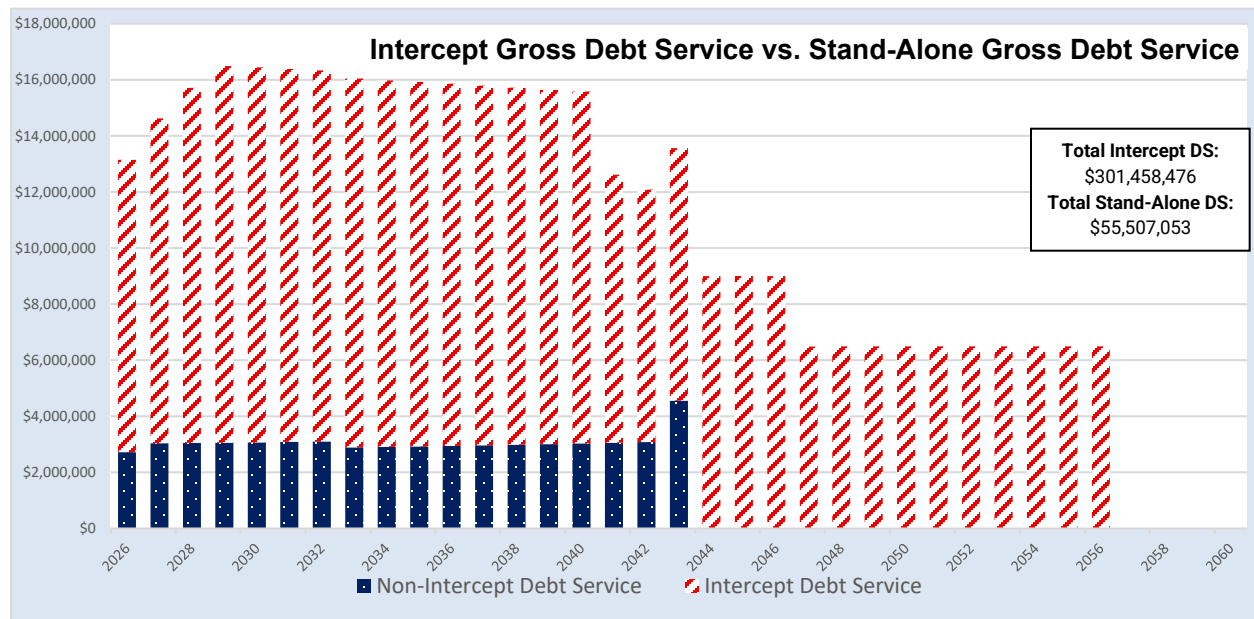
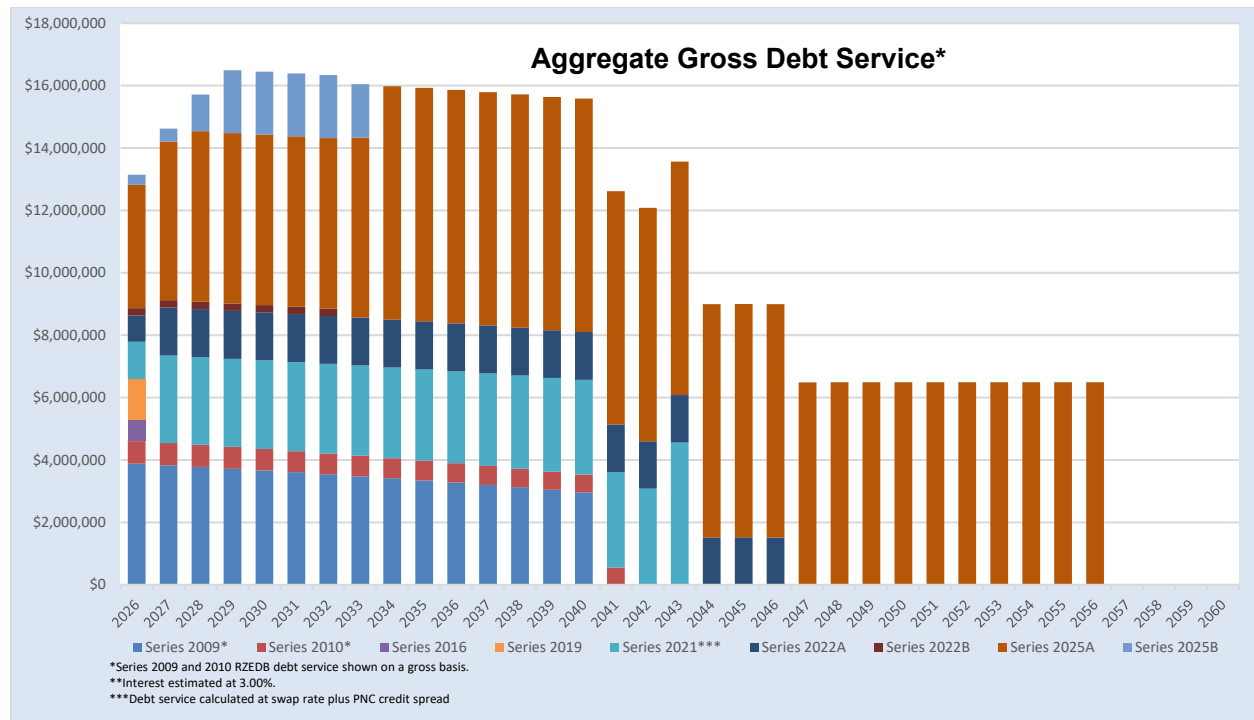


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 **Ratings are displayed in order of Moody's, S&P, and Fitch

Metropolitan State University



Location: Denver
Underlying Ratings: A2, A-, N/A**
State Intercept Enhanced Ratings: Aa2, AA, N/A**
Most Recent Agency Rating: July 2025
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$910.3 Million



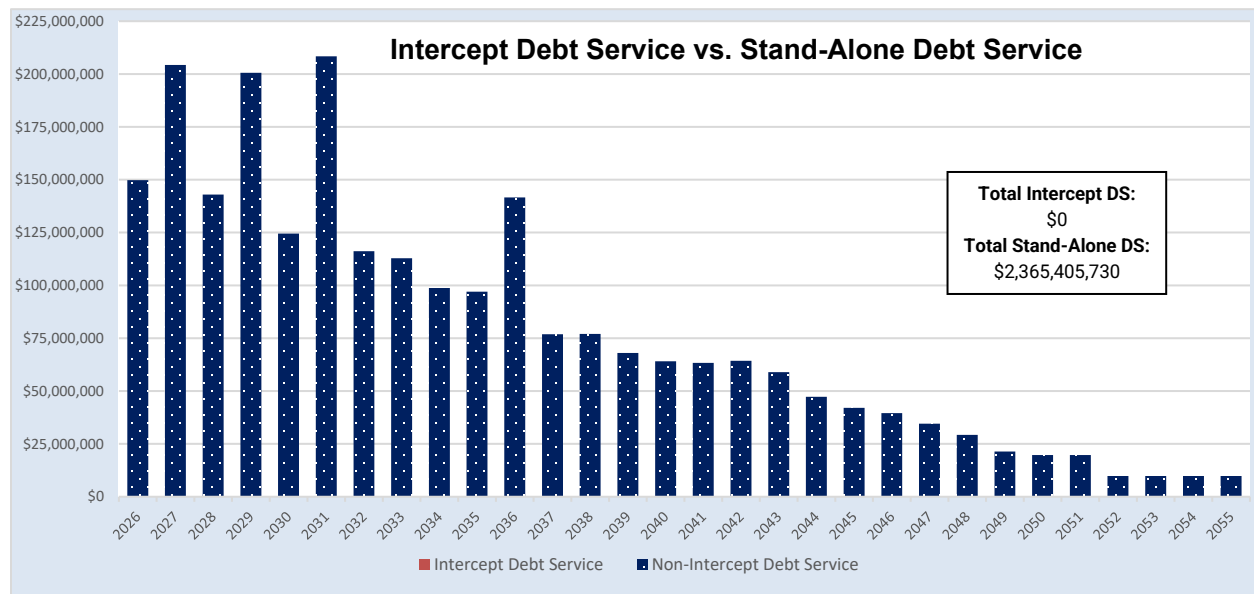
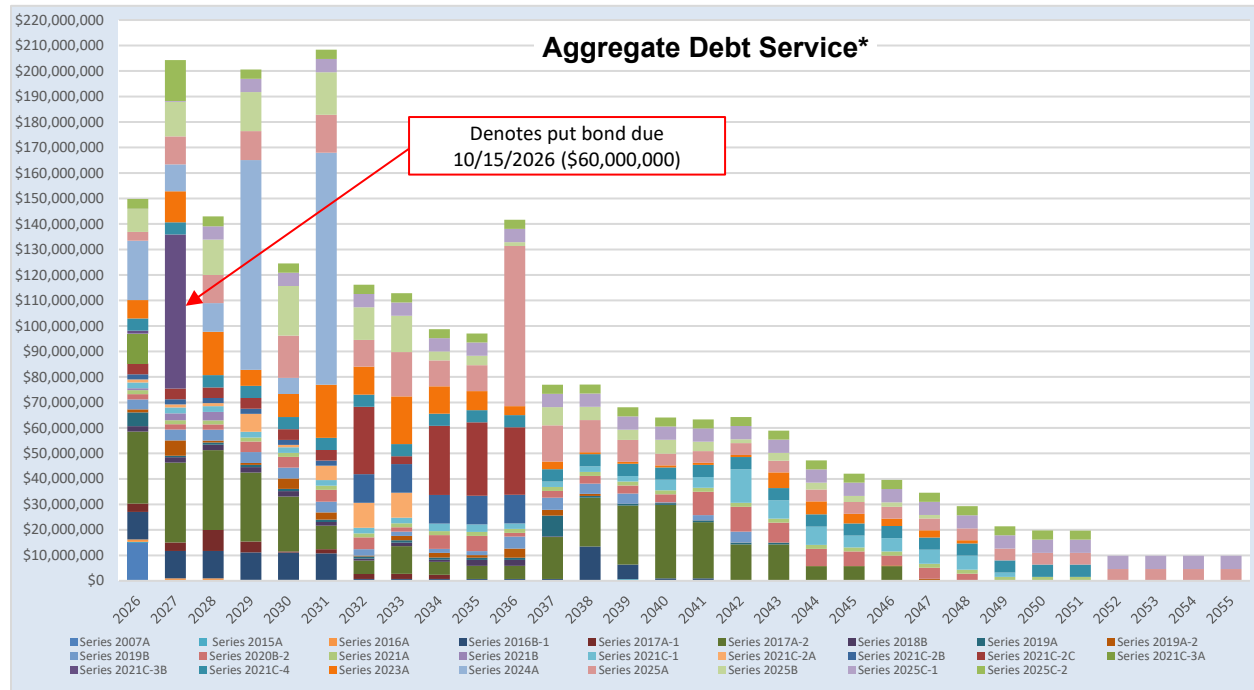
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 **Ratings are displayed in order of Moody's, S&P, and Fitch

University of Colorado



University of Colorado
Boulder | Colorado Springs | Denver | Anschutz Medical Campus

Location: Various
Underlying Ratings: Aa1, N/A, AA+**
State Intercept Enhanced Ratings: N/A, N/A, N/A**
Most Recent Agency Rating: August 2025
Pre-Approved for Intercept? N/A
Pre-Approval Amount: \$4.38 Billion



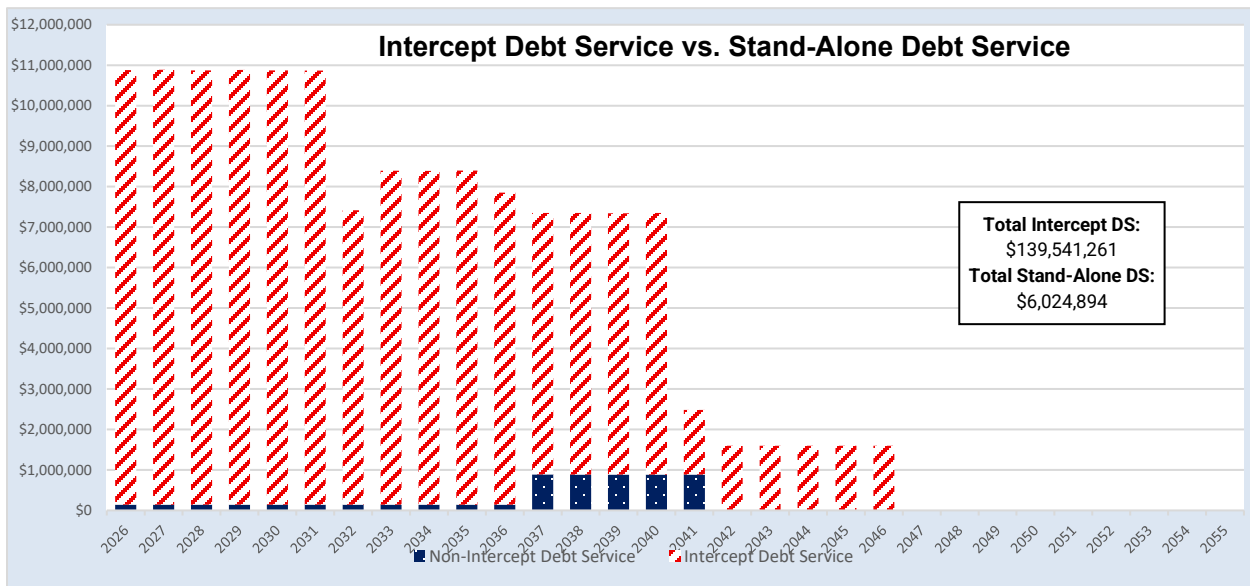
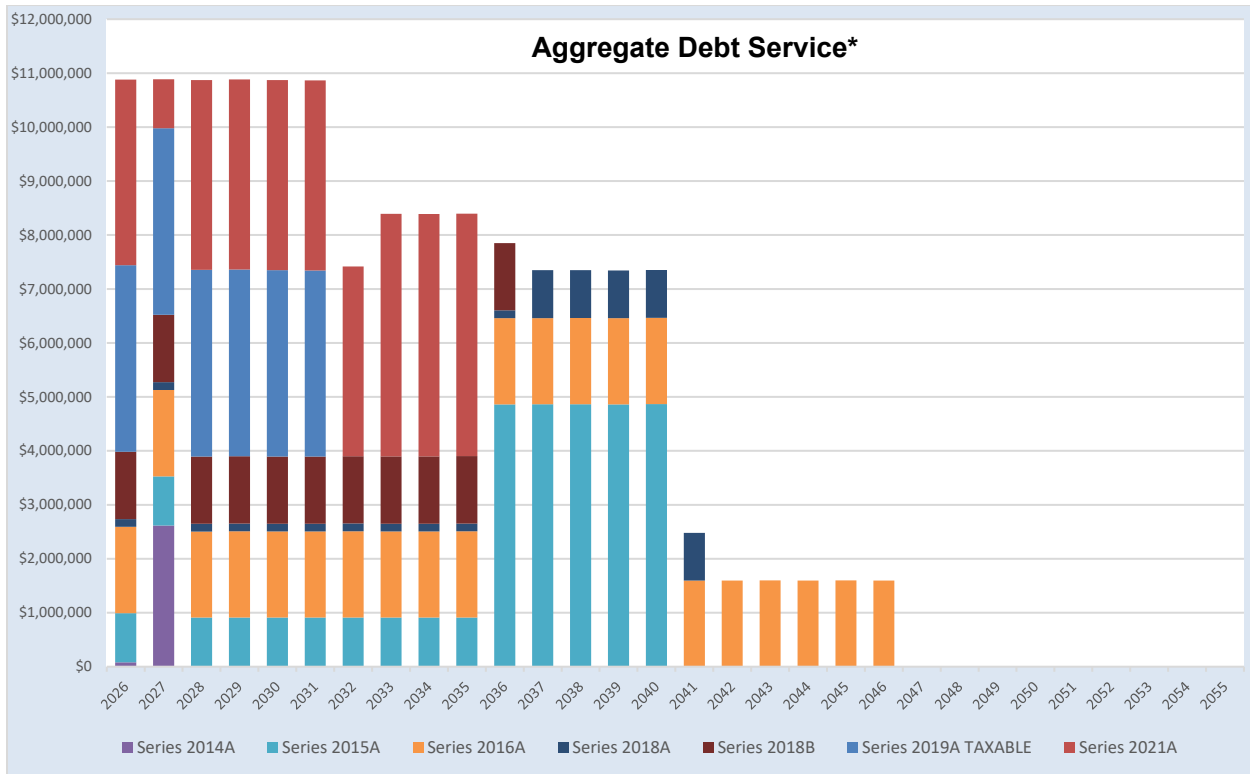
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University of Northern Colorado



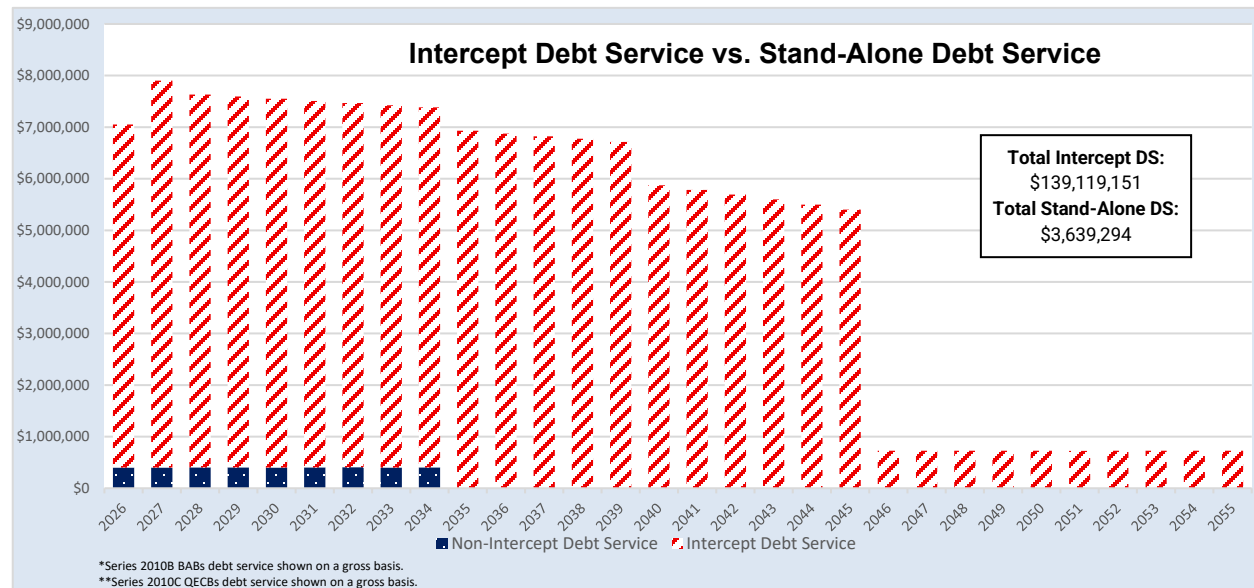
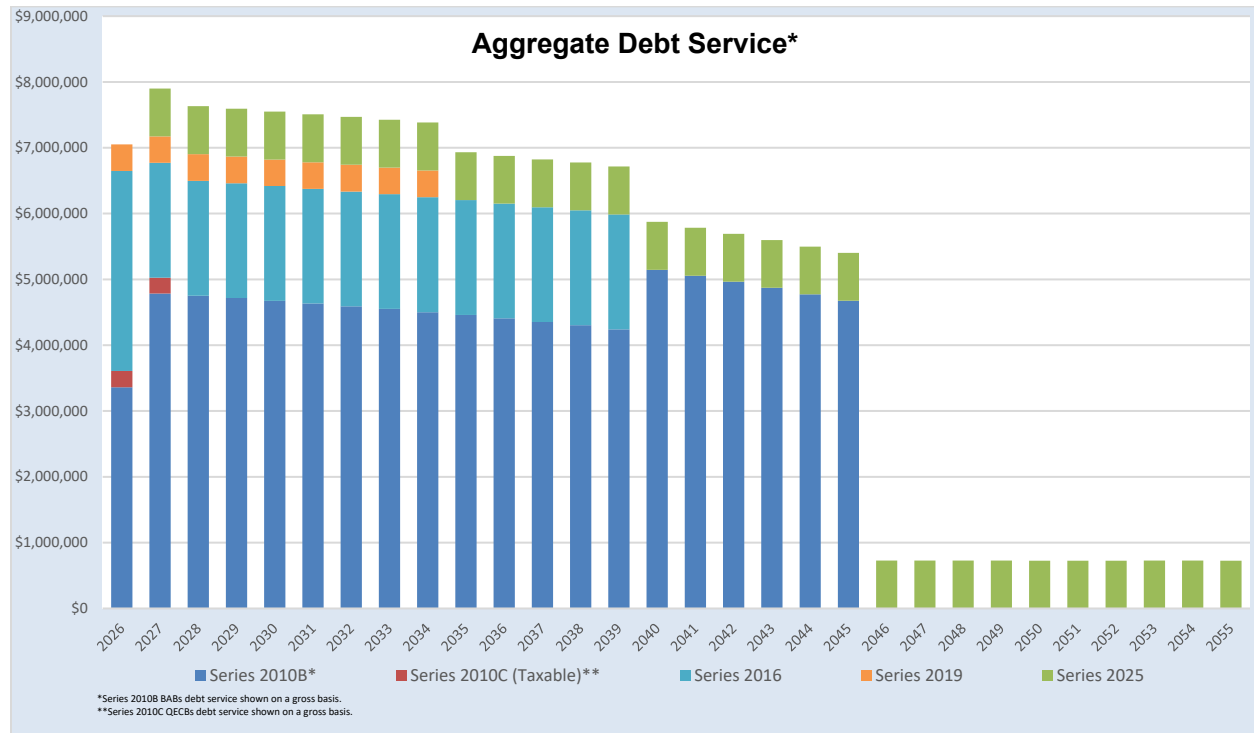
UNIVERSITY OF
NORTHERN
COLORADO

Location: Greeley
Underlying Ratings: A3, A-, N/A**
State Intercept Enhanced Ratings: Aa2, AA, N/A**
Most Recent Agency Rating: February 2025
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$709.4 Million



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

Location: Gunnison
Underlying Ratings: A3, N/A, N/A**
State Intercept Enhanced Ratings: Aa2, N/A, N/A**
Most Recent Agency Rating: August 2024
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$192.1 Million



*The underlying product technology platform that generates this graph presents known accessibility issues that reasonable accommodations or modifications cannot overcome. We are unable to obtain a replacement at this time.
 **Ratings are displayed in order of Moody's, S&P, and Fitch

Appendix: Credit Reports³

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CREDIT OPINION

25 November 2025



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Adams State University, CO

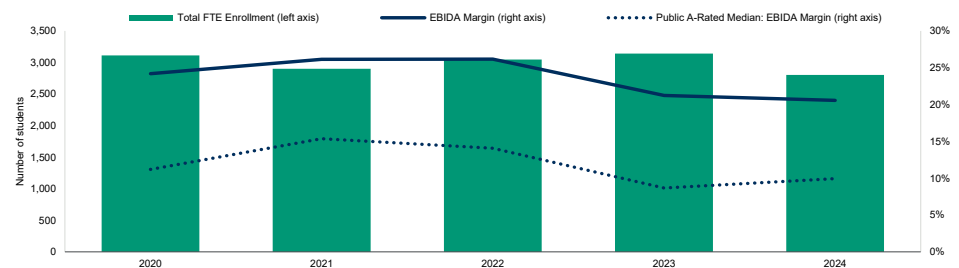
Update to credit analysis

Summary

[Adams State University's](#) (Adams; A3 stable) credit quality incorporates its important role as a Hispanic Serving Institution providing higher education to the southern region of the [State of Colorado](#) (Aa1/stable) including its diverse program mix. Good fiscal management and state operating funding are supportive of healthy operating performance. Sound total wealth and liquidity also underpin credit quality. Offsetting credit factors include a highly competitive student market landscape in Colorado coupled with Adams serving a price sensitive student population which limits prospects for material growth in net tuition revenue. A small operating base limits future material expense management capacity. Although leverage relative to wealth and operations is manageable, a rising age of plant could indicate future capital needs. Additionally, the university has a large unfunded state pension liability.

Exhibit 1

Very good operating performance partially offsets student demand challenges



Source: Moody's Ratings

Credit strengths

- » Generally steady state operating support averaging about 24% of operating revenue over the last five years
- » Sound operating performance, supported by good fiscal management, with a 2024 three year average EBIDA margin of 23%
- » Solid total wealth and liquidity levels with fiscal 2024 total cash and investments to operations of 1.6x and monthly days cash on hand of 436
- » Leverage is manageable with no near term plans for additional debt

Credit challenges

- » Student price sensitivity constrains net tuition revenue growth prospects with 44% of undergraduates being Pell-eligible
- » Smaller scale of operations with just \$71 million of operating revenue limits future expense flexibility
- » High pension exposure through the State of Colorado's PERA program
- » A rising age of plant, almost 18 years for fiscal 2024, could signal the potential use of reserves or debt for reinvestment

Rating outlook

The stable outlook on the issuer and underlying ratings reflects Moody's expectations of continued healthy operating performance as well as ongoing steady operating support from the state of Colorado.

Factors that could lead to an upgrade

- » Significant strengthening in student demand reflected in multiple years of enrollment and net tuition revenue growth
- » Material increase in total cash and investments
- » Substantial improvement in funding support from the State of Colorado

Factors that could lead to a downgrade

- » Material deterioration in state funding or inability to stabilize enrollment evidencing weakening of strategic position
- » Material decline in total cash and investments or liquidity
- » Substantial increase in debt without offsetting prospects for revenue and reserve growth

Key indicators

Exhibit 2

Adams State University, CO

	2020	2021	2022	2023	2024	Median: A Rated Public Universities
Total FTE Enrollment	3,112	2,900	3,047	3,143	2,803	9,285
Operating Revenue (\$000)	57,731	58,341	66,343	66,173	71,270	258,304
Annual Change in Operating Revenue (%)	0.1	1.1	13.7	-0.3	7.7	4.6
Total Cash & Investments (\$000)	63,541	78,524	86,659	95,860	109,585	259,965
Total Adjusted Debt (\$000)	149,616	143,289	142,830	135,166	123,080	299,553
Total Cash & Investments to Total Adjusted Debt (x)	0.4	0.5	0.6	0.7	0.9	0.9
Total Cash & Investments to Operating Expenses (x)	1.2	1.5	1.5	1.5	1.6	1.1
Monthly Days Cash on Hand (x)	341	252	244	440	438	178
EBIDA Margin (%)	24.2	26.1	26.2	21.2	20.6	9.9
Total Debt to EBIDA (x)	4.6	4.2	3.6	4.4	4.1	5.5
Annual Debt Service Coverage (x)	3.8	4.1	4.5	3.1	3.2	2.0

Source: Moody's Ratings

Profile

Adams State University is a small regional public university located in Alamosa, Colorado in the southern portion of the state. It serves students of the San Luis Valley and is designated as a Hispanic Serving Institution. The university was founded in 1921 in order to educate teachers to serve the rural areas of the state and has grown to provide a mix of undergraduate, graduate and distance learning

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programs. In fiscal 2024, Adams recorded operating revenue of \$71 million and had fall total full-time equivalent (FTE) enrollment of approximately 2,900 students in fall 2025.

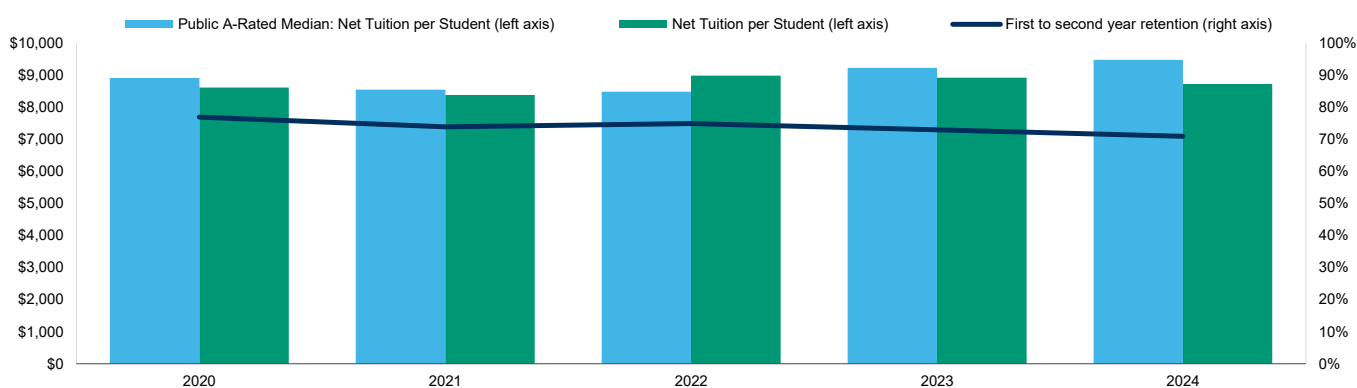
Detailed credit considerations

Market position

Adams will continue to experience a challenging student market landscape given weak in-state demographics, including a projected decline in the number of Colorado high school graduates, as well as competition from multiple other affordable public universities. The university serves a price-sensitive student population, with approximately 44% of students being Pell-eligible, contributing to pressure on net tuition revenue. The university is a designated Hispanic Serving Institution (HSI) with over a third of enrolled students declaring Hispanic descent. Federal policy changes are impacting grant funding related to its student market profile as well as its HSI designation. Based upon preliminary guidance provided by management, we expect fall 2025 total FTE enrollment to be up over the prior fall with increases in both first year first time and transfer enrollment. Continued enrollment stability is key to the university maintaining its credit quality, given the reliance on student revenue.

Exhibit 3

Student demand challenges reflect a highly competitive marketplace in the state of Colorado



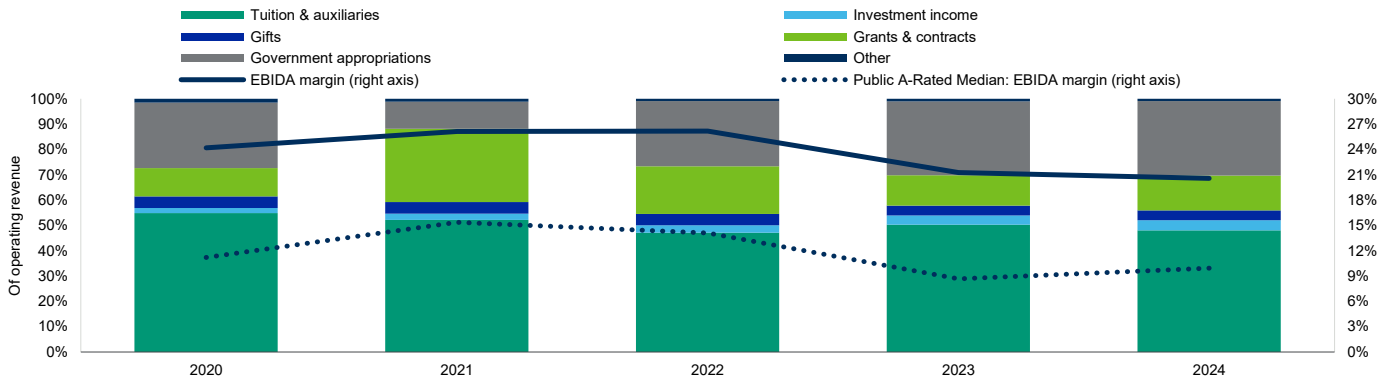
Source: Moody's Ratings

Operating performance

Despite net tuition revenue pressure, operating performance will remain sound, underpinned by good financial oversight and state support. Based upon preliminary financials provided by management, we expect fiscal 2025 operating performance will be somewhat narrower compared to fiscal 2024's 21% EBIDA margin. The university's relatively small scale of operations provides for elevated exposure to enrollment volatility while revenue is moderately concentrated, with approximately 50% from tuition and auxiliaries, underscoring the importance of capable enrollment management especially in light of uneven federal grant funding. Favorably, state support has increased in recent years averaging 24% of operating revenue over the last five years.

Exhibit 4

Sound operating performance is supported by good fiscal oversight and generally steady state funding



State funding has included both the College Opportunity Fund, a stipend granted to undergraduate students that we include in net tuition revenue, and the annual fee for service contracts, which cover graduate students and other designated programs including HSI

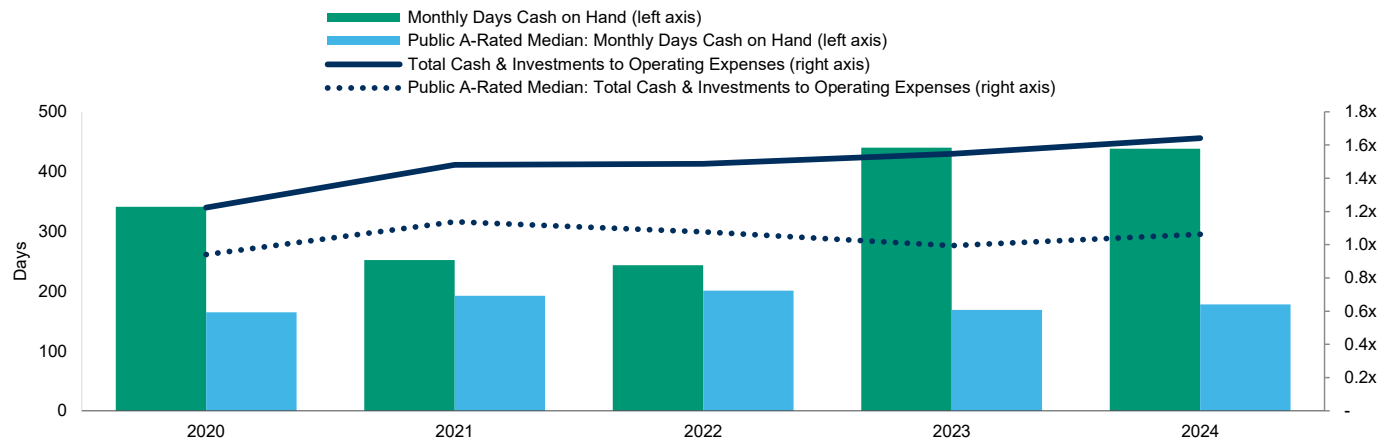
Source: Moody's Ratings

Financial resources and liquidity

The university's total wealth and liquidity levels will continue to provide good coverage of operating expenses supported by surplus cash flow generated from operations. The university has a conservative asset allocation with approximately 90% allocated to publicly traded fixed income and equity securities. Based upon preliminary financials provided by management, we expect the university's cash position to increase modestly in fiscal 2025.

Exhibit 5

Total wealth and liquidity provide good coverage of operating expenses



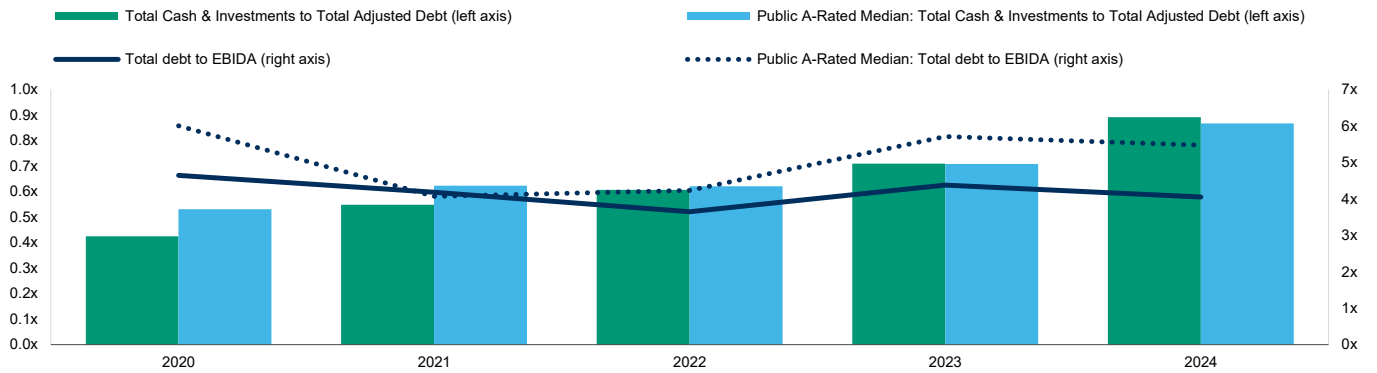
Source: Moody's Ratings

Leverage and coverage

Leverage will remain manageable relative to both wealth and operations. However, the university has significant additional debt like obligations through its participation in state pension and retirement health plans while its age of plant at almost 18 years is above the A-rated public peer median of 16. Favorably, the state of Colorado is providing approximately \$36 million toward new construction projects including a facilities services building and information technology building. While the university reports it has no new near term debt, it intends to deploy approximately \$7-10 million of its reserves toward renewal of its energy systems.

Exhibit 6

Leverage is manageable with no near term plans for additional debt



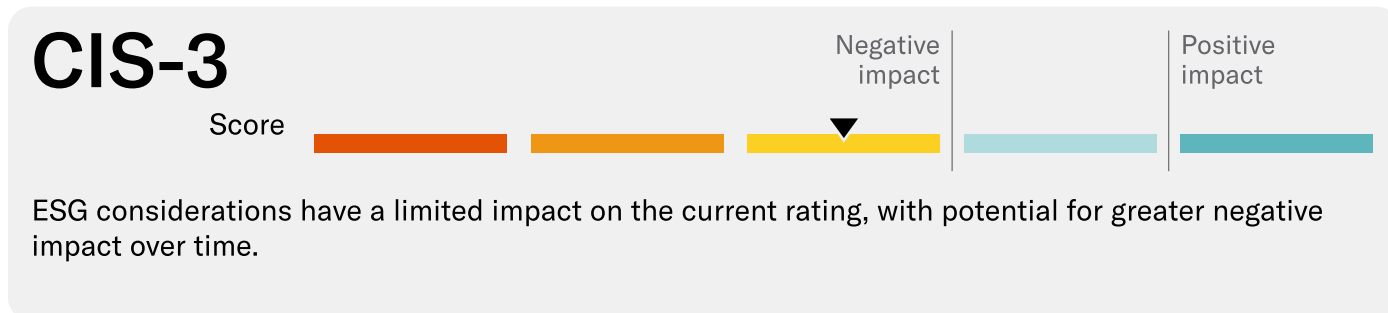
Source: Moody's Ratings

ESG considerations

Adams State University, CO's ESG credit impact score is CIS-3

Exhibit 7

ESG credit impact score

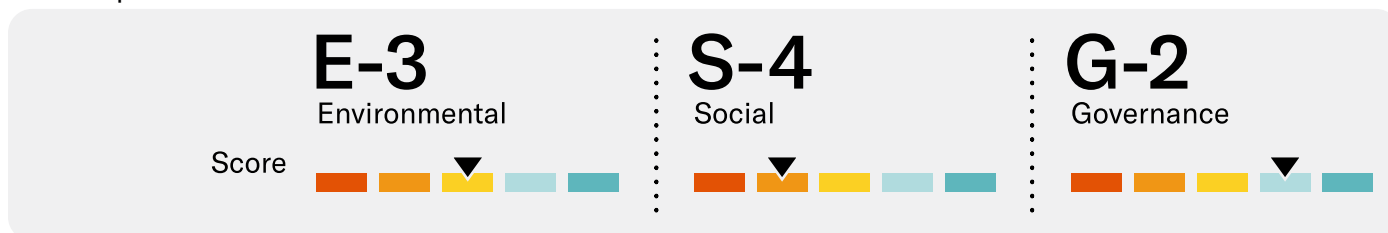


Source: Moody's Ratings

CIS-3 indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. Sound fiscal management and steady state support partially mitigate its heightened exposure to social risks including demographics and societal trends.

Exhibit 8

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Adams exposure to environmental risks **E-3** is driven by physical climate risks. The university's location in Alamosa, Colorado exposes it to extreme water stress given drought conditions in the San Luis Valley. Favorably, the university is positioned to help address water issues by offering programs in water studies to students and community members.

Social

Adams exposure to social risks **G-4** includes demographic and societal trends, customer relations and human capital risks. Consistent with most higher education providers, the university has a mission aligned with positive social impact through education and service and those favorable impacts increase the likelihood of ongoing support from the state. However, the university's student market remains highly competitive with uneven enrollment in recent years. Favorably, Adams status as a Hispanic Serving Institution and its diverse academic program mix including undergraduate, graduate and distance learning provides some market distinction. Customer relations risks are highlighted by a comparatively low yield on accepted students with a price sensitive student population and comparatively modest retention and graduation rates. Human capital risks are introduced by exposure to a large unfunded state pension obligation. Favorably, state enacted pension reforms should help reduce future expense pressure.

Governance

Adams exposure to governance risks **G-2** reflects that over the past several years enhanced budget management has improved operating performance and financial reserves, offset by some history of presidential turnover influencing management track record. Public universities typically have some board structure and governance risks given their lack of full independence from the state which allows for exposure to potential political considerations that could create misalignment to institutional priorities. For Adams,

moderately negative board structure risks are introduced by the selection process, with voting trustees appointed by the governor and confirmed by the state senate.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The [Higher Education](#) rating methodology includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, operating environment, and financial policy and strategy on a qualitative basis, as described in the methodology.

Exhibit 9

Adams State University, CO

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	71	Baa
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	Baa	Baa
Operating Environment	Baa	Baa
Factor 3: Operating Performance (10%)		
EBIDA Margin	21%	Aa
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	110	Aa
Total Cash and Investments to Operating Expenses	1.6	Aaa
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	0.9	A
Annual Debt Service Coverage	3.2	Aa
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	Baa	Baa
Scorecard-Indicated Outcome		A2
Assigned Rating		A3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Scorecard in line with key indicators above.

Source: Moody's Ratings

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CREDIT OPINION

5 December 2025



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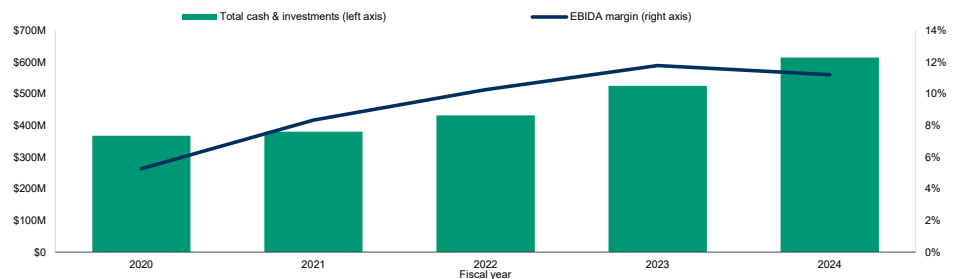
Colorado Community Coll.Sys.

Update to credit analysis

Summary

[Colorado Community College System's](#) ("CCCS"; Aa3 underlying, stable) excellent credit quality is underpinned by its important role supporting the workforce needs of the [State of Colorado](#) (Aa1 stable). Throughout its 35 locations across 13 colleges, CCCS served nearly 90,000 students in 2024. Liquidity is strong and total wealth is sizeable compared to peers. Direct debt is low relative to operating revenue at .2x. Operating performance is stable with a trend of EBIDA of 11% expected to continue through fiscal 2026. Offsetting credit factors include a large pension liability and an affordability mission which limits material growth in net student revenue.

Exhibit 1
Stable EBIDA with growing total cash and investments



Source: Moody's Ratings

Credit strengths

- » Important role in the State of Colorado that results in significant state support
- » Sound liquidity with 240 monthly days cash on hand
- » Manageable leverage with annual debt service coverage at 11x

Credit challenges

- » An affordability mission and a lack of control over tuition rates limits growth in net tuition revenue
- » Substantial net pension liability with total adjusted debt to operating revenue of 2.1x in fiscal 2024

Rating outlook

The stable outlook is supported by Moody's expectations of at least stable enrollment, consistent state operating support and sound debt service coverage.

Factors that could lead to an upgrade

- » Sustained improvement in operating performance
- » Improved student market position with consistent net tuition revenue growth
- » Substantial increase in cash and investments relative to debt and operations

Factors that could lead to a downgrade

- » Deterioration in EBIDA margins
- » Material increase in financial leverage
- » Significant decline in liquidity

Key indicators

Exhibit 2

COLORADO COMMUNITY COLLEGE SYSTEM

	2020	2021	2022	2023	2024
Total FTE Enrollment	76,895	76,709	79,821	85,594	89,898
Operating Revenue (\$000)	695,876	678,169	737,488	814,333	867,051
Annual Change in Operating Revenue (%)	4.1	-2.5	8.7	10.4	6.5
Total Cash & Investments (\$000)	367,260	380,153	432,033	524,990	614,909
Total Adjusted Debt (\$000)	2,182,501	2,198,807	2,266,185	2,088,631	1,806,001
Total Cash & Investments to Total Adjusted Debt (x)	0.2	0.2	0.2	0.3	0.3
Total Cash & Investments to Operating Expenses (x)	0.5	0.6	0.6	0.7	0.7
Monthly Days Cash on Hand (x)	169	181	189	219	241
EBIDA Margin (%)	5.3	8.3	10.3	11.8	11.2
Total Debt to EBIDA (x)	3.0	1.8	1.8	1.3	1.4
Annual Debt Service Coverage (x)	3.8	6.7	8.9	11.5	10.6

Source: Moody's Ratings

Profile

The Colorado Community College System is the largest higher education and workforce training provider in the State of Colorado. The system offers a full range of educational options including concurrent enrollment, career & technical education, certificate programs, transfer programs, associate and bachelor's degree programs, a masters degree program, and customized employer training. For fall 2024, it served 89,898 full-time equivalent students and recorded over \$867 million in operating revenue for fiscal 2024.

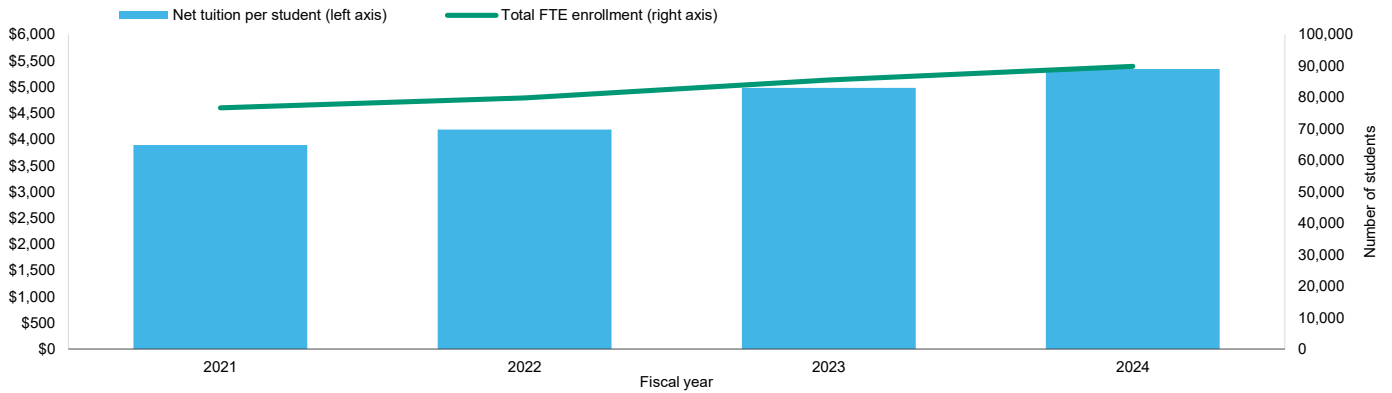
Detailed credit considerations

Market position

CCCS will continue to hold a strong market position due to its scale, broad geographic reach and diverse student base. Its affordability mission expands access but constrains net tuition revenue growth, particularly given its limited control over tuition rates.

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Exhibit 3
Enrollment is increasing

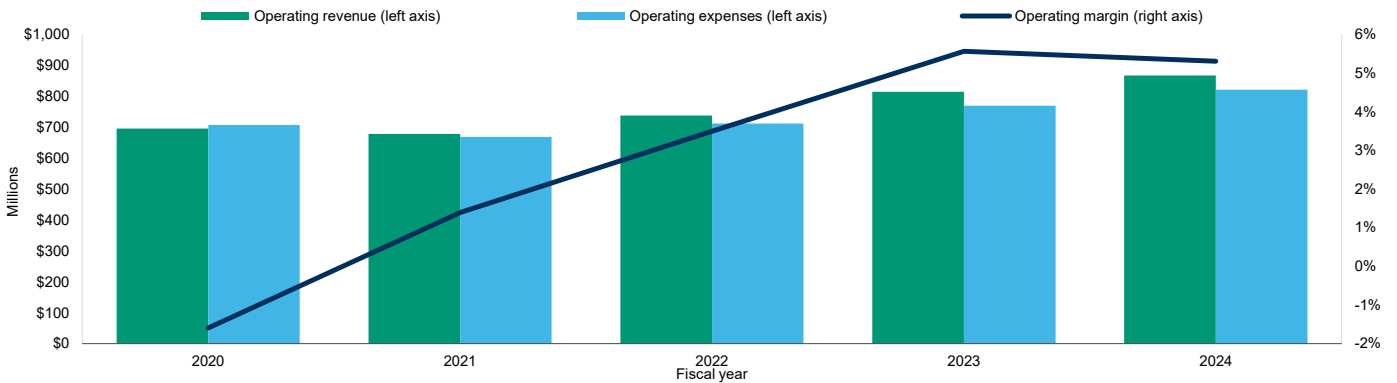


Source: Moody's Ratings

Operating performance

Solid operating performance is expected to continue in the near term. EBIDA is stable in the range of 11% for the past three years; management indicates fiscal 2025 performance will be similar based on projections. Although growth in state support has slowed, it remains strong and is a key contributor to credit quality, representing 26% of operating revenue. CCCS anticipates a small revenue loss due to a decline in the level of federal grants, however management has outlined plans to mitigate the impact.

Exhibit 4
Stable operating margin



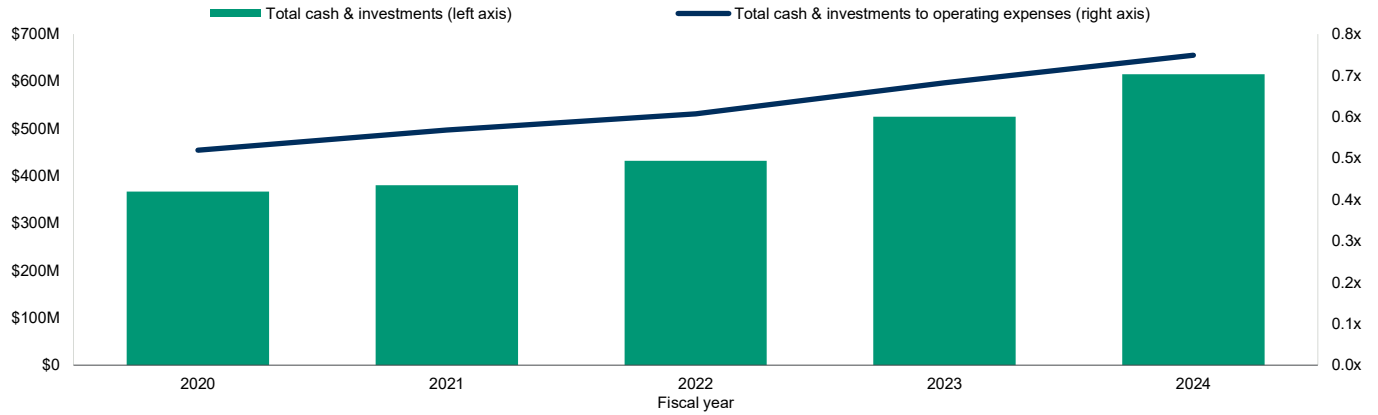
Source: Moody's Ratings

Financial resources and liquidity

Total wealth will remain sizeable compared with peers. Total cash and investments of \$615 million in fiscal 2024 is up an impressive 42% over the last three years. However, total cash and investments cover operating expenses by a limited 0.7x which is somewhat weaker compared to peers due to CCCS's large expense base.

Exhibit 5

Total cash and investments are growing



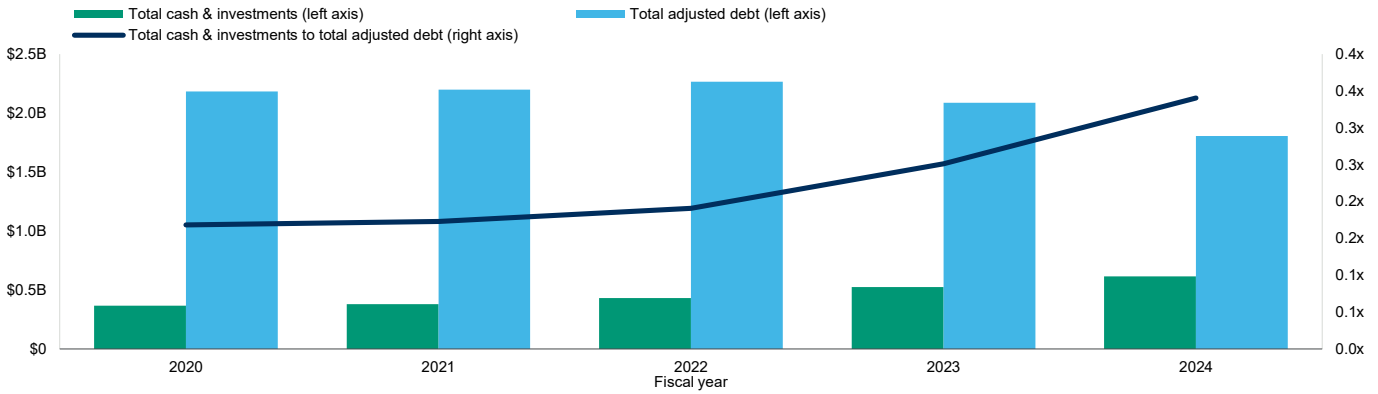
Source: Moody's Ratings

Leverage and Coverage

CCCS will maintain very modest balance sheet leverage relative to direct debt, with total cash and investments to total debt of 4.6x. Annual debt service coverage is exceptional at 11x. Total direct debt was modest at \$134 million in fiscal 2025, equivalent to just two months of operating revenue. The system continues to carry a large pension liability of \$1.7 billion as of Fiscal 2024. Although this liability is easing due to increased direct pension contributions from the state, total adjusted debt relative to operating revenue will remain elevated, at 2.1x. CCCS has no current plans for large-scale borrowing.

Exhibit 6

Total Cash & Investments, Total Adjusted Debt, Total Cash & Investments to Total Adjusted Debt



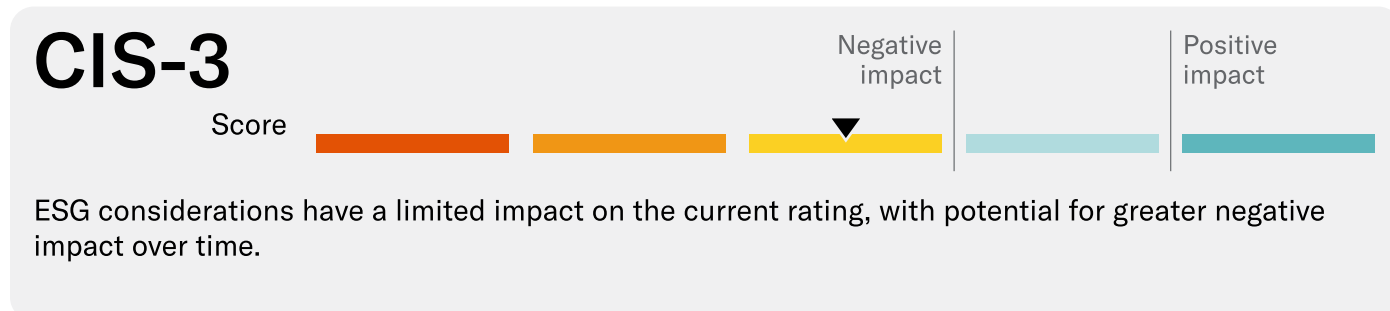
Source: Moody's Ratings

ESG considerations

Colorado Community Coll.Sys.'s ESG credit impact score is CIS-3

Exhibit 7

ESG credit impact score

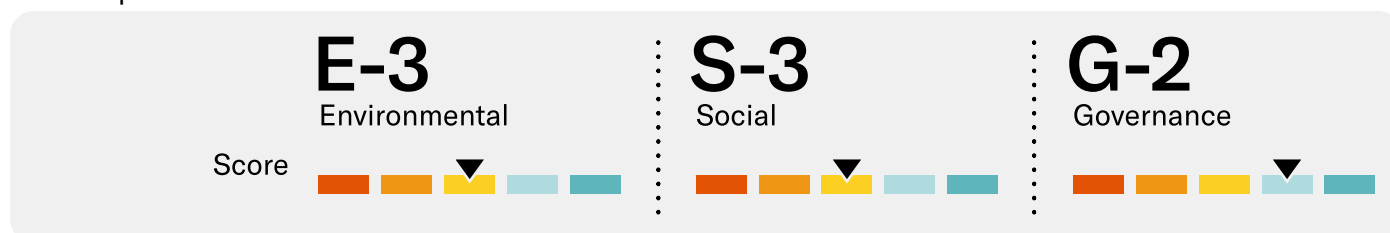


Source: Moody's Ratings

Colorado Community College System's credit impact score of **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for a greater negative impact over time, reflecting moderately negative environmental exposures, social considerations and a neutral-to-low governance profile.

Exhibit 8

ESG issuer profile scores



Source: Moody's Ratings

Environmental

CCCS's exposure to environmental risks is **E-3** and is driven by physical climate risks. Moderately negative physical climate risks stem from considerable water stress and wildfire risks at certain campuses throughout the system. With regard to carbon transition and alternative energy, several of the colleges offer degree and other programs designed to foster workforce preparation for alternative energy fields.

Social

CCCS's exposure to social risks is **S-3** and includes demographic and societal trends, customer relations and human capital risks. Consistent with most higher education providers, the system has a mission aligned with positive social impact through education and service and those favorable impacts increase the likelihood of ongoing support from the state. However, the system's student market remains highly competitive. A strong labor market has attracted prospective traditional age students to enter the workforce. Favorably, the system benefits from its considerable scale with 13 campuses across the state as well as growth in high school student enrollment. Customer relations risks are introduced by a high reliance on tuition revenue and a price sensitive student population. Favorably, increases in state funding are supportive of good state relations. Human capital risks are introduced by exposure to a large unfunded state pension obligation.

Governance

CCCS's exposure to governance risks is **G-2**. While budgeting is undertaken at the individual colleges, fiscal oversight is provided by system management. Unlike many community colleges, CCCS has sizeable total wealth and sound liquidity. Public colleges typically have some board structure and governance risks given their lack of full independence from the state which allows for exposure to

potential political considerations that could create misalignment to institutional priorities. For CCCS, moderately negative board structure risks are introduced by the selection process, with voting trustees appointed by the governor and confirmed by the state senate.

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Exhibit 9

Reflects Fiscal 2024 data

Colorado Community Coll.Sys.

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	867	Aa
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	A	A
Operating Environment	Aa	Aa
Factor 3: Operating Performance (10%)		
EBIDA Margin	11%	A
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	615	Aa
Total Cash and Investments to Operating Expenses	0.7	A
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	0.3	A
Annual Debt Service Coverage	10.6	Aaa
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	A	A
Scorecard-Indicated Outcome		A1
Assigned Rating		Aa3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Source: Moody's Ratings

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CREDIT OPINION

14 February 2025



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Colorado Mesa University

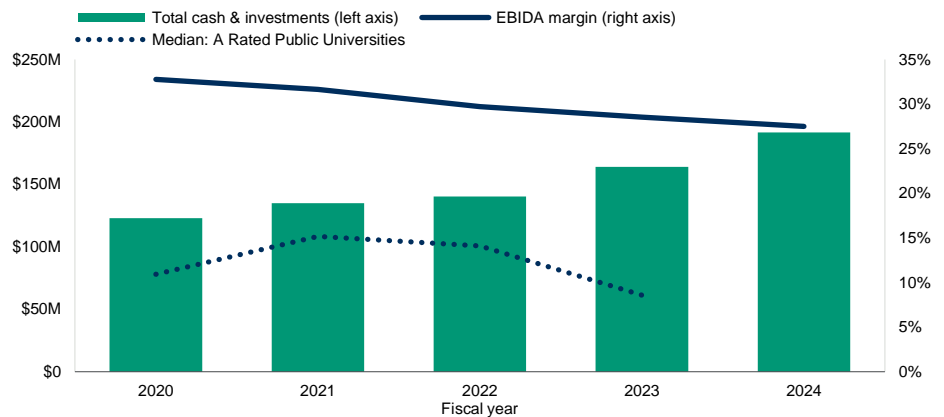
Update to credit analysis

Summary

[Colorado Mesa University's](#) (A2, stable) ("CMU") 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, 27.5% in FY24 when adjusted for receipt of one time Covid-19 aid money (SLFRF funds), and recent increases in state appropriations further support the university's credit quality. 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.

Exhibit 1

Strong EBIDA margins and growing wealth drive credit quality



FY24 data excludes one time SLFRF funds from Operating Revenues
Source: Moody's Ratings

Credit strengths

- » Solid market position and importance as a provider of higher education in the western portion of the state
- » Consistently strong EBIDA margins averaging nearly 30% over the past 5 years
- » Continued growth of liquidity translating to a favorable 337 days cash on hand at 2024 fiscal year end

Credit challenges

- » High reliance on tuition and fees to fund operations
- » Elevated financial leverage total adjusted debt at nearly 1.8x operating revenue post issuance, including a large net pension liability
- » Challenging enrollment environment from broader market competition

Rating outlook

The stable outlook incorporates expectations that the university will continue to maintain strong EBIDA margins supported by modest tuition growth and more recent improvements in state appropriations. Additionally, wealth and liquidity levels will continue to support expectations.

Factors that could lead to an upgrade

- » Material reduction in leverage with total cash to total adjusted debt exceeding 1.0x
- » Strengthening of student demand evidenced by multi-year enrollment growth
- » Sustained improvement in operating funding from Aa1-rated State of Colorado
- » Enhanced rating: upgrade in the State of Colorado issuer rating

Factors that could lead to a downgrade

- » Substantial increase in direct debt absent corresponding increases in cash flow
- » Reductions in liquidity
- » Material growth of expenses leading to material decline of EBIDA margins
- » Enhanced rating: deterioration in credit quality of the State of Colorado Rating or observation that the program does not function as contemplated

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

COLORADO MESA UNIVERSITY

	2020	2021	2022	2023	2024	Median: A Rated Public Universities
Total FTE Enrollment	7,314	7,155	7,099	7,174	7,794	9,489
Operating Revenue (\$000)	142,966	147,626	173,376	170,418	174,888	256,122
Annual Change in Operating Revenue (%)	3.8	3.3	17.4	-1.7	2.6	2.6
Total Cash & Investments (\$000)	122,889	134,897	140,199	163,967	191,670	253,632
Total Adjusted Debt (\$000)	330,223	327,727	331,852	337,237	304,739	338,554
Total Cash & Investments to Total Adjusted Debt (x)	0.4	0.4	0.4	0.5	0.6	0.7
Total Cash & Investments to Operating Expenses (x)	1.0	1.1	1.0	1.1	1.2	1.0
Monthly Days Cash on Hand (x)	277	264	256	307	337	168
EBIDA Margin (%)	32.8	31.7	29.7	28.5	27.5	8.6
Total Debt to EBIDA (x)	4.7	4.6	4.2	4.7	2.6	5.6
Annual Debt Service Coverage (x)	2.7	2.7	3.2	3.0	2.8	1.8

*FY24 data excludes one time SLFRF funds from Operating Revenues

Source: Moody's Ratings

Profile

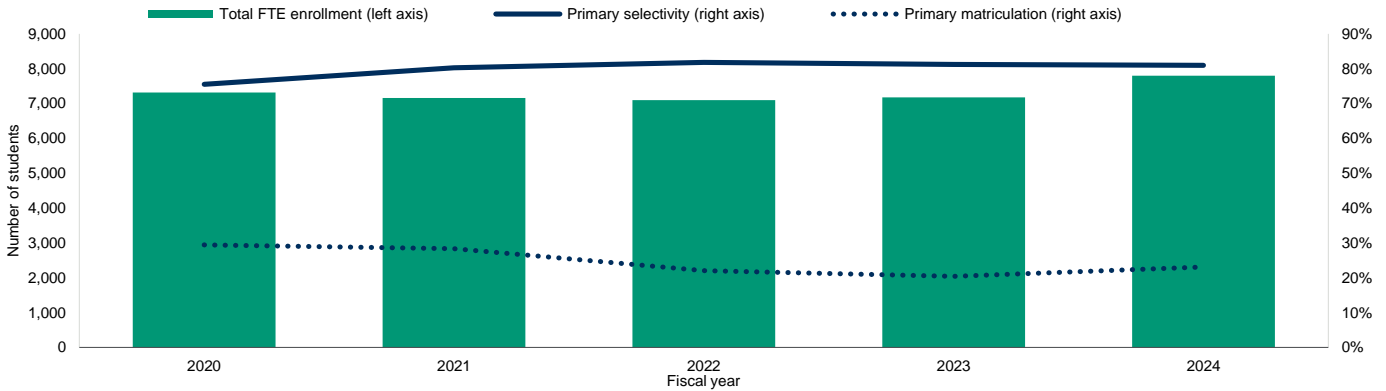
Colorado Mesa University is a regional public university located in Grand Junction, CO. As a regional public university, CMU serves as an important education provider in western Colorado, further evidenced by its unique funding support from the Cities of Grand Junction and Montrose, and Mesa County. In addition to its undergraduate and graduate programs, the university owns and operates a community college, delivering career and technical education, and a teaching hotel. In fiscal 2024, Colorado Mesa generated operating revenue of \$209 million and enrolled 7,794 full-time equivalent (FTE) students.

Detailed credit considerations

Market profile

Colorado Mesa University's very good strategic position will continue to be supported by its strong regional presence in the western portion of the State of Colorado. The university, which has three campuses and serves 14 counties in the western Colorado, has relatively low tuition and fee pricing (third lowest in-state tuition and fees in Colorado) and attractive facilities. Enrollment grew 8.6% in fall 2024 driven by the university's constant assessment of programmatic needs to serve the community and a drive to create a campus culture that embraces students from all parts of the state. As such, the university has an industry advisory group for each college that looks at both return on investment and community needs to refine and grow offerings. Additionally, through its CMU Distinctives initiative, the university offers a stackable credit model that helps meet student demand and balance price sensitivity. Further, the university continues to broaden its reach to surrounding rural counties which has helped support enrollment management.

Exhibit 3
Enrollment growth is a key credit driver



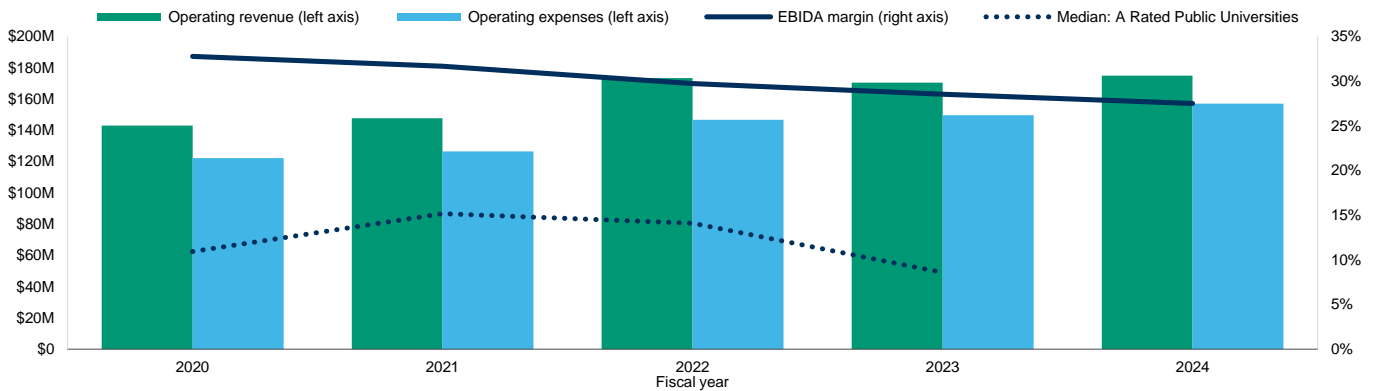
Source: Moody's Ratings

Operating performance

Expectations of very strong EBIDA margins are supported by a continued combination of revenue growth and modest expense growth. CMU reported an EBIDA margin of 27.5% in fiscal 2024, adjusted for one-time covid related money for capital projects, and has averaged 26% over the past ten years, well above peers of similar credit quality. Margins are expected to remain strong in the coming years with continued favorable state support and enrollment prospects. The university, like other Colorado public universities, relies heavily on tuition, student fees, and auxiliaries to fund operations, historically over 70% of operating revenue.

The [State of Colorado](#) (Aa1 stable)'s funding for higher education has been historically weak compared to similarly rated peers, but has consistently improved in more recent years. The state primarily funds higher education through two vehicles: the college opportunity fund (COF) and fee-for-service (FFS). In fiscal 2024, funding from those sources was \$45 million, a 13% year-over-year increase. In addition to state funding, CMU receives additional support from the City of Grand Junction (unrated), [Mesa County](#) (Aa2 stable), and the City and County of Montrose (unrated), further illustrating its importance to the region.

Exhibit 4
Operating Revenue consistently exceeds expenses



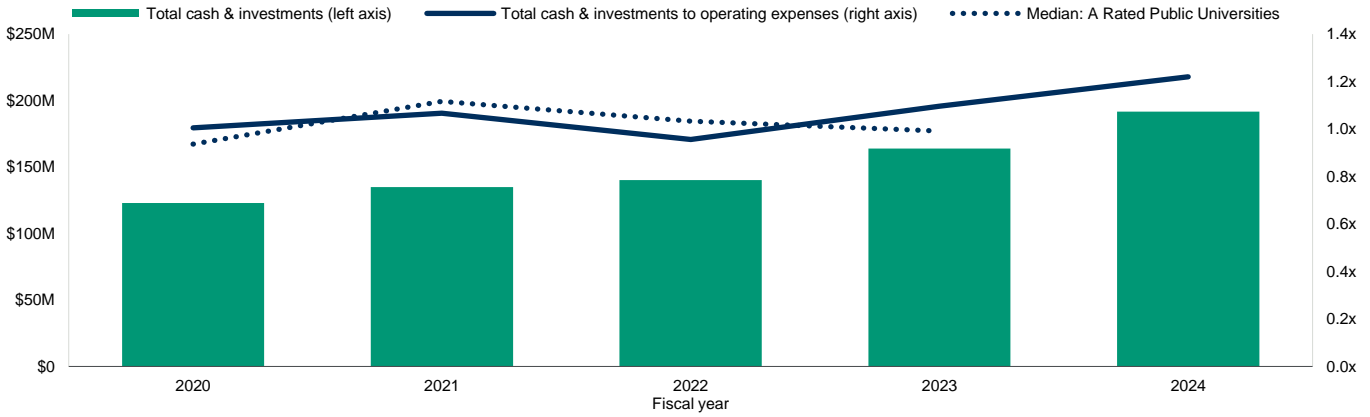
FY24 data excludes one time SLFRF funds from Operating Revenues
Source: Moody's Ratings

Financial Resources & Liquidity

Liquidity at CMU will remain sound for its credit quality despite continued capital investment which the university funds primarily through debt, state support and fundraising. In fiscal 2024, available monthly liquidity was \$149 million, providing a healthy 337 days of monthly days cash. The university has grown spendable cash and investments over 200% over the past ten years. Additionally, the university has continued to build wealth, 180% growth over ten years, through fundraising initiatives and prudent investment

management of the endowment. Additionally, expectations of cash preservation are maintained through continued fundraising initiatives and additional state support for the largest capital projects.

Exhibit 5
Cash and Investments have grown steadily



Source: Moody's Ratings

Leverage & Coverage

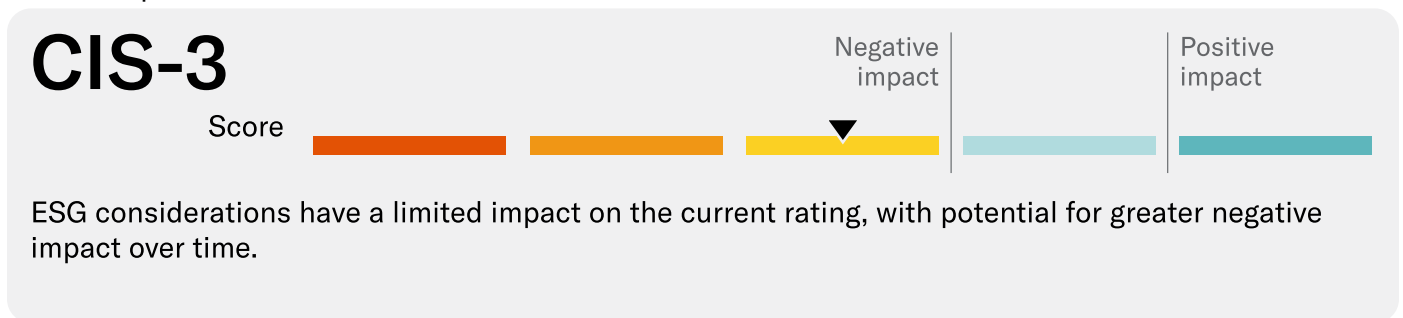
CMU's financial leverage will remain elevated compared to peers, post proposed debt issuance. Further pressuring leverage metrics is the university's pension exposure. The university participates in the State Division Trust Fund (SDTF) cost-sharing multiple employer defined benefit plan administered by the Public Employees' Retirement Association (PERA). The Moody's three-year average adjusted net pension liability (ANPL) for the university was \$92 million for fiscal 2024. Favorably, the university's debt is fixed rate with a majority of debt covered by the State of Colorado's Intercept program. Financial leverage, when measured by spendable cash and investments to total debt, was a modest 0.71x in fiscal 2024, weak compared to peers. However, debt affordability remains strong with total debt to EBIDA of 2.6x. Given the university's plans for additional growth, additional debt issuance is likely in the near to medium term.

The proposed Series 2025A bonds will be issued under the updated master resolution and therefore are subordinate to current outstanding debt.

ESG considerations

Colorado Mesa University's ESG credit impact score is CIS-3

Exhibit 6
ESG credit impact score

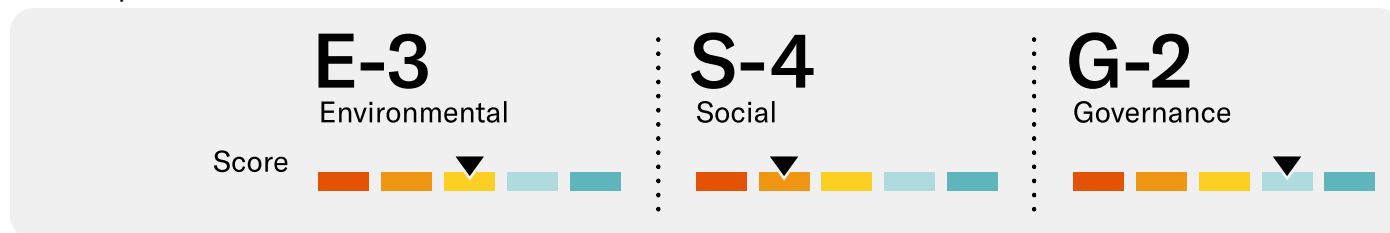


Source: Moody's Ratings

Colorado Mesa University's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. The university's good regional market position and its fiscal discipline partially mitigate its ESG risk exposures.

Exhibit 7

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Colorado Mesa's exposure to environmental risks (**E-3**) reflect its location in Grand Junction, Colorado which provides high exposure to water stress given the water issues facing the Upper Colorado River Basin. Favorably, the university is positioned to help address water issues by offering programs through its Hutchins Water Center for both students and the public. Additionally, continued plans to be the first university in America to be fully heated and cooled by a geo-exchange system support plans to reduce environmental impacts on the university.

Social

Colorado Mesa's exposure to social risks (**S-4**) includes demographic and societal trends, customer relations and human capital risks. Consistent with most higher education providers, the university has a mission aligned with positive social impact through education and service and those favorable impacts increase the likelihood of ongoing support from the state. However, the university's student market remains highly competitive with minimal enrollment growth over the past several years. Favorably, Colorado Mesa's strong regional presence as a provider of higher education in the western portion of the state and well-maintained facilities provide good market differentiation. Customer relations risks are introduced by a high reliance on tuition revenue and a price sensitive student population. Human capital risks are introduced by exposure to a large unfunded state pension obligation.

Governance

Colorado Mesa's exposure to governance risks (**G-2**) reflect management's sound financial planning and conservative budget practices that have produced strong operating results. Public universities typically have some board structure and governance risks given their lack of full independence from the state which allows for exposure to potential political considerations that could create misalignment to institutional priorities. For Colorado Mesa, moderately negative board structure risks are introduced by the selection process, with voting trustees appointed by the governor and confirmed by the state senate

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

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Exhibit 8

Colorado Mesa University

Scorecard Factors and Sub-factors

	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	209	A
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	A	A
Operating Environment	Baa	Baa
Factor 3: Operating Performance (10%)		
EBIDA Margin	39%	Aaa
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	192	Aa
Total Cash and Investments to Operating Expenses	1.2	Aa
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	0.6	A
Annual Debt Service Coverage	4.8	Aaa
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	A	A
Scorecard-Indicated Outcome		A1
Assigned Rating		A2

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

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Source: Moody's Ratings *note FY24 scorecard above includes SLFRF funds

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REPORT NUMBER 1436584

CLIENT SERVICES

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Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Research Update:

Colorado School Of Mines Board Of Trustees Enterprise Revenue Bond 'A+' Rating Affirmed

October 1, 2025

Overview

- S&P Global Ratings affirmed its 'A+' rating on [Colorado School of Mines Board of Trustees'](#) (Mines) various outstanding enterprise revenue bonds.
- The outlook is stable.

Rationale

Security

The majority of debt we rate is secured by a subordinate lien on a net revenue pledge, which includes 100% of student tuition revenue, certain student fees, revenue derived from pledged facilities, and indirect cost recoveries. A senior lien on the net revenue of the auxiliary facility enterprise system, including a broad mix of revenue from various auxiliary facilities and unlimited student fees, secures approximately \$2.9 million in prior obligations (series 1999). We do not differentiate between the rating on the new issues and the prior obligations because of the closed prior lien and what we consider the small amount of debt outstanding, as well as the additional security pledged to the parity obligations. Both security pledges are, in our opinion, equivalent to a broad unlimited student fee.

The 'AA' long-term rating on Mines' series 2009B, 2017C, and 2024A bonds is based solely on the university's participation in the Colorado Higher Education State Aid Intercept Program.

Total outstanding debt as of fiscal 2024 is about \$735 million, excluding premiums, and includes about \$50 million in leases and subscription-based information technology arrangements (SBITA) and \$50 million in outstanding privately placed debt. The privately placed debt is the series 2020, series 2023A, and series 2023B bonds through JP Morgan Chase and is secured on parity with existing non-state intercept-related debt. There are no financial covenants requirements. The university recently issued debt to refund about \$35 million in outstanding debt and terminate the 2022D swaps. While we do not rate this issuance, the security structure is in line with existing debt.

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Credit highlights

We assess Mines' enterprise risk profile as very strong, with excellent selectivity, solid growth in full-time enrollment, which continued in fall 2025, and sound governance and management. We assess the school's financial risk profile as strong, with robust research funding and growing financial resources, offset by deficits in the past two years that we expect to improve, high debt load, and maximum annual debt service (MADS) burden. Combined, we believe these credit factors lead to an indicative and final stand-alone credit profile of 'a+' and an 'A+' long-term rating.

Factors supporting the rating include our view of Mines':

- Increasing enrollment, excellent student quality, and solid academic demand niche in engineering and science;
- Good revenue diversity and flexibility, with significant research revenue; and
- Experienced management team that is forward-looking, maintains robust financial policies and practices, and has a track record of successfully executing on strategic initiatives, including impressive success with fundraising.

Offsetting credit factors include:

- Very high pro forma debt and pro forma MADS burden of 9.9% of fiscal 2024 adjusted operating expenses; and
- Weaker financial resources, when compared to debt, for the current rating;

Despite federal cuts to university research funding, the impact to Mines has been minimal, with just over \$1 million in grants cancelled thus far. Total research awards for fiscal 2025 were \$136 million, up from \$107 million in fiscal 2024. The university's indirect cost recovery rate is a little over 50%. Management has been prudently looking at various scenarios to evaluate the impact of a possible reduction of the indirect cost recovery rate by the federal government.

The School of Mines is located in Golden, Colo., and has 16 academic departments at the graduate and undergraduate level, with a focus on engineering and science, primarily related to the earth, energy, and the environment. The single campus encompasses 518 acres and an off-campus experimental mine. During the past decade, the university has focused on renewing and building capital infrastructure using funding sources that include bonds, fundraising, student fees, and grants.

Environmental, social, and governance

We view the university's environmental, social, and governance factors as neutral in our credit rating analysis.

Outlook

The stable outlook reflects our opinion of Mines' solid enrollment growth and stellar demand profile, along with impressive fundraising for its size that we expect to continue. We anticipate the school's operating performance will improve following two years of deficits that were somewhat planned, as the revenue from capital spending will begin to generate revenue in fiscal 2025. We believe the university's debt load is quite high, but we do not anticipate any additional new money debt within the outlook period.

Downside scenario

We could consider a lower rating if operating deficits were to persist as demand wanes considerably, if the university issues additional debt such that its debt profile is no longer consistent with the rating, or if its financial resources weaken.

Upside scenario

We could consider a positive rating action if Mines is able to demonstrate significant growth in its financial resource ratios, particularly compared to debt, while maintaining solid demand metrics and full-accrual surpluses.

Credit Opinion

Enterprise Risk Profile- Very Strong

Market position and demand

Student demand remains positive, with exceptional student quality and a healthy academic niche in engineering and science. Full-time equivalent (FTE) enrollment has increased steadily during the past seven years, with a 6% increase in fall 2024 following a 2.0% increase in fall 2023; for fall 2025, the university experienced a 2% increase in enrollment. FTE enrollment growth has largely been driven by increases in freshman class sizes. Mines had 1,600 freshman students in fall 2024 compared to 1,284 in fall 2019. Applications increased by about 16% in fall 2024, with another roughly 10% increase in fall 2025. Graduate enrollment has increased slightly in each of the past seven years, including in fall 2024. For fall 2025, the university is expecting growth in graduate enrollment. Management anticipates undergraduate enrollment will be stable but that demand will remain solid, while graduate enrollment could continue to grow.

About 7% of Mine's students are international. According to management the university was able to retain most of the incoming students in fall 2025, with only a slight decrease.

Mines maintains high student quality, which helps it retain and graduate many students. The university's 93% retention rate and 81% graduation rate are above average compared with similarly rated peers. In fall 2024, the university increased tuition and fees by about 3%, with no discernible influence on student demand. Mines also maintains solid geographic diversity, as about 46% of its total FTE students come from outside Colorado, just within the state's threshold for the ratio of nonresident-to-resident students.

Mines recently concluded its fundraising campaign, "The Campaign for MINES @150," which raised about \$589 million on an initial goal of \$450 million. The foundation raised about \$61 million in fiscal 2025. The university's last capital campaign, "Transforming Lives," raised \$452.5 million, above its \$350 million goal. For more information on the foundation, please see the [report](#) published May 07, 2025, on RatingsDirect.)

Management and governance

The board of trustees has nine members. The state governor, with the consent of the state senate, appoints seven voting members who serve two staggered, four-year terms. Nonvoting members include one elected student representative and one elected academic faculty member.

Colorado School Of Mines Board Of Trustees Enterprise Revenue Bond 'A+' Rating Affirmed

There have been no major shifts in the board aside from regular member rotations, and we view its stability favorably.

Mines' current president, Dr. Paul Johnson, took office in July 2015 after his predecessor retired. The senior management team remains stable, with the addition of a new provost, who took office May 2025, lending stability to the overall credit profile.

The university recently completed its "Mines @150" strategic plan, which coincided with its 150th anniversary in 2024. The plan's goal is for the university to remain a specialized engineering and science and research university, with an emphasis on producing distinctive graduates, creating transformative and enduring value, and being a pioneer at the frontiers of science and engineering. It outlines the university's imperatives to success: being a top-of-mind and first-choice institution, expanding offerings and diversifying delivery, increasing the scale and impact of research, strengthening affinity to Mines, and embodying innovation and entrepreneurship. The university has quantifiable and achievable demand metrics for graduation rates, retention, and student selectivity and quality, and has achieved most of its goals. Mines is in the process of looking into a new strategic plan that will likely continue many of the themes of the past plan.

Financial Risk Profile – Strong

Financial performance

Mines posted a full accrual deficit for the past two years after many years of surpluses, largely due to additional expenses related to capital expansion before it is able to generate the revenue from that spending. Our calculation of adjusted operating revenue includes state support in the form of the College Opportunity Fund and fee for service funds; endowment spending, which was about \$25 million from the foundation and \$7 million from the university; and dividend and interest income (\$12 million). Our calculation of adjusted operating expenses includes interest expense as well as the adjustment of non-cash related to its pension and other postemployment benefit (OPEB) expenses. With this, we calculate that fiscal 2024 had a full accrual operating deficit of -\$19 million, or 3.9%. However, management expects a correction in the fiscal 2025 audit that will reduce expenses by about \$15 million, making the deficit in fiscal 2024 minimal. The university produced a small deficit of less than 1% in fiscal 2023, according to our calculation, with many years of surpluses previous to this. The university has positive operations on a cash basis. The deficit in fiscal 2024 was driven largely by increases in capital-related expenses for which the university did not use capitalized interest. Auxiliary revenue has been flat but is projected to increase considerably given the construction of a new dorm. The university started to see the increases in fiscal 2025 and will see larger increases in fiscal 2026. Management is anticipating improved operations in fiscal 2025 and to likely generate full accrual surpluses by fiscal 2026.

Mines' revenue base is relatively diverse, coming from several primary sources, including state funding, student-generated revenue, federal research grants, private grants, and auxiliary operations. In fiscal 2025, its total research awards were about \$136 million, up from \$107 million in fiscal 2024. Historically, the university has received about 25% of its research funding from private industry, with the majority of the balance from federal grants.

Mines receives money from the state in two ways: fee-for-service contracts with the Colorado Department of Higher Education and tuition stipends through the Colorado Opportunity Fund to qualified undergraduate resident students. The state legislature sets the amount of the tuition stipend for each student at any public, nonvocational Colorado institution and some private

Colorado School Of Mines Board Of Trustees Enterprise Revenue Bond 'A+' Rating Affirmed

colleges in the state. For fiscal 2024, Mines received about \$10.6 million in stipend money through the College Opportunity Fund and about \$22.9 million for its fee-for-service contract. The fee-for-service contract specifies that the university will provide specialized engineering and graduate services to the state. State funding has increased in fiscal 2025 and is currently projected to increase slightly in fiscal 2026. Mines overall relationship with the state is good, according to management, and the school has secured exemplary status (designated by the state legislature and written into the Colorado statutes), which means, among other things, that it has tuition-raising flexibility.

Financial resources

Total cash and investments (for the university and for the Colorado School of Mines Foundation, a separate, discretely presented component unit) equaled \$963 million at fiscal year-end 2024, inclusive of about \$337 million of unspent bond proceeds. This compares to \$719 million in fiscal 2023, with \$124 million in unspent bond proceeds. This equates to a metric for cash and investments to adjusted operating expense of 192%; compared to debt this equals 131%, which we consider thin for the rating level. When excluding the additional bond proceeds, the ratios are weaker. Excluding bond proceeds, we expect cash and investments to increase over time given operating surpluses on a cash basis and solid fundraising results. The university's endowment draw remains conservative, in our opinion, at 4.25% of a rolling 12-quarter market value average.

Mines Foundation holds the bulk of the school's endowment. Management closely tracks liquidity, liquidity needs, and capital calls and distributions, and we consider this a credit strength. As of June 30, 2025, the long-term investment pool asset market value, which largely makes up the endowment, totaled about \$480 million. About 34% of the endowment is liquid within one day, and about 37% is liquid within 30 days; however, most funds are subject to donor restrictions. The investment pool assets are invested with 35 investment managers in various diversified asset classes. Investment management firms are recommended by the foundation's investment consulting firm, which meets with the foundation investment committee quarterly.

Debt, contingent liabilities, and capital projects

The university's total debt increased substantially in fiscal 2024, though on a pro forma basis, and remained relatively stable given we had already factored this debt into our calculations. Our calculation of MADS is \$49,361, inclusive of \$46.4 million in 2038 in addition to lease and SBITA payments, equal to a very high 9.9% of adjusted operating expenses. Recent debt issuances were used for several capital projects, including a parking garage; early childhood education center and classroom space; Mines Park housing facilities; and finance utility infrastructure projects for the new Energy and Minerals Research Facility. Construction on the Energy Minerals Research Facility building will be funded through federal appropriations. The building is being built on the Mines campus, for the United States Geological Society; however, Mines will be granted use of a portion of the space at no cost.

The funded ratio for the state division trust fund (SDTF) pension obligations improved to 67% in fiscal 2024, up from 64% in fiscal 2023. The SDTF is a cost-sharing multiple-employer defined-benefit pension plan administered by the Public Employees' Retirement Association of Colorado. The university's required annual contributions for its pension and OPEB plans, including defined contribution plans, remain manageable at about 4% of adjusted operating expenses in fiscal 2024.

Colorado School of Mines Board of Trustees, Colorado--Enterprise and financial statistics

	--Fiscal year ended June 30 --				
	2025	2024	2023	2022	2021
Enrollment and demand					
Full-time-equivalent enrollment	7,521	7,095	6,958	6,706	6,370
Undergraduates as a % of total enrollment	81.5	81.3	79.7	79.0	78.9
First-year acceptance rate (%)	60.7	59.7	58.0	56.8	54.9
First-year matriculation rate (%)	23.1	24.8	24.0	21.2	17.7
First-year retention rate (%)	93.0	93.0	94.0	91.0	92.0
Six-year graduation rate (%)	80.5	80.0	81.7	83.3	84.2
Financial performance					
Adjusted operating revenue (\$000s)	N.A.	481,791	431,312	395,690	367,166
Adjusted operating expense (\$000s)	N.A.	501,413	434,978	392,984	357,348
Net adjusted operating margin (%)	N.A.	(3.9)	(0.8)	0.7	2.7
Estimated operating gain/loss before depreciation (\$000s)	N.A.	9,080	24,547	29,831	36,188
Tuition discount (%)	N.A.	24.6	24.4	24.1	24.4
Student dependence (%)	N.A.	57.1	59.6	60.6	57.3
State appropriations to revenue (%)	N.A.	0.9	2.2	1.3	3.1
Research dependence (%)	N.A.	25.7	23.0	21.2	22.0
Financial resources					
Endowment market value (\$000s)	N.A.	380,479	344,985	315,519	350,662
Related foundation market value (\$000s)	N.A.	444,146	402,729	377,016	448,485
Cash and investments including foundation (\$000s)	N.A.	963,331	719,383	603,527	657,963
Cash and investments including foundation to operations (%)	N.A.	192.1	165.4	153.6	184.1
Cash and investments including foundation to debt (%)	N.A.	131.1	177.1	205.7	219.0
Debt					
Total debt with foundation (\$000s)	N.A.	734,735	406,313	293,386	300,385
Proposed debt (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.
Total pro forma debt (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.
Current MADS burden (%)	N.A.	9.9	7.0	7.8	6.3
Pro forma MADS burden (%)	N.A.	N.A.	N.A.	N.A.	N.A.
Average age of plant (years)	N.A.	11.8	11.6	11.8	N.A.

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term and long-term investments. Average age of plant = accumulated depreciation/depreciation and amortization expense. N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service.

Ratings List

Ratings Affirmed

Education

Colorado Sch of Mines Brd of Trustees, CO Unlimited Student Fees

A+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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Colorado School Of Mines Board Of Trustees Enterprise Revenue Bond 'A+' Rating Affirmed

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MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns A1 underlying to Colorado School of Mines (CO) Series 2025A&B bonds and Aa2 enhanced to Series 2025B bonds; outlook stable on issuer and underlying ratings

25 Aug 2025

New York, August 25, 2025 -- Moody's Ratings (Moody's) has assigned an A1 underlying rating to Colorado School of Mines (Mines), CO proposed approximately \$32 million Institutional Enterprise Revenue Refunding Bonds, Series 2025A and an A1 underlying rating and Aa2 enhanced rating to Mines proposed approximately \$8 million Institutional Enterprise Revenue Refunding Bonds, Series 2025B. The bonds will be issued by the Board of Trustees of the Colorado School of Mines, CO with expected final maturities in 2037 and 2032, respectively. We maintain an A1 issuer rating, A1 rating on outstanding rated revenue bonds and a Aa2 enhanced rating on prior revenue bonds qualified for the state intercept program. Total debt outstanding at fiscal 2024 (June-30-year end) was approximately \$725 million. The outlook on the issuer and underlying ratings is stable.

RATINGS RATIONALE

Maintenance of Mines' A1 issuer rating reflects its very good brand and strategic positioning based on its established niche in earth sciences, energy and the environment, drawing steady increases in enrollment, net tuition revenue and research activity. For fall 2025, management reports first year first time enrollment is tracking slightly ahead of the prior fall and the fiscal 2026 undergraduate discount rate is flat at 24%. A \$240 million federally funded US Geologic Survey Energy and Minerals Research Facility on Mines' campus will come online in 2027. Mines will lease 25% of the building for its own use at no cost. Sound total wealth, supported by strong philanthropy, is also a favorable credit factor.

Offsetting challenges include very high leverage, driven by a substantial increase in direct debt to finance student housing investments. Mines' credit health will be increasingly tied to gains in EBIDA, including timely construction and auxiliary revenue gains. Based upon preliminary guidance provided by management, we expect fiscal 2025 operating performance will be slightly improved from fiscal 2024's 7.5% EBIDA. With the Mines Park residence project coming on-line in August of 2025, and projected 93% fall occupancy, we expect fiscal 2026 operating performance will be markedly improved. Liquidity has thinned in recent years due largely to one-time strategic investments. Based upon preliminary guidance provided by management, we expect monthly liquidity will end fiscal 2025 around \$106 million.

Assignment and maintenance of the A1 revenue bond ratings incorporates Mines issuer rating and the broad nature of the revenue pledge.

Assignment and maintenance of the Aa2 enhanced rating incorporates the program-level Aa2 rating of the Colorado Higher Education Enhancement Program, which is notched off of the State of Colorado's Aa1 issuer rating, as well as financing-level attributes related to sufficiency of the financing structure.

RATING OUTLOOK

The stable outlook on the issuer and underlying ratings reflects our expectations that Mines will maintain strong student demand and rising net tuition and auxiliary revenue. The stable outlook is also predicated on maintaining wealth and liquidity, and continued fiscal discipline to effectively manage operating performance.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Substantial improvement in flexible financial resources combined with a material reduction in financial leverage

- Further strengthening of brand, demonstrated by increased student demand and growth in revenue and donor support
- Enhanced rating: Upgrade in the State of Colorado rating or programmatic intercept rating

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Inability to strengthen EBIDA and return to over 2.0x debt service coverage once new housing is open
- Failure to improve monthly liquidity translating to growth in monthly days cash on hand over the next 12-18 months
- Material increase in leverage absent strengthened wealth and coverage of debt service
- Disruption to enrollment or inability to achieve gains in net tuition and auxiliary revenue
- Enhanced rating: Deterioration in credit quality of the State of Colorado rating or programmatic rating; observation that the program does not function as contemplated

PROFILE

The Colorado School of Mines, located west of Denver in Golden, was originally established in 1874. Mines offers undergraduate and graduate degrees, including doctoral, and has been dedicated to education in mineral engineering and earth sciences. In fiscal year 2024, Mines recorded approximately \$410 million in operating revenue and for fall 2024, enrolled approximately 7,500 full-time equivalent enrollment (FTE) students.

METHODOLOGY

The principal methodology used in the underlying ratings was Higher Education published in July 2024 and available at <https://ratings.moody.com/rmc-documents/425580>. The principal methodology used in the enhanced rating was US State Aid Intercept Programs and Financings published in February 2024 and available at <https://ratings.moody.com/rmc-documents/415020>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of these methodologies.

REGULATORY DISCLOSURES

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MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aa3 to Colorado State University System's (CO) Series 2025E&F and enhanced Aa2 to Series 2025F; outlook stable

01 Dec 2025

New York, December 01, 2025 -- Moody's Ratings (Moody's) has assigned Aa3 underlying ratings to Colorado State University System's (CO) planned \$67.8 million System Enterprise Revenue Bonds, Series 2025E and \$33.3 million System Enterprise Revenue Refunding Bonds, Series 2025F. In addition, we have also assigned an enhanced Aa2 rating to the Series 2025F. All bonds are fixed rate, with final maturities in fiscal 2056 and 2038, respectively. We maintain Aa3 issuer and underlying revenue bond ratings, Aa2 enhanced ratings, a P-1 rating on the Commercial Paper (CP) program and a VMIG-1 rating on the variable rate bonds. The system had \$1.2 billion of debt outstanding as of June 30, 2024. The outlook on the issuer rating and underlying ratings is stable.

RATINGS RATIONALE

Maintenance of Colorado State University System's (CSUS or the system) Aa3 issuer rating reflects its excellent strategic positioning stemming from its role as the land grant institution for the State of Colorado (Aa1 stable issuer rating), with a \$1.8 billion scope of operations and meaningful research enterprise. Modest operating performance for fiscal 2024 reflects one-time initiative investments, combined with ongoing inflationary pressures. Favorable net tuition per student growth, steady student demand, and strong donor support partially mitigate the recent expense pressures, informing what should be a slightly stronger fiscal 2025.

Offsetting challenges include high leverage and ongoing capital funding needs. Liquidity remains adequate at about 162 monthly days cash on hand following the use of \$230 million of liquidity to pay off short term debt. State operating and capital support is relatively low relative to peers, with only modest increases expected in the near term. The system remains exposed to an underfunded state plan pension liability.

Assignment and maintenance of the Aa3 revenue bond ratings incorporates the system's issuer rating and the broad nature of the revenue pledge.

Assignment and maintenance of the Aa2 enhanced rating is based on the strength of the Colorado Higher Education Enhancement Program (Aa2 stable), which is based on the State of Colorado's Aa1 issuer rating and stable outlook, as well as the sufficiency of interceptable revenues and transaction structure.

RATING OUTLOOK

The stable outlook reflects our expectations that the system will maintain more than balanced operating performance, with ongoing expense adjustments to return to double-digit EBIDA margins and debt service coverage of 2x or greater by fiscal 2026.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Substantial increase in wealth relative to total adjusted debt to over 1x and to expenses of 1.1x
- Sustained and material improvement in EBIDA margins of over 12% and debt service coverage of 2.5x
- Enhanced rating: Upgrade in the State of Colorado issuer rating

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Sustained deterioration of EBIDA margins and debt service coverage
- Material decline of liquidity due to unplanned uses
- Significant increase in leverage without concurrent growth in cash and investments
- Enhanced rating: Deterioration in credit quality of the State of Colorado rating or observation that the program does not function as contemplated

PROFILE

The Colorado State University System includes the system administration, which oversees three component institutions: the state's land grant institution, Colorado State University in Fort Collins; Colorado State University-Pueblo; and Colorado State University-Global Campus, a fully online public university. CSU also manages extension offices in 60 of the 64 counties in Colorado. In fiscal 2024, the system's operating revenue totaled \$1.75 billion and in fall 2025 served 31,148 full-time equivalent (FTE) students.

METHODOLOGY

The principal methodology used in the underlying ratings was Higher Education published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425580>. The principal methodology used in the enhanced rating was US State Aid Intercept Programs and Financings published in February 2024 and available at <https://ratings.moodys.com/rmc-documents/415020>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

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Credit Highlights

Outlook

Credit Opinion

Enterprise Risk Profile: Very Strong

Financial Risk Profile: Strong

Colorado State University System Board of Governors; CP; Public Coll/Univ - Unlimited Student Fees; School State Program

Credit Profile

US\$82.51 mil rev bnds ser 2025D-1 dtd 04/30/2025 due 03/01/2047		
<i>Long Term Rating</i>	A+/Stable	New
US\$80.815 mil rev bnds ser 2025C dtd 04/30/2025 due 03/01/2055		
<i>Long Term Rating</i>	A+/Stable	New
US\$8.115 mil rev bnds ser 2025D-2 dtd 04/30/2025 due 03/01/2046		
<i>Long Term Rating</i>	A+/Stable	New
Colorado St Univ Sys Brd of Governors SCHSTPR		
<i>Long Term Rating</i>	AA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'A+' long-term rating to the Colorado State University (CSU) System Board of Governors' anticipated series 2025C, 2025D-1, and 2025D-2 enterprise revenue and revenue refunding bonds (approximately \$170 million).
- At the same time, we affirmed our 'A+' long-term rating on CSU's enterprise revenue bonds outstanding, our 'A+/A-1' dual rating on CSU's 2025B variable-rate demand bonds (VRDBs), and our 'A-1' short-term rating on CSU's commercial paper (CP) notes.
- The outlook, where applicable, is stable.

Security

The 'A+' long-term rating reflects the general creditworthiness of the system. Net revenue from CSU-Fort Collins and CSU-Pueblo, including student tuition and fees, and facility rents and revenues, secures the system's enterprise revenue bonds. We view this broad pledge as equivalent to an unlimited student-fee pledge.

The 'A+/A-1' dual rating on the series 2025B VRDBs receives enhancement in the form of a standby bond purchase agreement (SBPA) from Bank of America N.A. The 'A+' long-term component of the rating reflects CSU's credit characteristics. The 'A-1' short-term component of the rating reflects the liquidity facility in the form of an SBPA provided by Bank of America, effective Feb. 26, 2025. The SBPA will cover principal and 34 days' interest at a maximum 18% annual rate for the purchase price of bonds that are not successfully remarketed. The SBPA provides coverage for the bonds during the weekly and daily rate mode (covered modes). The SBPA is due to expire on Feb. 26, 2029, unless extended, replaced, or terminated beforehand.

The 'A-1' short-term rating for the CP program reflects our view of CSU's overall credit quality. The CP rating also reflects CSU's ability to cover any failed rollovers on its CP (\$19.1 million outstanding as of April 1, 2025) from

unrestricted liquid funds that totaled more than \$67.0 million held in short-term money-market funds with daily liquidity plus the balance of its operating portfolio equal to approximately \$460.0 million as of Feb. 28, 2025.

The 'AA' long-term rating on some series of the system's enterprise revenue bonds is based on participation in the Colorado Higher Education State Aid Intercept Program. For more information on the Colorado Credit Enhancement Programs, see our analysis, published July 10, 2024, on RatingsDirect. The university plans to apply for the State Aid Intercept Program for the series 2025D-1 refunding bonds; if eligibility is determined, we could assign a state enhancement rating later this month.

Proceeds of the anticipated \$80.8 million series 2025C bonds will finance two residence hall capital projects for Durward and Allison Halls. Future capital projects will likely be funded with additional bonding within the next two years (estimated at \$115 million-\$140 million).

Proceeds of the anticipated \$82.5 million series 2025D-1 and \$8.2 million series 2025D-2 bonds will refund portions of several series of existing bonds for debt service savings; however, we understand that the size and scope of the refunding could change at issuance, particularly because this is a tender offer refunding.

Total pro forma debt outstanding, including this issuance and upcoming debt plans, is expected to be approximately \$1.37 billion.

Credit overview

We assessed the system's enterprise risk profile as very strong, reflecting a history of steady enrollment growth at CSU-Fort Collins and solid demand metrics. We assessed CSU's financial risk profile as strong, reflecting solid financial resources compared with operating expenses, and a manageable pro forma maximum annual debt service (MADS) burden, offset by some weakening in full-accrual operating results in recent years, and a cash and investments-to-debt ratio that is below that of medians and peers. These factors, combined, lead to an anchor of 'a+' and a long-term rating of 'A+'.

The 'A+' rating further reflects CSU's:

- Sizable enrollment base near 35,000 students, with full-time equivalent (FTE) growth in the past three years, demonstrating recovery from some pandemic-induced declines;
- Healthy market position as the state's land-grant institution and a high level of sponsored research, with some geographic diversity in the student population, and a very strong retention rate; and
- Manageable pro forma MADS burden of approximately 4.6% of total expenditures, despite the sizable par amount of debt outstanding.

Partially offsetting factors include:

- Financial performance that typically fluctuates on either side of breakeven, albeit with full-accrual deficits near 3%-4% of expenses posted in the two most recent fiscal years; and
- A cash and investments-to-debt ratio that remains below that of medians and peers at 127%, but a stable overall liquidity position.

The university is closely monitoring for any potential impacts or disruptions in federal funding. Because the situation is continuously changing, there is a high level of uncertainty surrounding any potential impacts, but we believe there are heightened sector risks related to CSU's significant research endeavors given evolving policies under the new administration in Washington D.C. CSU's total sponsored research revenue in fiscal 2024 was \$576.8 million, and about \$400.5 million (or nearly 70%) of that was federal funding. According to management, at present, less than 1% of the university's federal awards have been affected by recent policy changes. Officials estimate that if indirect cost recovery for National Institutes of Health (NIH) grants was limited to 15%, about \$5 million-\$10 million of federal funding could be affected depending on the methodology NIH would use in implementing the policy. We believe CSU maintains significant liquidity to provide flexibility should there be a disruption.

Environmental, social, and governance

We analyzed CSU's environmental, social, and governance factors and consider them neutral within our credit rating analysis.

Outlook

The stable outlook reflects our opinion that the university's market position will remain at least steady with potential for enrollment growth, that financial performance will remain near breakeven on an adjusted full-accrual basis, financial resources will remain at least steady at the current level, and that the pro forma MADS burden will remain manageable.

Downside scenario

We could consider a negative rating action if operating performance becomes consistently pressured, if financial resources deteriorate, or if the system issues additional debt such that debt metrics are no longer commensurate with the current rating.

Upside scenario

Although unlikely in the outlook period, given the recent full-accrual operating deficits and weaker balance-sheet metrics compared with those of peers, we could consider a positive rating action if financial performance improves such that CSU achieves and sustains positive operating margins, and financial resource ratios improve to a level we consider comparable with those of higher-rated peers.

Credit Opinion

Enterprise Risk Profile: Very Strong

Market position and demand

The CSU system is the second-largest of 10 public four-year institutions in Colorado. Founded in 1870, CSU is the state's land-grant institution and has more than 7,000 acres. CSU is a comprehensive university and is particularly known for its veterinary medicine and infectious diseases programs. It has an R-1 Carnegie research designation, indicating the highest level of sponsored research. The system is composed of two campuses: CSU-Fort Collins, with a

fall 2024 FTE enrollment of 26,697, and CSU-Pueblo, with fall 2024 FTE enrollment of 3,004. The system also includes a virtual campus, CSU-Global, which had 5,335 FTE in fall 2024.

FTE increased by approximately 5.0% overall at CSU-Fort Collins between fall 2020 and fall 2024, recovering from some pandemic-induced declines in fall 2020 and fall 2021. Management expects continued FTE enrollment growth of about 1.0%-1.5% annually over the next few years at CSU-Fort Collins, especially if the state's population continues to grow. CSU-Fort Collins accounted for approximately 75% of total FTE enrollment in fall 2024, with CSU-Pueblo at 8.6%, and CSU-Global representing 15.2%. At CSU-Fort Collins, nearly 88% of students are undergraduates, with about 66% of students from Colorado, 29% from out of state, and just under 5% are international students. Retention remains very strong at about 85% and continues to be a key focus for management. Because of its size relative to the other campuses, the demand metrics in the table only reflect those of CSU-Fort Collins.

FTE enrollment at CSU-Pueblo declined by 7% between fall 2020 and fall 2023, to a low of 2,773, before rebounding to 3,004 in fall 2024. Previous declines reflected demographic and competitive challenges felt by smaller regional campuses, and management attributes recent growth to strategies implemented after engaging an enrollment consultant. FTE enrollment at CSU-Global fell dramatically to 4,765 in fall 2022 from more than 8,500 in fall 2020, which management attributed to increased competition from online programming during the pandemic. CSU-Global experienced some growth in the two most recent years, reaching 5,335 FTE in fall 2024.

Fundraising for CSU-Fort Collins and CSU-Pueblo is done by their respective foundations. We believe CSU demonstrated strong fundraising capacity, completing a \$1.28 billion campaign in August 2020, surpassing its original \$1.00 billion goal. The conclusion of the campaign coincided with the university's 150th anniversary and raised funds for student support, programs, research, faculty support, and facilities.

Management and governance

CSU is governed by a board of nine governor-appointed members and six nonvoting members, who serve four-year terms. It operates pursuant to a regularly updated five-year strategic plan, the most recent of which was adopted in January 2022. Expansion of the system's veterinary school is one of the priorities of this strategic plan, with a focus on updating facilities and curriculum to be consistent with the evolution of the industry. CSU has formal investment, debt management, and reserve policies, and regularly monitors budgetary performance and provides quarterly financial reports to the board. The system also prepares and regularly updates long-term financial forecasts and capital plans.

Amy Parsons has been the president of CSU since February 2023; she is a CSU alum and has held several other senior leadership roles throughout the system. Brendan Hanlon became the system's CFO in January 2025, after serving as vice president of operations and CFO of CSU-Fort Collins since 2022; before that he was the CFO for the City and County of Denver. The previous system CFO will stay on in a part-time capacity, following successful and proactive transition planning for the CFO role. A new vice president for advancement also started in January 2025; plans for any upcoming fundraising campaigns are preliminary and are likely to coincide with the next revamp of the strategic plan.

Financial Risk Profile: Strong

Financial performance

CSU has posted mixed operating results in recent years, with margins typically fluctuating within 5% of either side of breakeven. Part of the variation in operating results reflected the receipt and expenditure of approximately \$70.35 million of federal pandemic relief funds in fiscal years 2020 through 2022. In fiscal years 2023 and 2024, total revenues grew with enrollment but were outpaced by expenditure growth that was driven in part by salary costs and inflationary expenses. Management reports that revenues and expenditures are tracking well compared with budget in year-to-date fiscal 2025, and they expect to end the fiscal year with balanced operations. Preliminarily, for the fiscal 2026 budget, the system expects a 2.3% increase in state funding based on the governor's proposed budget, and a 3.5% in-state tuition rate increase.

Financial resources

Cash and investments continue a trend of stability and modest growth over time, and while total resources are sizable, they fall below medians and peers when compared with total debt. Total cash and investments (for the system and for the foundation, a separate, discretely presented component unit) was \$1.8 billion at fiscal year-end 2024. This equates to 87% of operating expenses and 127% of pro forma debt. In fiscal 2024, the endowment market value grew by 7.40%, to \$623.6 million, and endowment draws remain within the 4.25% draw policy.

Debt

About 6% of total pro forma debt has been privately placed, compared with 25% previously. This reduction is due in large part to the repayment of \$230 million of the privately placed series 2021A and B bonds on their mandatory purchase date of March 1, 2024. These bonds were issued to refund portions of several series of bonds for budget relief through fiscal 2023, due to the uncertain effects of the pandemic. The remaining \$27.4 million series 2021E refunding bonds were privately placed and are structured for level debt service. The series 2021E bonds include standard events of default, with no acceleration of principal as a remedy, but there is a default rate (plus 4%) that could be applied in an event of default. Given CSU's history of near-balanced operations and solid cash position, we view an event of default as unlikely, and therefore do not consider this debt to be a contingent liability. In fiscal 2024, the privately placed series 2015D bonds were refunded and the swap was terminated.

The system's series 2025B VRDBs, with an amount outstanding of \$108.7 million, refunded CSU's series 2015A bonds, effective March 1, 2025. The initial interest rate mode of the bonds on closing will be the weekly rate mode. The SBPA provider's obligations to purchase tendered bonds will automatically terminate should certain events of default set forth in the SBPA occur; these events, which we have deemed consistent with our published criteria, include, but are not limited to, a downgrade on the bonds or any of CSU's parity debt to below 'BBB-'. In view of the series 2025B bond structure, changes to the short-term component of our rating on the bonds during the covered modes could result from, among other things, changes to our ratings on the liquidity provider; the expiration, replacement, or termination of the SBPA; or amendments to the transaction terms.

Pension

CSU participates in the Public Employees' Retirement Association of Colorado, a cost-sharing, multiple-employer,

**Colorado State University System Board of Governors; CP; Public Coll/Univ - Unlimited Student Fees;
School State Program**

defined-benefit pension plan. While annual contribution costs for pension and other postemployment benefit are manageable within the budget, typically making up approximately 6% of total expenses, the state pension plan that CSU participates in has a history of weaker funded status that has been just above 60% for the four most recent fiscal years.

	--Fiscal year ended June 30--					Medians for 'A' category rated public colleges & universities
	2025	2024	2023	2022	2021	2023
Enrollment and demand						
Full-time-equivalent enrollment	26,697	26,285	26,005	25,007	25,402	12,526
Undergraduates as a % of total enrollment	87.7	88.0	88.2	88.2	83.5	84.3
First-year acceptance rate (%)	88.6	89.6	90.8	89.6	83.6	83.1
First-year matriculation rate (%)	15.9	15.9	18.5	18.4	19.0	22.8
First-year retention rate (%)	85.9	85.0	85.5	86.4	85.8	76.6
Six-year graduation rate (%)	65.4	65.7	66.9	68.8	69.7	58.4
Financial performance						
Adjusted operating revenue (\$000s)	N.A.	1,961,369	1,800,890	1,764,064	1,539,358	MNR
Adjusted operating expense (\$000s)	N.A.	2,026,606	1,880,475	1,681,965	1,575,474	MNR
Net adjusted operating margin (%)	N.A.	(3.2)	(4.2)	4.9	(2.3)	(1)
Estimated operating gain/loss before depreciation (\$000s)	N.A.	67,736	48,522	201,872	73,969	MNR
Tuition discount (%)	N.A.	19.6	20.0	18.5	19.5	28.4
Student dependence (%)	N.A.	51.4	53.0	51.8	53.0	47.8
State appropriations to revenue (%)	N.A.	1.1	1.1	0.6	0.2	23.3
Research dependence (%)	N.A.	25.3	24.4	22.9	24.1	8.7
Financial resources						
Endowment market value (\$000s)	N.A.	623,615	580,577	532,538	560,490	152,720
Related foundation market value (\$000s)	N.A.	833,761	791,726	748,239	784,467	MNR
Cash and investments including foundation (\$000s)	N.A.	1,754,388	1,839,707	1,677,561	1,592,713	386,032
Cash and investments including foundation to operations (%)	N.A.	86.6	97.8	99.7	101.1	90.1
Cash and investments including foundation to debt (%)	N.A.	142.1	133.4	120.2	118.3	215.9
Cash and investments including foundation to pro forma debt (%)	N.A.	127.9	N.A.	N.A.	N.A.	MNR
Debt						
Foundation debt (\$000s)	N.A.	1,236	1,236	1,232	N.A.	MNR
Total debt with foundation (\$000s)	N.A.	1,234,687	1,378,745	1,396,052	1,346,743	227,298
Proposed debt (\$000s)	N.A.	245,150	N.A.	N.A.	N.A.	MNR
Total pro forma debt (\$000s)	N.A.	1,371,782	N.A.	N.A.	N.A.	MNR

Colorado State University System Board of Governors, Colorado--enterprise and financial statistics (cont.)

	--Fiscal year ended June 30--					Medians for 'A' category rated public colleges & universities
	2025	2024	2023	2022	2021	2023
Current MADS burden (%)	N.A.	4.2	4.7	5.2	5.4	4.2
Pro forma MADS burden (%)	N.A.	4.6	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	12.2	11.3	11.2	11.7	14.4

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term and long-term investments. Average age of plant = accumulated depreciation/depreciation and amortization expense. N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service.

Ratings Detail (As Of April 3, 2025)

Colorado St Univ Sys Brd of Governors CP		
<i>Short Term Rating</i>	A-1	Affirmed
Colorado St Univ Sys Brd of Governors CP		
<i>Short Term Rating</i>	A-1	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Current

Ratings Detail (As Of April 3, 2025) (cont.)

<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	A+/A-1/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF		
<i>Long Term Rating</i>	AA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A+/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF (BAM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF (BAM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Colorado St Univ Sys Brd of Governors PCU_USF (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

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CREDIT OPINION

14 January 2025



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Fort Lewis College, CO

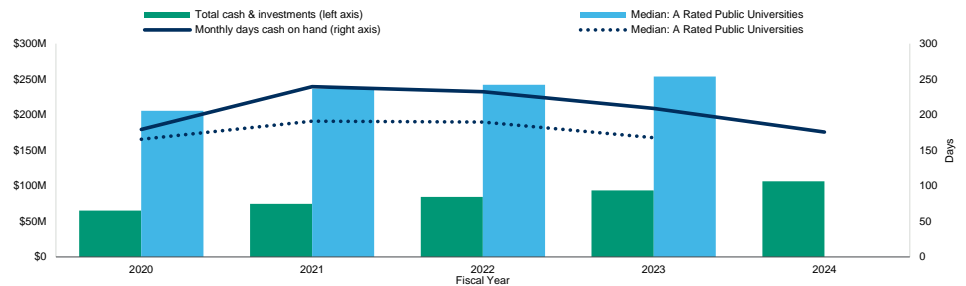
Update to credit analysis

Summary

[Fort Lewis College, CO's](#) (A3 stable) credit quality incorporates the college's important role in the State of Colorado (Aa1, stable) and region as a provider of liberal arts education with a prominent provision of higher education for Native American students. The college's mission significantly contributes to its credit quality as Colorado subsidizes the full cost of tuition for Native American students as well as providing additional capital support. While total government appropriations has been historically volatile, recent increases in state appropriations for general use and capital further support the colleges credit quality, supporting its very good operating environment. Offsetting factors include continued softer than historical operating performance and, while improved in Fall 2024, volatile enrollment.

Exhibit 1

Liquidity provides cushion as the college manages through operating challenges



Source: Moody's Ratings

Credit strengths

- » Important provider of education to Native American populations in and out of the State of Colorado with full tuition paid for by the State of Colorado
- » Favorable direct debt leverage metrics with no additional plans for borrowing
- » Bondholders benefit from Colorado intercept program for more than half of the college's outstanding bonds
- » Continued growth of cash and investments resulting in strong 1x coverage of operating expenses

Credit challenges

- » Competitive student market challenges evidenced by volatile enrollment over the past several years
- » Constrained net tuition growth coupled with expense growth pressures will continue to constrain margins in the near term
- » Small operating base and historically volatile state funding support present challenges to budget flexibility

Rating outlook

The stable outlook is supported by maintenance of wealth and liquidity levels providing a near term cushion as the college continues to work through strategic initiatives to improve margins. Further factors include maintenance of enrollment levels, growing state appropriations, and tuition increases leading to incremental improvement of operating performance.

Factors that could lead to an upgrade

- » Material sustained improvement in operating performance
- » Continued growth of cash and investments
- » Significant strengthening of student demand reflected through enrollment growth and improved pricing power
- » Enhanced Rating: upgrade in the State of Colorado Issuer Rating

Factors that could lead to a downgrade

- » Further weakening of operating performance below current levels
- » Reduction in support for the Native American Tuition waiver program or other state funding cuts
- » Material use of reserves or reductions in liquidity
- » Enhanced Rating: Deteriorating in credit quality of the State of Colorado Rating or observation that the program does not function as contemplated

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

FORT LEWIS COLLEGE, CO

	2020	2021	2022	2023	2024	Proforma	Median: A Rated Public Universities
Total FTE Enrollment	3,147	2,981	3,086	2,888	3,004	3,004	9,489
Operating Revenue (\$000)	74,452	83,617	87,703	93,338	98,138	98,138	256,122
Annual Change in Operating Revenue (%)	0.3	12.3	4.9	6.4	5.1	5.1	2.6
Total Cash & Investments (\$000)	65,205	74,616	84,362	93,455	106,316	106,316	253,632
Total Adjusted Debt (\$000)	106,948	107,941	109,312	102,762	91,772	101,792	338,554
Total Cash & Investments to Total Adjusted Debt (x)	0.6	0.7	0.8	0.9	1.2	1.0	0.7
Total Cash & Investments to Operating Expenses (x)	0.8	1.0	1.0	1.0	1.0	1.0	1.0
Monthly Days Cash on Hand (x)	179	240	232	209	176	176	168
EBIDA Margin (%)	10.3	19.2	10.6	8.7	8.6	8.6	8.6
Total Debt to EBIDA (x)	6.0	3.0	5.1	5.6	5.0	6.2	5.6
Annual Debt Service Coverage (x)	2.4	8.5	4.5	1.8	1.9	1.9	1.8

Proforma represents proposed Series 2025A bonds

Source: Moody's Ratings

Profile

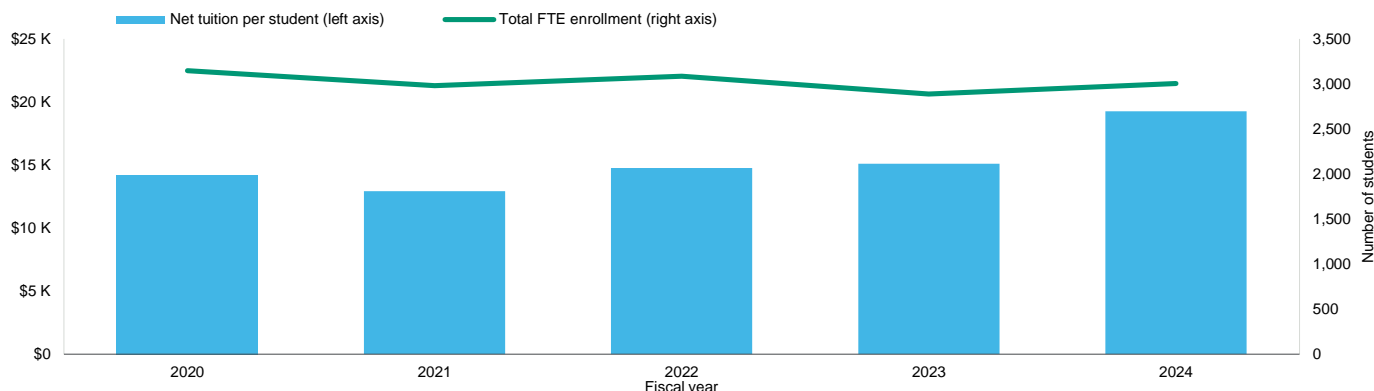
Fort Lewis College is a public four-year liberal arts college in Colorado, located in the southwest Colorado City of Durango. The college continues to honor its historic commitment to Native Americans by offering full tuition scholarships to all qualified Native Americans who meet admission requirements. A member of the Council of Public Liberal Arts Colleges (COPLAC), Fort Lewis College had fiscal 2024 operating revenues of \$98 million and enrolled 3,004 full-time equivalent students in Fall 2024.

Detailed credit considerations

Market profile

Fort Lewis College's unique strategic position will continue to be supported by its distinct market niche as one of a small number of colleges in the United States offering full-tuition waivers to Native American students. While enrollment will continue to be challenged because of statewide competition, recent strategic initiatives such as a focus on retention and growth of graduate programs translated to growth in FTE in Fall 2024, a trend that management thinks is likely to continue. Other enrollment stabilization initiatives include a shift in graduate program offerings, the Tuition Promise Program - a program offering full tuition for families earning less than \$70K a year - and its favorable location, which has attracted out of state students. Additionally, Fort Lewis remains one of the most affordable public institutions within the state, helping recruit price sensitive students.

Exhibit 3
Gains in net tuition per student helps offset volatility in enrollment

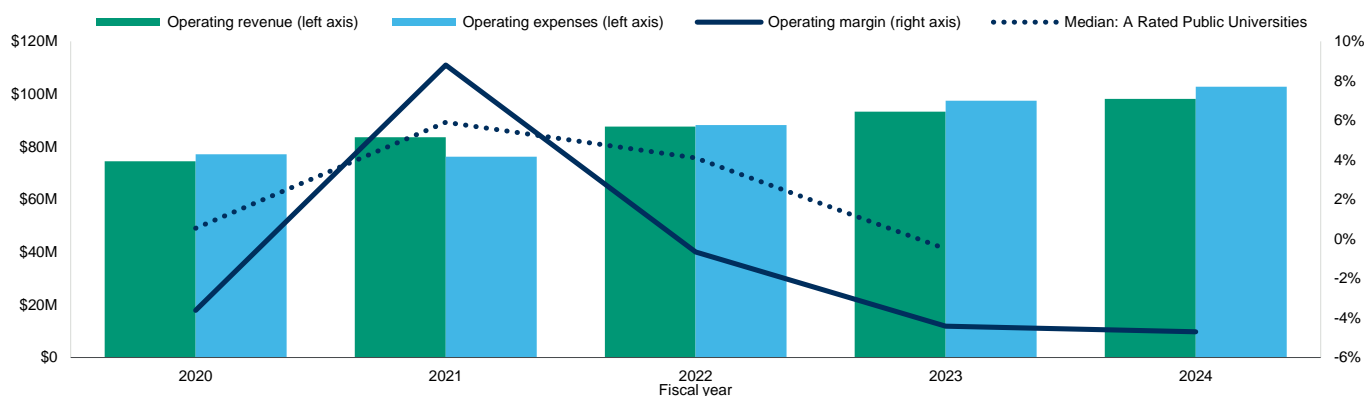


Source: Moody's Ratings

Operating performance

EBIDA margins will remain in the high single-digits in the coming years. Suppressed margins continue to be driven by enrollment challenges, historically limited state support, and more recent expense pressures. While state funding has been historically volatile, funding has increased over the past few years, a trend management expects to continue in the coming years. Fiscal 2024 includes roughly \$15M in College Opportunity Fund (COF) funds, nearly \$4M in Fee For Service (FFS) funds, and \$22.3M in Native American Tuition Reimbursement. Fiscal 2025 budgeted state appropriations include FFS (\$3.7M) and COF (\$19.5M), an increase of nearly \$4M in funding. Offsetting improvements in revenue are continued expense pressures, in particular compensation. Additionally, continued increases to employee benefits will pressure operating performance.

Exhibit 4
Expense growth outpacing revenue growth, resulting in operating performance that lags peers



Source: Moody's Ratings

Financial Resources & Liquidity

Total cash and investments provide an adequate cushion as the system continues to manage through operating stress. Modest fundraising and limited cash flow retention limits reserve growth. Recent growth has been fueled primarily through investment gains and state funded capital requests, decreasing reliance on the college's own resources to fund capital needs. Total cash and investments at the end of fiscal 2024 totaled \$106.3 million with an overall increase of over 100% in a ten year period (fiscal 2015-2024). Favorably, total cash and investments to operating expenses of 1x is solid and support the college's credit quality.

The college expects to maintain current levels of cash as it looks to stabilize operating performance and fund the largest capital projects through state and federal funds. Additionally, the Berndt Hall Remodel which is currently in flight has approximately \$4M in state funds

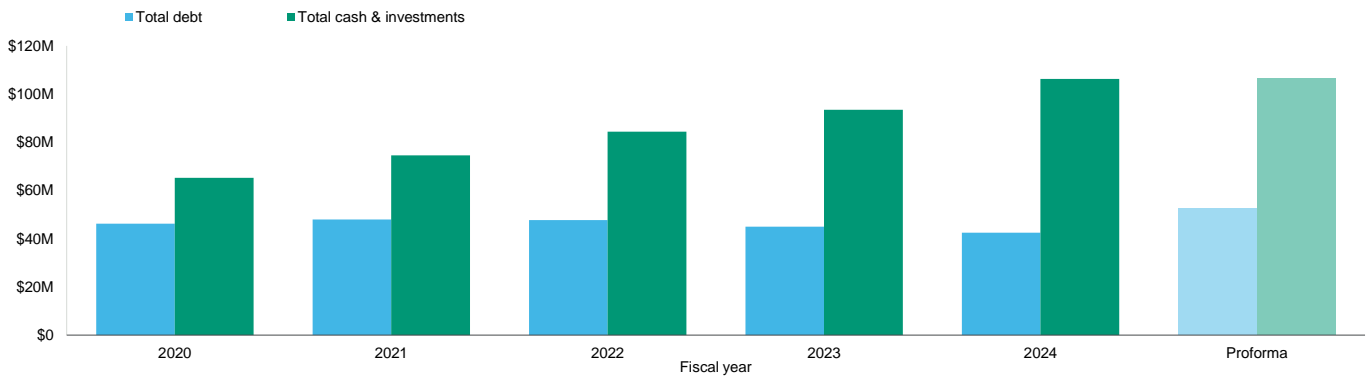
to support the project. Unrestricted monthly liquidity at the end of fiscal 2024 was nearly \$45 million and provided 175 days cash on hand.

Leverage and Coverage

The college's modest leverage remains a key credit factor for the college. Pro forma proposed debt of nearly \$12 million has minimal impacts on the college's manageable leverage profile. Total cash and investments to adjusted debt of 1.2x and annual debt service coverage of nearly 2x will remain intact and compares favorably to peers of similar credit quality. Beyond the proposed Series 2025A bonds the college has no additional debt plans over the next three years. Occasional state capital support allows Fort Lewis to invest in facilities without incurring debt. Recently, the state approved \$27 million in borrowing for a health science building on campus that will support new degree program investments. That borrowing will be in the state's balance sheet, not the college's.

Fort Lewis College's pension liabilities are moderate, unlike many other Colorado universities, due to a lower number of participants in the state's pension fund.

Exhibit 5
Moderate debt burden and growth of cash and investments provides stability

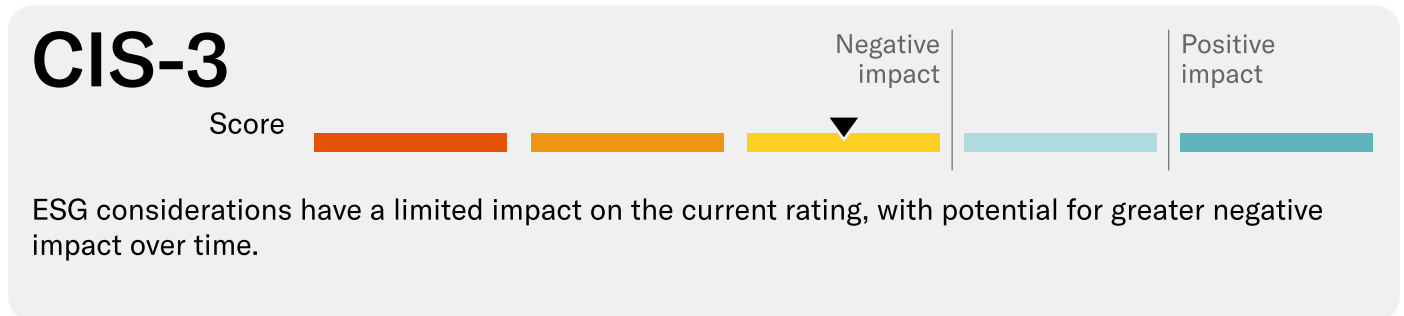


Source: Moody's Ratings

ESG considerations

Fort Lewis College, CO's ESG credit impact score is CIS-3

Exhibit 6
ESG credit impact score

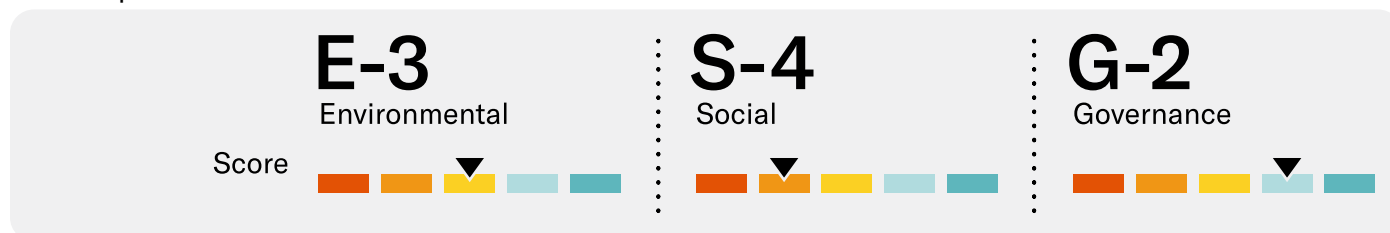


Source: Moody's Ratings

Fort Lewis College's **CIS-3** indicates that ESG considerations have a limited impact on the current credit rating with potential for greater negative impact over time. The college's distinct market niche as a provider of higher education to Native Americans as well as its fiscal discipline partially mitigates its ESG risk exposures.

Exhibit 7

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Fort Lewis College's environmental impact score (**E-3**) is driven by physical climate risks. The College's location in Durango, Colorado provides high exposure to water stress. Favorably, the college is positioned to help address water issues by offering programs through its Four Corners Water Center.

Social

Fort Lewis College's exposure to social risks (**S-4**) is driven by demographic and societal trends, customer relations and human capital risks. Consistent with most higher education providers, the college has a mission aligned with positive social impact through education and service and those favorable impacts increase the likelihood of ongoing support from the state. However, the college's student market remains highly competitive with uneven enrollment in recent years. Favorably, the college has a distinct market niche as one of a few colleges in the United States offering full tuition waivers to Native American students. Customer relations risks are introduced by a high reliance on tuition revenue including reimbursement from the state for Native American student fee waivers and a price sensitive student population. Human capital risks are introduced by exposure to faculty tenure and a moderately unfunded state pension obligation. Favorably, its pension obligation is lower than other Colorado institutions due to a lower number of participants.

Governance

Fort Lewis College's exposure to governance risks (**G-2**) is supported by good financial planning and conservative budget practices. Public universities typically have some board structure and governance risks given their lack of full independence from the state which allows for exposure to potential political considerations that could create misalignment to institutional priorities. For Fort Lewis College, board structure risks are introduced by the selection process, with voting trustees appointed by the governor and confirmed by the state senate.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The [Higher Education rating methodology](#) includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, operating environment, and financial strategy on a qualitative basis, as described in the methodology.

Exhibit 8

Fort Lewis College

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	98	Baa
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	Baa	Baa
Operating Environment	A	A
Factor 3: Operating Performance (10%)		
EBIDA Margin	9%	A
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	106	Aa
Total Cash and Investments to Operating Expenses	1.0	Aa
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	1.2	Aa
Annual Debt Service Coverage	1.9	A
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	A	A
Scorecard-Indicated Outcome		A2
Assigned Rating		A3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Source: Moody's Ratings

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CREDIT OPINION

30 July 2025



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Metropolitan State University of Denver, CO

Update to credit analysis following downgrade to A2

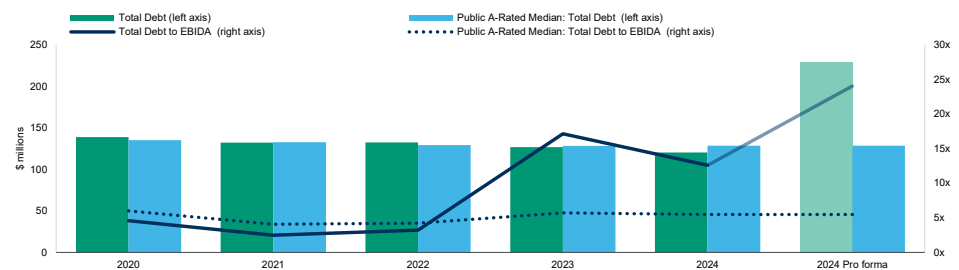
Summary

[Metropolitan State University of Denver](#), CO's (MSU Denver; A2 stable) credit quality incorporates its important role as a large provider of higher education in the [State of Colorado](#) (Aa1 stable) and [City and County of Denver](#) (Aaa stable). The university's good brand and strategic positioning is also supported by a number of strategic partnerships including as one of three complementary institutions on the [Auraria Higher Education Center](#) (A2/stable) campus. Total wealth and liquidity, supported by improving philanthropy, provides adequate coverage of operating expenses while generally steady improvement in state operating support also underpins credit quality.

Offsetting credit factors include the university's high and rising leverage, driven by a nearly doubling of direct debt including the proposed series 2025 bonds. Operating performance has softened in recent years due to the investment of unused HEERF funds to bolster student recruitment and retention. MSU Denver's credit health will be increasingly tied to gains in EBIDA, including timely construction and net revenue gains of its student housing project.

Exhibit 1

The university's debt profile will be significantly elevated, compared to peers, following the issuance of the proposed series 2025 bonds



2024 pro forma reflects fiscal 2024 with the addition of the university's proposed series 2025 bonds

Source: Moody's Ratings

Credit strengths

- » Large provider of higher education in the state with nearly 12,000 total FTE student enrollment
- » Generally steady improvement in state operating funding and good state capital support
- » Total wealth and liquidity, supported by good philanthropy, provide some financial cushion with monthly days cash on hand of 151 days
- » Demonstrated ability to advantageously use partnerships to further curriculum goals

Credit challenges

- » Highly elevated leverage, with total debt to EBIDA of 24x on a 2024 pro forma basis
- » Variable operating performance with weak results in recent years and about 66% of overall revenue derived from student charges
- » Competitive student market, reflected by an 12% decline in enrollment from fall 2020 to fall 2024
- » Partnership with a hotel exposes the university to the volatility of the hospitality industry

Rating outlook

The stable outlook reflects our expectations of improving student demand leading to incremental growth in net tuition revenue which coupled with steady growth in state funding and ongoing expense discipline will lead to improvement in operating performance. It also incorporates expectations of no material increase in total adjusted debt beyond the proposed issuance.

Factors that could lead to an upgrade

- » Significant increase in available liquid reserves
- » Sustained improvement in operating performance providing stronger coverage of debt and debt service on an entity-wide basis
- » Material growth in state support over multiple years improving revenue diversity

Factors that could lead to a downgrade

- » Inability to improve and sustain EBIDA margins of at least 8% and enterprise wide debt service coverage of at least 1.5x
- » Disruption or decline in financial support from the State of Colorado or enrollment decreases evidencing weakening of strategic position
- » Material increase in total adjusted debt without improved liquid reserves and cash flow to cover debt service
- » Failure to grow total cash and investments over time or a reduction in monthly days cash on hand to below 125 days

Key indicators

Exhibit 2

Metropolitan State University of Denver, CO

	2020	2021	2022	2023	2024	Pro forma	Median: A Rated Public Universities
Total FTE Enrollment	13,895	12,589	11,951	11,981	12,278	12,278	9,285
Operating Revenue (\$000)	246,090	263,758	293,388	284,132	299,114	299,114	258,304
Annual Change in Operating Revenue (%)	8.7	7.2	11.2	-3.2	5.3	5.3	4.6
Total Cash & Investments (\$000)	100,139	144,956	182,834	174,737	163,766	163,766	259,965
Total Adjusted Debt (\$000)	487,813	473,297	454,937	416,679	358,969	468,299	299,553
Total Cash & Investments to Total Adjusted Debt (x)	0.2	0.3	0.4	0.4	0.5	0.3	0.9
Total Cash & Investments to Operating Expenses (x)	0.4	0.6	0.7	0.6	0.5	0.5	1.1
Monthly Days Cash on Hand (x)	140	211	212	169	151	151	178
EBIDA Margin (%)	12.3	20.2	14.1	2.6	3.2	3.2	9.9
Total Debt to EBIDA (x)	4.6	2.5	3.2	17.1	12.6	24.0	5.5
Annual Debt Service Coverage (x)	3.3	4.4	3.5	0.6	0.8	0.5	2.0

The pro forma column reflects fiscal 2024 and includes MSU Denver's proposed series 2025 A&B bonds totaling approximately \$109 million. Pro forma annual debt service coverage reflects fiscal 2024 debt service and hypothetical smoothed 30 year level debt service (excluding the balloon maturity in fiscal 2037) on the proposed bonds.

Source: Moody's Ratings

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Profile

MSU Denver is the third largest four-year public higher education institution in Colorado, located in downtown Denver on the Auraria Higher Education Center (AHEC). AHEC was established as an agency of Colorado to provide land, plant and facilities to house three institutions: MSU Denver, the University of Colorado Denver (member of the [University of Colorado](#) rated Aa1 stable) and the Community College of Denver (member of the [Colorado Community College System](#) rated Aa3 stable). A unique partnership between the university and a third-party hospitality provider includes a hospitality learning center and hotel (HLC) located on the campus which provides students with experiential based learning opportunities. MSU Denver had fiscal 2024 operating revenue of \$299 million and served about 12,300 full-time equivalent students in fall 2024.

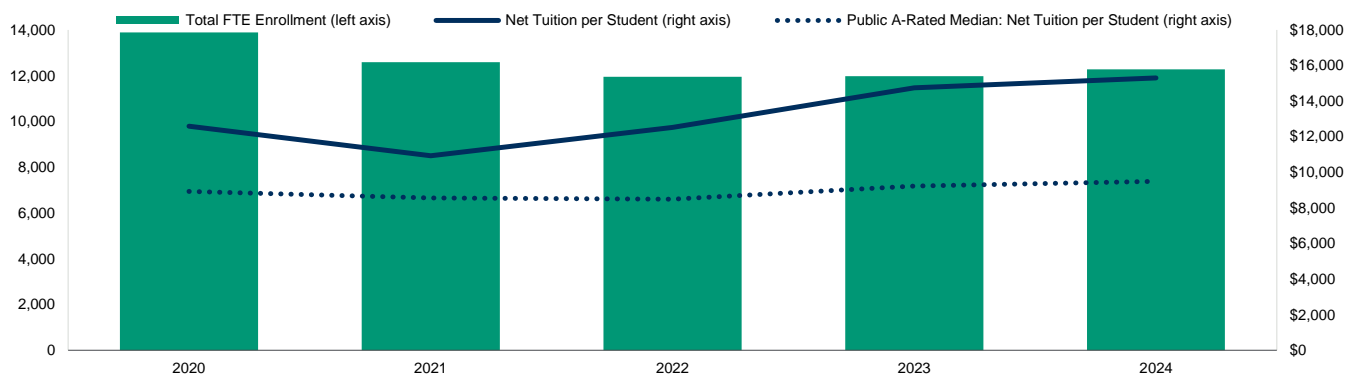
Detailed credit considerations

Market position

MSU Denver will continue to face a challenging student market environment competing not only with Colorado public institutions but also public universities in nearby states. In addition, the university serves a price-sensitive student population with approximately 36% Pell-eligible undergraduates. Despite elevated competition for students, MSU Denver's very good brand and strategic positioning is based upon its considerable scale, favorable campus location in Denver and partnerships with other public universities which is supportive of the university's approximately 40% transfer population. Preliminary fall 2025 degree seeking undergraduate registrations are tracking slightly ahead compared to the same point in time in 2024, while total undergraduate registrations are flat.

Exhibit 3

Student demand generally stabilizing post pandemic

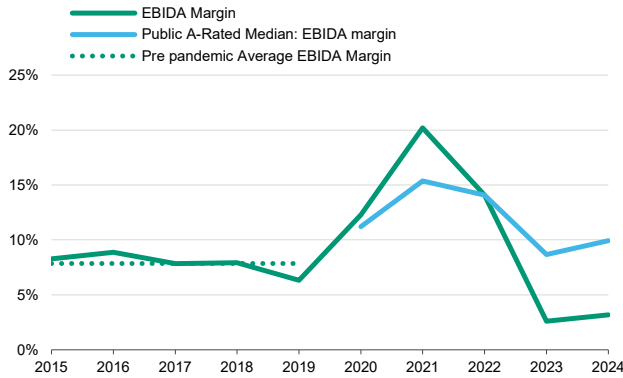


Source: Moody's Ratings

Operating performance

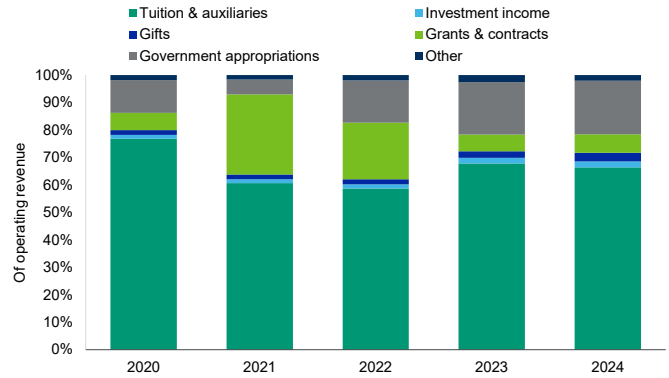
Operating performance will continue to be soft through fiscal 2026 while the university completes the intentional drawdown of unspent pandemic relief funds to support enrollment stabilization. Based upon year end projections provided by management, we expect fiscal 2025 will result in an improved EBIDA margin compared to 2024's 3.2%. We expect continued improvement in financial results given the rebound in enrollment, incremental growth in state funding and expense containment. HLC, a component unit of the university, has been self-sustaining since fiscal 2015 although this arrangement will continue to expose the university to the volatility of the hospitality industry

Exhibit 4
Strategic investments including the deployment of pandemic relief funds intended to help stabilize enrollment have increased variability in operating performance



Source: Moody's Ratings

Exhibit 5
Revenue is concentrated and, in fiscal 2024, about 66% came from tuition and auxiliaries, underscoring the importance of capable enrollment management

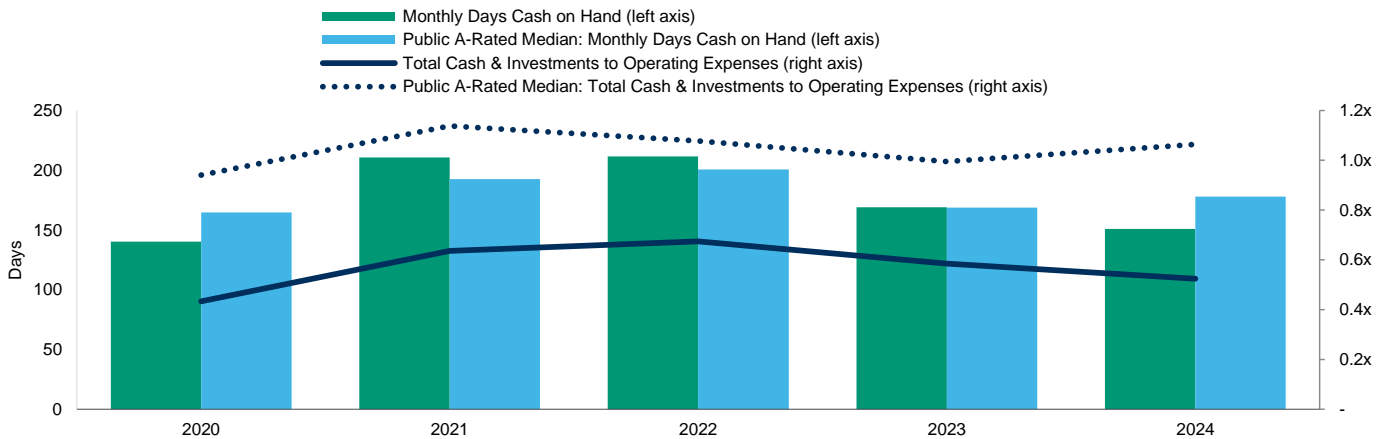


General fund appropriations include both the annual fee for service contracts, which cover educational services related to low income, first-generation, underserved students and graduate students, and the College Opportunity Fund, a stipend granted to undergraduate students that we include in net tuition revenue
 Source: Moody's Ratings

Financial resources and liquidity

Total wealth and liquidity will continue to provide some financial cushion although weaker than peers. Given narrower operating performance and the deployment of unspent HEERF funds, we expect some reserve levels to weaken through fiscal 2026. Philanthropy has been improving with 2024 three-year average gift revenue increasing for the fourth year in a row to \$13.4 million, above the A-rated public median of \$7.4 million.

Exhibit 6
Although weaker than peers, total wealth and liquidity will continue to provide some financial flexibility



Source: Moody's Ratings

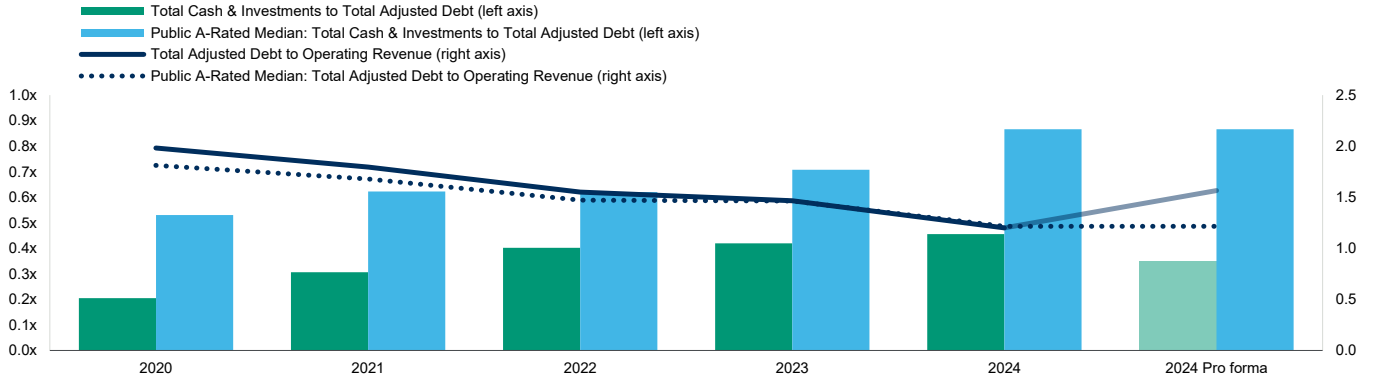
Leverage and coverage

MSU Denver's Leverage profile will remain significantly elevated and a key credit challenge. This includes significant additional debt like obligations through its participation in state pension and retirement health plans. The proposed series 2025 bonds, will primarily finance an approximately 550 bed residence hall on the university's Auraria campus. The university plans to shift the approximately 300-400 students currently living in leased housing to this new facility. Interest on the proposed bonds will be capitalized through June 2027 with principal repayment beginning in August 2027 when the project comes online. The proposed bonds may be structured with a \$30 million balloon maturity in fiscal 2037. Beyond the proposed series 2025 issuance, the university has no plans to incur additional

debt. Capital support from the state has improved in recent years including about \$50 million toward construction of a facility to house MSU Denver's allied health programs which is projected to be online in fiscal 2028.

Exhibit 7

Leverage, including a large unfunded pension obligation, will be highly elevated relative to operations and wealth post issuance

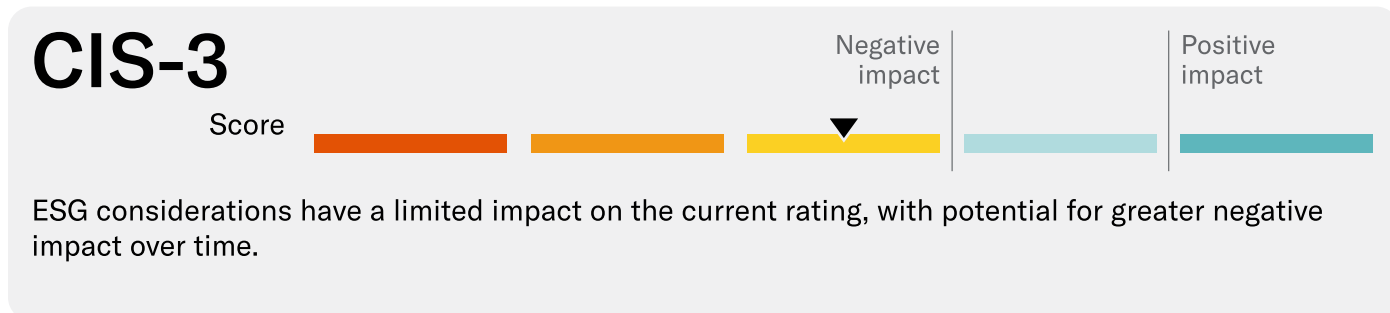


Source: Moody's Ratings

ESG considerations

Metropolitan State University of Denver, CO's ESG credit impact score is CIS-3

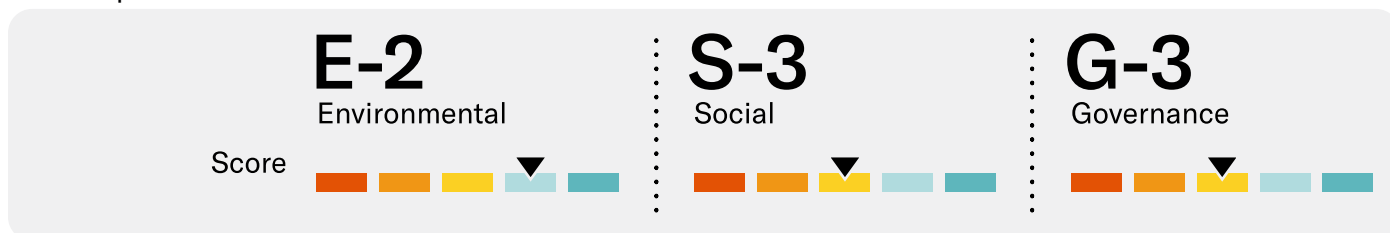
Exhibit 8
ESG credit impact score



Source: Moody's Ratings

MSU Denver's credit impact score (**CIS-3**), indicates ESG considerations have limited impact on the credit rating with potential for greater impact over time. MSU Denver's good brand and strategic positioning, including its favorable location and strategic partnerships, partially offsets its ESG risk exposures.

Exhibit 9
ESG issuer profile scores



Source: Moody's Ratings

Environmental

MSU Denver's exposure to environmental risks is (**E-2**). The university's location in Denver exposes it to elevated risks from water stress and wildfires, but other physical climate risks are low.

Social

MSU Denver's exposure to social risks is (**S-3**) driven by demographic and societal trends, customer relations and human capital risks. Consistent with most higher education providers, the university has a mission aligned with positive social impact through education and service and those favorable impacts increase the likelihood of ongoing support from the state. However, the university's student market remains highly competitive. In addition, a strong economy in both Denver and the state has attracted prospective students and potential transfers to enter the workforce instead of pursuing a four-year degree. Favorably, the university's location in downtown Denver and good strategic relationships with other Colorado colleges and universities provide good market distinction. Customer relations risks are introduced by a high reliance on tuition revenue and a price sensitive student population. Human capital risks are introduced by exposure to faculty tenure and a large unfunded state pension obligation.

Governance

MSU Denver's exposure to governance risks is (**G-3**). Recent weakening of operating performance is largely due to the use of unspent pandemic relief funds to support strategic initiatives intended to stabilize enrollment. Financial strategy and risk management considerations include the significant increase in leverage to support long term strategic capital initiatives. A unique public-private partnership between the university and a third-party hospitality provider includes a hospitality learning center and hotel located on the campus. While this arrangement requires additional oversight and management, it also provides students with experiential learning

opportunities. Public universities typically have some board structure and governance risks given their lack of full independence from the state which allows for exposure to potential political considerations that could create misalignment to institutional priorities. For MSU Denver, board structure risks are introduced by the selection process, with voting trustees appointed by the governor.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

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The two notch differential between the scorecard indicated outcome and the assigned rating reflects the steady improvement in state support, likely measured gains in operating performance and MSU Denver's important role in the state.

Exhibit 10

Metropolitan State University of Denver, CO

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	299	A
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	Baa	Baa
Operating Environment	A	A
Factor 3: Operating Performance (10%)		
EBIDA Margin	3%	Baa
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	164	Aa
Total Cash and Investments to Operating Expenses	0.5	A
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	0.3	A
Annual Debt Service Coverage	0.5	B
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	Baa	Baa
Scorecard-Indicated Outcome		Baa1
Assigned Rating		A2

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Score card reflects fiscal 2024 pro forma in line with key indicators above.

Source: Moody's Ratings

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REPORT NUMBER 1455366

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Research Update:

Metropolitan State University Of Denver, CO Revenue Debt Rating Lowered To 'A-'; Outlook Stable

July 29, 2025

Overview

- S&P Global Ratings lowered its underlying rating to 'A-' from 'A' on Metropolitan State University Board of Trustees, Colo.'s revenue debt, issued for [Metropolitan State University of Denver](#) (MSU Denver).
- At the same time, S&P Global Ratings assigned its 'AA' long-term (program enhanced) rating and its 'A-' underlying rating to the board's student housing and event center project's \$99.7 million tax-exempt series 2025A and \$9.6 million taxable series 2025B bonds, issued for MSU Denver.
- The outlook is stable.
- The downgrade reflects our view of MSU Denver's weaker financial resource ratios due to strategic investments and increased debt for new student housing.

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Rationale

Security

The proceeds of MSU Denver's series 2025A and 2025B bonds will be used to construct a new building centrally located on-campus that will include student housing with 550 beds, a career hub, and dining facility, as well as an event space. The bonds are secured by a broad revenue pledge including: 100% of tuition revenue; net auxiliary revenue, including net revenue from a university-owned hotel; investment earnings; indirect cost recoveries; a facilities construction fee; other mandatory fees; net continuing-education revenue; and interest income on these fees. We consider this equivalent to an unlimited student-fee pledge.

While MSU Denver does not currently have any student housing, management anticipates strong demand for the project. The university has a large potential market of renters, with headcount enrollment of over 17,700 in fall 2024 compared to 550 beds in the new building. The building will be in an attractive location in downtown Denver and rental rates will be highly competitive in comparison to the local housing market. In addition, in recent years over 300 MSU Denver students have rented rooms in a dormitory at the neighboring Colorado University Denver.

Metropolitan State University Of Denver, CO Revenue Debt Rating Lowered To 'A-'; Outlook Stable

Overall, the building's services are well-aligned with the university's strategic plan to enhance the student experience and improve retention. Construction is scheduled to begin in fall 2025 and the building is expected to open in fall 2027.

As of June 30, 2024, MSU Denver had \$133.4 million in outstanding debt and leases. The series 2025A and 2025B bonds total approximately \$109.3 million, bringing outstanding pro forma debt to \$242.7 million. All debt is on parity. We believe the university's pro forma, smoothed maximum annual debt service (MADS) burden is moderate at 3.9% of fiscal 2024's adjusted operating expenses. The 2025B bonds have a seven-year maturity and the 2025A bonds have a 30-year maturity. The university does not have plans for additional debt in the outlook period.

For information on MSU Denver's program rating, please see the article "[Colorado Credit Enhancement Programs](#)," July 10, 2024, on RatingsDirect.

Credit highlights

We assess MSU Denver's enterprise risk profile as strong, with a niche position in Denver's higher education market and stabilized enrollment in fall 2024. The university is an access-oriented institution with many part-time learners and is not very selective. We also assess MSU Denver's financial risk profile as strong, with variable operations in recent years and a moderate pro forma MADS burden. We believe these credit factors, combined, lead to an anchor of 'a'. As our criteria indicate, the final rating can be adjusted within one notch of the anchor, and in our opinion, the 'A-' rating better reflects the university's weaker financial resource ratios.

The 'A' rating reflects our opinion of the university's:

- Key niche in Colorado's higher education ecosystem as a designated access-oriented, public institution, serving the growing metropolitan Denver area with increased financial support from the state; and
- Experienced management team committed to preparing students, including nontraditional, transfer, and part-time students, for high-demand careers.

We believe these credit strengths are somewhat offset by what we consider MSU Denver's:

- Weak ratio of cash and investments to operations at 46% in fiscal 2024; and
- Limited demand flexibility, with a modified open enrollment model.

MSU Denver, founded in 1963, is one of 13 public four-year colleges in Colorado. It shares the Auraria campus in downtown Denver with the Community College of Denver and University of Colorado at Denver. MSU Denver offers more than 100 undergraduate majors, 10 graduate programs, and 12 certificate programs. The university also owns and operates a hotel and hospitality learning center on its campus.

Environmental, social, and governance

We analyzed the university's environmental, social, and governance factors related to its market position and financial performance. MSU Denver faces elevated social risks from a decline in college-attending students. We view the university's environmental and governance factors as neutral in our analysis.

Outlook

The stable outlook reflects our expectation that enrollment will grow modestly in fall 2025 and the university will generate stronger operations with good state support. We do not expect additional debt in the two-year outlook period.

Downside scenario

We could consider a lower rating if the university issues additional debt without commensurate growth in resources, resulting in weakened balance sheet ratios. We could also consider a negative rating action if enrollment declines return, leading to a deterioration of MSU Denver's margins and resources.

Upside scenario

We could consider a positive rating action if MSU Denver achieves growth in financial resources relative to operations and debt while maintaining stable enrollment and generating operations near breakeven.

Credit Opinion

Enterprise Risk Profile--Strong

Market position and demand

MSU has seen enrollment pressure in recent years. However, following several years of enrollment declines, full-time-equivalent (FTE) enrollment grew 2% to 12,279 students in fall 2024. The university anticipates modest enrollment growth will continue in fall 2025. Management attributes improved results partly to strategic investments in new programs and marketing.

We view MSU Denver's demand flexibility as limited, as it operates with a modified open enrollment policy. The university accepted 99% of applicants in fall 2024. Typically, around a third of students are Pell Grant-eligible. MSU Denver has limited geographic diversity. About 98% of students are from Colorado, and most students are commuters. However, we view MSU Denver's mix of first-year, transfer, and graduate students as unique and believe it provides some diversification. Approximately 40% of new undergraduate students enter as transfer students. While MSU Denver's graduate programs remain relatively small, graduate enrollment has grown over time, reaching 897 FTE students in fall 2024. We would view continued growth in graduate enrollment favorably. In particular, the university is investing in growing its nursing and health care programs.

Management and governance

We view MSU Denver's management as stable and experienced. The university's president has been in her role since July 2017. MSU Denver gained a new provost in spring 2025. The board has experienced normal transitions.

MSU Denver operates under the guidance of core values that include accessibility, diversity, and academic excellence. The 2030 strategic plan targets providing high-quality, accessible,

enriching education that prepares students for successful careers, postgraduate education, and lifelong learning in a multicultural, global, and technological society.

Financial Risk Profile--Strong

Financial performance

MSU Denver has generated variable operations in recent years. However, management planned for robust surpluses in fiscal years 2021 and 2022 to support deficit operations with strategic investments in fiscal years 2023 and 2024. The university ended fiscal 2024 with a negative 5.1% net operating margin. Recent investments have supported enrollment initiatives and technology updates. In the outlook period, management plans for investments in cyber security and marketing. Management projects stronger operations in fiscal years 2025 and 2026 thanks to improved demand, expense controls, and increases in state funding.

State support in Colorado combines tuition reimbursement, or college opportunity funds (COF), and fee-for-service payments. Each Colorado student receives a COF stipend to use at any public, nonvocational institution and some private colleges in the state. State operating support, including COFs and fee-for-service payments, totaled \$93.6 million in fiscal 2024, up from \$82.6 million in fiscal 2023 and \$72.5 million in 2022. State funding is expected to increase in fiscal 2025 to approximately \$103 million, which we view positively. Management anticipates a more modest increase in fiscal 2026. In addition to operating funds in recent years, the state has allocated MSU Denver \$50 million for a Health Institute Tower, \$8 million for software projects, and \$6 million for a career hub.

Gross student-derived revenue comprised approximately 42% of adjusted operating revenue in fiscal 2024. COFs are included in the tuition line-item in MSU Denver's audit. If we strip out the COF funding from tuition and include fee-for-service funds, state support would equal approximately 25% of adjusted operating revenue in fiscal 2024. Auxiliary revenue, which includes revenue from a hotel learning center, comprised approximately 4% of adjusted operating revenue in fiscal 2024.

The board sets tuition, which we consider very competitive and well below that of other large state universities. For the 2024-2025 school year, tuition and fees for a full-time undergraduate totaled \$9,068. Tuition discounting is slightly higher than that of similarly rated peers at 38% in fiscal 2024.

Financial resources

MSU Denver has seen a modest decline in financial resources during the last two years as the team made planned investments in strategic initiatives to improve enrollment. As of 2024 fiscal year-end, cash and investments (including the university's foundation) measured \$178.8 million, down from \$181.9 million in fiscal 2023. Cash and investments relative to operations are weak at 46% of adjusted operating expenses. Relative to pro forma debt, cash, and investments are also weak at 74%.

MSU Denver's endowment is held with its related foundation. While the endowment has grown significantly in the last few years, it remains modest at \$28.9 million as of fiscal year-end 2024 and does not provide a significant amount of budgetary flexibility for the university. Annual fundraising has improved in recent years. MSU Denver is currently in the middle of a \$100 million comprehensive fundraising campaign and has raised more than 80% of its goal to-date. The

Metropolitan State University Of Denver, CO Revenue Debt Rating Lowered To 'A-'; Outlook Stable

university also recently received a large gift, which will finance a portion of the career hub located in the new building.

Debt and contingent liabilities

We have reviewed the bond documents associated with the university's 2021 and 2022 series debt, issued under the university's master bond resolution. According to bond documents, an event of default does not result in an acceleration of the debt. Therefore, we believe the debt does not increase MSU Denver's event-driven liquidity risk. All of MSU Denver's debt is fixed-rate, except the series 2021 bonds, which have an associated interest rate swap.

MSU Denver participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by Public Employees' Retirement Assn. of Colorado. The funded ratio for the SDTF increased to 64% in fiscal 2023. The funded ratio prior to fiscal 2019 was historically below 60%, which we viewed as adding contingent liability risks for MSU Denver. In 2018, Colorado adopted pension reforms that went into effect as of June 30, 2021. In our view, these changes should be sufficient to prevent material declines in the funded ratio within the outlook period.

Metropolitan State University of Denver, Colorado--Enterprise and financial statistics

	--Fiscal year ended June 30 --					Medians for 'A (2024)' category rated public colleges & universities
	2025	2024	2023	2022	2021	2024
Enrollment and demand						
Full-time-equivalent enrollment	12,279	12,000	12,146	12,589	13,897	12,781
Undergraduates as a % of total enrollment	92.7	92.9	100.7	91.1	94.3	83.8
First-year acceptance rate (%)	99.0	99.1	99.0	88.8	83.3	81.9
First-year matriculation rate (%)	17.6	17.3	19.3	18.2	20.4	21.3
First-year retention rate (%)	54.5	66.2	58.1	59.2	58.9	77.0
Six-year graduation rate (%)	28.0	26.0	27.0	29.0	24.0	57.6
Financial performance						
Adjusted operating revenue (\$000s)	N.A.	373,388	350,760	370,547	333,149	MNR
Adjusted operating expense (\$000s)	N.A.	393,281	371,868	356,463	298,135	MNR
Net adjusted operating margin (%)	N.A.	(5.1)	(5.7)	4.3	11.7	(0.5)
Tuition discount (%)	N.A.	37.6	36.5	32.9	35.7	28.7
Student dependence (%)	N.A.	55.8	57.4	53.9	52.1	48.4
Research dependence (%)	N.A.	14.4	13.2	10.6	10.0	10.5
Financial resources						
Endowment market value (\$000s)	N.A.	28,890	26,536	19,765	23,175	200,154
Related foundation market value (\$000s)	N.A.	56,350	47,827	37,526	38,744	MNR
Cash and investments including foundation (\$000s)	N.A.	178,834	181,888	191,348	146,696	485,150
Cash and investments including foundation to operations (%)	N.A.	45.5	48.9	53.8	49.2	94.3
Cash and investments including foundation to debt (%)	N.A.	134.1	130.2	133.8	106.7	243.7
Cash and investments including foundation to pro forma debt (%)	N.A.	73.7	N.A.	N.A.	N.A.	MNR

Metropolitan State University of Denver, Colorado--Enterprise and financial statistics

	--Fiscal year ended June 30 --					Medians for 'A (2024)' category rated public colleges & universities
	2025	2024	2023	2022	2021	2024
Debt						
Total debt with foundation (\$000s)	N.A.	133,354	139,669	143,038	137,544	242,884
Proposed debt (\$000s)	N.A.	109,330	N.A.	N.A.	N.A.	MNR
Total pro forma debt (\$000s)	N.A.	242,684	N.A.	N.A.	N.A.	MNR
Current MADS burden (%)	N.A.	4.2	3.5	3.6	3.8	4.3
Pro forma MADS burden (%)	N.A.	3.9	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	7.2	6.5	7.2	5.9	15.1

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term and long-term investments. Average age of plant = accumulated depreciation/depreciation and amortization expense. N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service.

Ratings List

New Issue Ratings

US\$9.63 mil instl enterprise rev bnds (Student Housing And Event Center Proj) ser 2025B due 12/01/2033		
Long Term Rating		AA/Stable
Underlying Rating for Credit Program		A-/Stable
US\$99.7 mil instl enterprise rev bnds (Student Housing And Event Center Proj) ser 2025A due 12/01/2055		
Long Term Rating		AA/Stable
Underlying Rating for Credit Program		A-/Stable

Downgraded;Outlook Action

	To	From
Education		
Metropolitan State University of Denver, CO Unlimited Student Fees	A-/Stable	A/Negative

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have

Metropolitan State University Of Denver, CO Revenue Debt Rating Lowered To 'A-'; Outlook Stable

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Metropolitan State University Of Denver, CO Revenue Debt Rating Lowered To 'A-'; Outlook Stable

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CREDIT OPINION

14 August 2025



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University of Colorado, CO

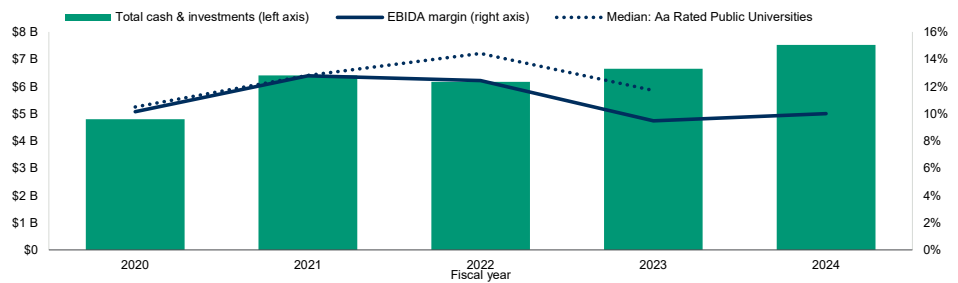
Update to credit analysis

Summary

[University of Colorado's](#) (CU; Aa1 stable) credit quality reflects its strong brand and strategic role as Colorado's flagship institution. Credit quality is underpinned by enrollment growth across its multi-campus system, a robust and expanding research enterprise, successful fundraising, and its key role in medical education statewide. The university also benefits from strong liquidity and wealth, and consistent operating surpluses. These strengths help mitigate patient care revenue volatility tied to its affiliation with the [University of Colorado Hospital Authority](#) (Aa2 stable) relatively limited state support for capital and operations, and a federal policy environment that places additional pressure on enrollment and research prospects. While leverage remains manageable, the large pension net liability continues to weigh on credit quality.

Exhibit 1

An increase in total cash and investments helps mitigate the impact of moderating margins



Source: Moody's Ratings

Credit strengths

- » Large, diverse scope of operations as Colorado's flagship, multicampus university with a growing research enterprise and physician group practice
- » Substantial total cash and investments of \$7.5 billion and monthly liquidity of \$3.9 billion providing 261 monthly days cash on hand
- » Consistently stable operating performance between 9-13% over the last 5 years

Credit challenges

- » Relatively weak state operating and capital support; operating support was just 4% of revenue in 2024
- » Exposure to the volatile healthcare industry with a component unit physician practice plan that contributes over 27% to overall operating revenue
- » Sizable pension liability with a three-year adjusted net-pension liability of \$2.0 billion

Rating outlook

The stable outlook reflects maintenance of operating performance and wealth growth to help offset more limited state support.

Factors that could lead to an upgrade

- » Material growth in financial cushion relative to debt and operations
- » Further strengthening of philanthropic support
- » For Short Term P-1 Rating: NA

Factors that could lead to a downgrade

- » Sustained weakening of operating performance and erosion of liquidity over a period of years
- » Material increase in leverage absent commensurate increases in total wealth and EBIDA
- » For Short Term P-1 Rating: Material decline in self-liquidity coverage of demand debt or adverse changes to the university's access to capital markets

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

UNIVERSITY OF COLORADO, CO

	2020	2021	2022	2023	2024	Median: Aa Rated Public Universities
Total FTE Enrollment	57,579	57,384	57,321	58,102	59,659	31,582
Operating Revenue (\$000)	4,694,660	4,825,704	5,248,801	5,515,991	5,990,527	1,560,341
Annual Change in Operating Revenue (%)	4.0	2.8	8.8	5.1	8.6	4.9
Total Cash & Investments (\$000)	4,797,240	6,408,371	6,167,075	6,647,529	7,520,152	2,146,033
Total Adjusted Debt (\$000)	4,401,539	4,601,577	4,612,628	4,237,058	4,048,141	1,760,397
Total Cash & Investments to Total Adjusted Debt (x)	1.1	1.4	1.3	1.6	1.9	1.1
Total Cash & Investments to Operating Expenses (x)	1.1	1.4	1.3	1.2	1.3	1.2
Monthly Days Cash on Hand (x)	238	319	256	258	260	189
EBIDA Margin (%)	10.1	12.8	12.4	9.5	10.0	11.7
Total Debt to EBIDA (x)	3.6	3.1	3.1	3.5	3.3	4.4
Annual Debt Service Coverage (x)	3.3	19.7	6.9	3.5	4.8	3.2

Source: Moody's Ratings

Profile

Founded in 1876, the University of Colorado is the flagship public higher education institution for the State of Colorado with multiple campuses. The main campus is located in Boulder, with additional campuses in downtown Denver, Aurora (Anschutz Medical campus) and Colorado Springs.

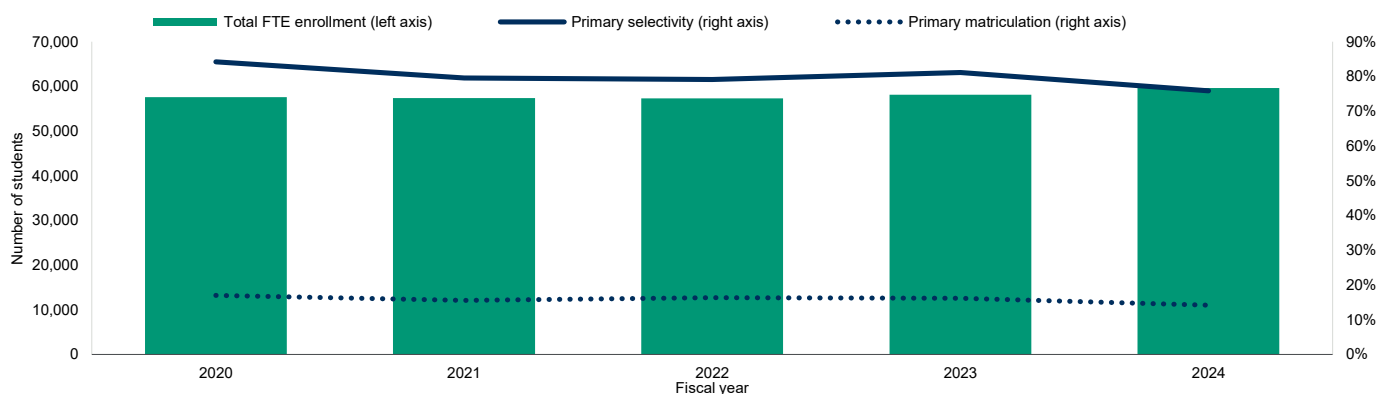
Detailed credit considerations

Market position

The University of Colorado will maintain its strong brand and strategic positioning as Colorado's flagship public institution, supported by its multi-campus structure and leadership in medical education. Enrollment will remain stable, with fall 2025 full-time equivalent (FTE) projections trending slightly upward to 68,146, driven by sustained demand at the Boulder campus. The university's expanding and diversified research enterprise, with funding from federal agencies such as NIH and NSF as well as private sources, will continue to be a key strength and provide insulation from policy shifts. The Boulder and Anschutz Medical campuses will remain central to securing the majority of research grants. CU will also benefit from its affiliation with the University of Colorado Hospital Authority and CU Medicine, a large multispecialty physician group, reinforcing its role as a leading provider of medical education and clinical care in the state.

Exhibit 3

Enrollment indicators reflect systemwide strength



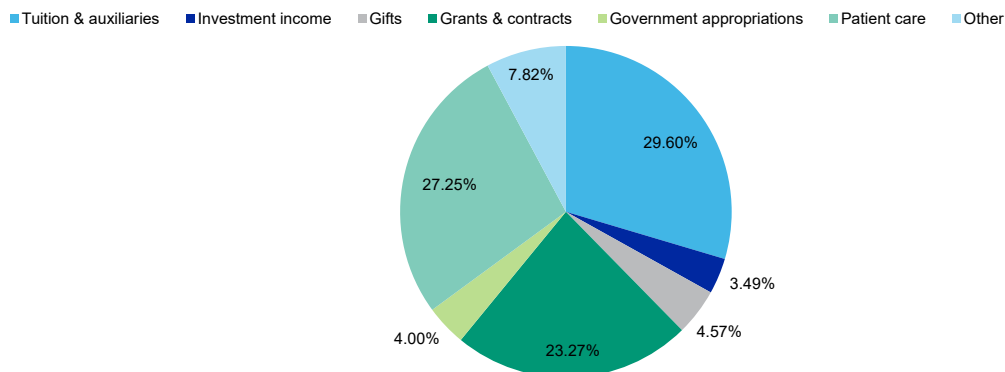
Source: Moody's Ratings

Operating performance

A large and well-diversified revenue base will continue to support the University of Colorado's financial stability, with student charges (30%), patient care (27%), and grants and contracts (23%) comprising the bulk of operating revenue. Preliminary fiscal 2025 results indicate consistent operating performance, a trend expected to persist. Despite very low direct state support—just 4% from fee-for-service contracts—the university receives additional funding through the College Opportunity Fund, which is reflected in net tuition revenue. EBIDA margins are projected to remain in the high single-digit to low double-digit range.

Exhibit 4

A broad and diverse revenue base contributes to ongoing financial stability



Source: Moody's Ratings

Financial Resources and Liquidity

CU's sizeable total wealth will continue to provide an excellent cushion to operations. Fundraising, a key competency of the university, will remain strong. The University of Colorado Foundation manages endowment funds on behalf of CU which totaled almost \$2.5 billion in fiscal 2024. About 56% of endowment assets are allocated to alternative investments which is consistent with other large endowments.

The university's CP program is supported by its own liquidity. As of June, 2025, CU reported available discounted daily liquidity of approximately \$1.1 billion which provides a strong coverage of the maximum amount that can mature in a 5 business day period - \$75 million - according to its current Issuing and Paying Agency Agreement.

The university does have other potential calls on liquidity, including outstanding puttable revenue bonds totaling about \$125 million. We expect the university's seasoned Treasury staff to effectively manage potential calls.

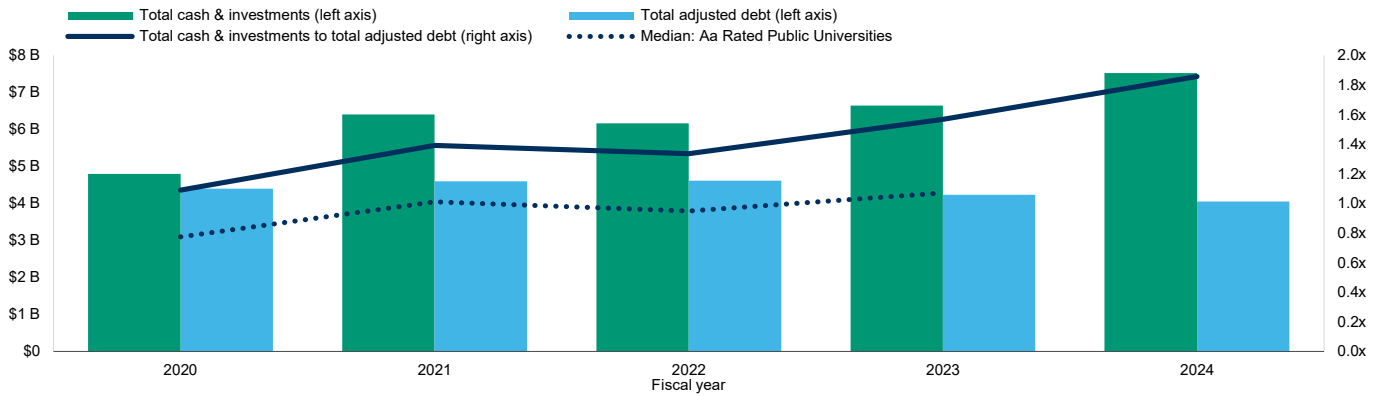
Leverage and Coverage

Leverage remains manageable due to CU's substantial wealth and stable EBIDA, though participation in the State pension plan continues to weigh on adjusted metrics. Post-financing, direct debt is projected at \$1.8 billion, with total adjusted debt reaching \$3.9 billion. CU maintains a \$250 million commercial paper program (currently undrawn) and a \$50 million committed line of credit with US Bank, plus a \$50 million uncommitted accordion feature. Direct debt also includes a \$53 million obligation from the CU Boulder Enterprise Corporation (CUBEC), tied to a joint venture for a hotel, conference center, and 490-space parking garage on the CU-Boulder campus. CU has entered into ground leases for both facilities.

Major upcoming capital projects include the \$175 million Chemistry and Applied Math building and the \$33.5 million Ekeley Sciences Renovation, both partially funded by the proposed debt issuance. Near-term debt plans continue to be evaluated, though a borrowing of approximately \$100 million in the near future is likely.

Exhibit 5

Growth in cash and investment balances enhances coverage of total adjusted debt, offsetting the impact of a sizable pension liability



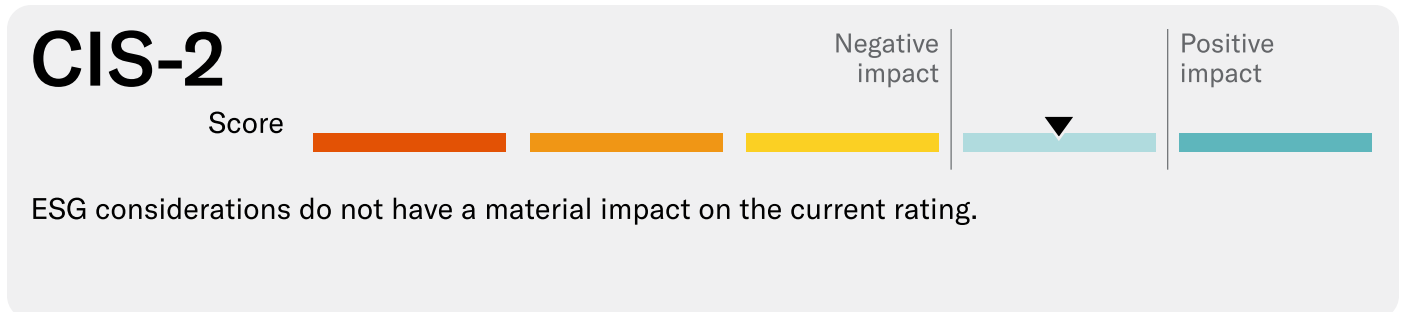
Source: Moody's Ratings

ESG considerations

University of Colorado, CO's ESG credit impact score is CIS-2

Exhibit 6

ESG credit impact score

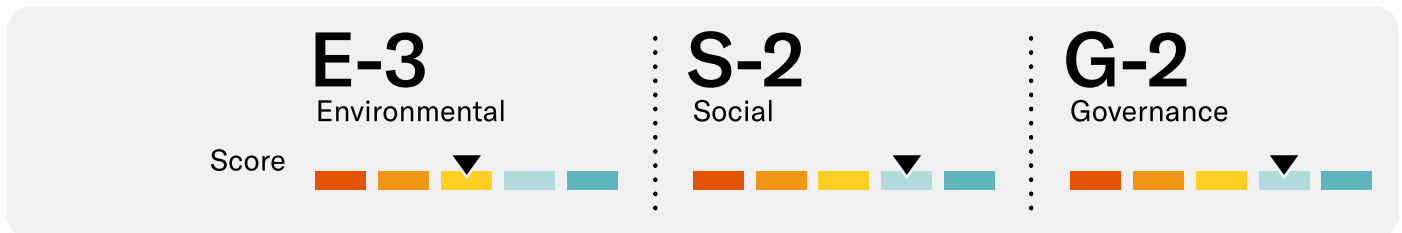


Source: Moody's Ratings

University of Colorado's (CIS-2) indicates that ESG considerations are not material to the rating. ESG risks are partially mitigated by the university's large wealth, scope, and student market strengths

Exhibit 7

ESG issuer profile scores



Source: Moody's Ratings

Environmental

University of Colorado's exposure to environmental risks (E-3) is driven by physical climate stress. Physical climate risks include high wildfire and water stress risks, notably at the locations in Boulder (flagship) and Colorado Springs campus. The university has a carbon neutrality plan which would reduce carbon by 80% by 2050.

Social

University of Colorado's exposure to social risks (**S-2**) reflect a sizable portion of the university's revenue coming from patient care which could increase over time if the patient care enterprise outpaces other revenue streams or social risks of patient care enterprise increase. Strong domestic student market demand and a location in a demographically rich state support societal and demographic trends, favorable compared with most of the sector. Human capital risks include inflationary pressures for the labor intensive system as well exposure to inflexible costs through the statewide pension plan participation.

Governance

University of Colorado's exposure to governance risks (**G-2**) reflect sound financial discipline and budgetary controls support prospects for continued sound operating performance and reflect strong management credibility. Board structure risk is elevated, consistent with the broader sector, since members are elected by voters in the state, which could lead to potential future political risk.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The [Higher Education](#) rating methodology includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, operating environment, and financial strategy on a qualitative basis, as described in the methodology.

Exhibit 8

University of Colorado, CO

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	5,991	Aaa
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	Aa	Aa
Operating Environment	Aa	Aa
Factor 3: Operating Performance (10%)		
EBIDA Margin	10%	A
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	7,520	Aaa
Total Cash and Investments to Operating Expenses	1.3	Aaa
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	1.9	Aa
Annual Debt Service Coverage	4.8	Aaa
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	Aa	Aa
Scorecard-Indicated Outcome		Aa1
Assigned Rating		Aa1

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Source: Moody's Ratings

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RATING ACTION COMMENTARY

Fitch Rates University of Colorado's Ser 2025C Rev Bonds 'AA+'; Affirmed at 'AA+'; Outlook Stable

Fri 15 Aug, 2025 - 2:02 PM ET

Fitch Ratings - Chicago - 15 Aug 2025: Fitch Ratings has assigned 'AA+' ratings to approximately \$77.7 million of series 2025C-1 and \$64.1 million of series 2025C-2 fixed rate Regents of the University of Colorado's University Enterprise Refunding Revenue Bonds. Fitch has also affirmed University of Colorado's (CU) Issuer Default Rating (IDR) at 'AA+' and the ratings on CU Regents' existing revenue bonds outstanding at 'AA+'.

Fitch has additionally affirmed CU Regents' Short-Term rating on the university's commercial paper (CP) program at 'F1+'.

The Rating Outlook is Stable.

Proceeds from the series 2025C-1 & series 2025C-2 bonds will support CU's capital spending program, refund the series 2015 bonds and series 2021C-3A bonds, and pay the costs of issuance. The series 2025C bonds are expected to price either the week of September 2 or week of September 8.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
<input type="text"/>	<input type="text"/>	<input type="text"/>
University of Colorado (CO)	LT IDR AA+ Affirmed	AA+
University of Colorado (CO) /General Revenues/1 LT	LT AA+ Affirmed	AA+
University of Colorado (CO) /Self-Liquidity/1 ST	ST F1+ Affirmed	F1+

PREVIOUS

Page of 1

▼

NEXT

[VIEW ADDITIONAL RATING DETAILS](#)

The 'AA+' IDR is based on CU's very strong financial profile in the context of robust student demand and a track record of strong adjusted cash flow margins that are expected to be sustained in the coming years. As a comprehensive flagship research university, CU has a statewide and expanding national and international draw for students, as well as considerable fundraising capabilities.

The Stable Outlook reflects Fitch's expectation that CU's adjusted cash flow margins will remain sound and its liquidity should continue to be a key area of strength, even in a forward-looking stress scenario.

Like other major research universities, CU has exposure to federal research funding cuts. Fitch believes the university's strong balance sheet provides significant flexibility to make adjustments and sustain the current rating level.

'F1+' Short-Term Rating

CU's 'AA+' IDR, together with sufficient liquid resources and written procedures to fund any unremarketed put and/or CP roll, support the 'F1+' Short-Term rating. Even including the entire authorized \$250 million of CP, total adjusted internal liquidity coverage of maximum potential CP is strong, exceeding 6x at FYE 2025 (per management data).

SECURITY

Revenue bonds are secured by enterprise revenue consisting primarily of tuition revenue, auxiliary net revenue, indirect cost recovery revenue, student fees, and other self-funded and research-related services. Pledged revenue excludes state appropriations.

KEY RATING DRIVERS

Revenue Defensibility - aa

Comprehensive Flagship Research University with Expanding Reach

CU is a comprehensive flagship research university with broad statewide and a national/international draw. Its demand assessment is very strong. Freshmen-to-sophomore retention rate remains sound, in the 90% range (including 90% in fall 2024). Student quality is very strong with well above average SAT and ACT scores. Some key demand characteristics remain comparatively more modest for a 'AA+' rated flagship university, as the freshmen acceptance rate is consistently in the 80% range (although it dropped to 76% in fall 2024) and the freshmen matriculation rate is under 20%.

Fall 2024 total headcount enrollment exceeded 67,000 students, ahead of fall 2023, with growth at the CU Boulder and CU Anschutz medical campus, balancing a decline at CU Denver (CU Colorado Springs enrollment was flat). CU Boulder has more than 38,000 students, and represents the core of enrollment.

Enrollment demand should remain sound, and management expects continued increases in total systemwide headcount in fall 2025, with CU Boulder and CU Anschutz driving total enrollment growth. Freshmen applications have increased steadily and significantly in recent years. State population growth and an expanding national/international reach for the university should support continued application and enrollment demand. In-state students consistently account for less than 60% of undergraduate enrollment (57% in fall 2024), which

is low for a state university. This indicates CU's national draw and the flexibility afforded to the university by the state in terms of enrollment management.

Fitch views CU's enrollment demand as somewhat inelastic relative to price increases. CU's demand capacity is considerable as a leading comprehensive flagship research university in a fast-growing state.

CU benefits from support from diverse revenue streams. Its endowment spend policy is a sustainable 4%. The university benefits from robust fundraising, including more than \$480 million in FY 2025.

While CU is not overly reliant on state appropriations, CU has received regular operating support from the state. The state increased higher education operating funding for FY 2025-2026 by 2.5% (with the commitment from the university to cap the resident undergraduate tuition rate increase at 3.5% for the year). The state also allocated nearly \$28 million for CU capital funding in the FY 2025-2026 budget.

CU's healthcare operations provide considerable cash flow to the university. While UCHealth (IDR: AA) is a separate legal entity from CU, the university and the health system are tightly aligned.

Like other major research universities, CU has exposure to potential National Institutes of Health (NIH) and other federal research funding cuts. Fitch believes the university's strong balance sheet provides significant flexibility to make adjustments. Per management, of CU's approximately 5,800 federal research grant projects, to date only about 79 have been cancelled (amounting to roughly \$35 million of \$1 billion in grants).

Operating Risk - aa

Operating Margins Remain Sound; Macro Pressures Persist

CU's adjusted cash flow margins remain sound, despite the pandemic and subsequent macro labor and inflationary pressures. Metrics in FY 2023 and FY 2024 were somewhat below trend. Per Fitch calculations, the cash flow margin averaged 12.2% between FY 2020 and FY 2024 (including 10.4% in audited FY 2023 and 10.7% in FY 2024). Under Fitch's Criteria, the adjusted cash flow margin includes a proportionate share of the service cost for reported pensions.

While margins remained sufficient in FY 2024 and net tuition and fees continued to grow favorably (5.8% over FY 2023), revenue growth did not keep pace with expense growth of 7.2%. Fitch notes that the expense growth rate has moderated over the last two years as management has implemented savings and inflationary pressures have eased. These trends are not unusual as all industries have faced elevated inflationary and labor pressures.

Management continues to manage expenses, and Fitch expects CU will continue to generate sound adjusted cash flow margins in the coming years. While audited results for FY 2025 are not yet available, management expects FY 2025 bottom-line to be reasonably in line with FY 2023 and FY 2024. While cash flow remains sound, if the university's adjusted cash flow margin remains below 12% this eventually could moderate CU's operating risk assessment.

Capital Spending: CU's capital spending requirements are manageable given the university's cash flow generation, fundraising track record, and balance sheet strength. The capital spending ratio averaged about 115% between FY 2020 and FY 2024, and CU's average age of plant was 13.2 years at FYE 2024. Highlighted

ongoing and planned capital projects include student housing and parking facilities in Boulder, construction of the new Chemistry and Applied Math (CHAP) building at CU Boulder, renovation of the Ekeley Sciences building at CU Boulder, engineering facilities at CU Colorado Springs, and a health sciences building at CU Anschutz.

In total, CU has identified about \$730 million of capital projects between FY 2025 and FY 2027. This is supported by \$370 million of new debt, including the current series 2025C issuance and series 2025A&B bonds issued earlier in calendar year 2025. Fitch believes that CU maintains debt capacity at the current rating level.

Beyond CU's core capital spending, the university is also engaged with a private developer to construct the Limelight Hotel and Conference Center, a public-private partnership (PPP) on the Boulder campus (expected to open in fall 2025). The Limelight cost estimate is about \$210 million and is financed off-balance sheet. On-balance sheet lease revenue bonds of \$54 million were issued in December 2023 for the associated parking garage for the project.

Financial Profile - aa

Very Strong Balance Sheet Metrics

CU's financial profile is very strong. Total debt was just over \$2 billion at FYE 2024 (including direct debt, notes payable, capitalized leases and other obligations). Pro forma debt inclusive of the series 2025 financings, and reflecting debt amortization during FY 2025, is nearly \$1.9 billion. Available funds (AF) at FYE 2024 (inclusive of available Foundation liquidity) measured nearly \$6.6 billion (Fitch defines AF as unrestricted cash and investments less non-expendable restricted net assets). AF-to-operating expense measured more than 110% at FYE 2024 and does not pose an asymmetric risk to the University's financial profile.

CU's debt equivalents include defined benefit (DB) pension plan obligations via participation in the Colorado Public Employees' Retirement Association (PERA). Per the FY 2024 audit (whose pension data are based on PERA's measurement date of Dec. 31, 2023), CU's proportionate share of the collective net pension liability (NPL) was just under \$1.0 billion and the University's ratio of plan assets to liabilities measured 64%. The discount rate on the PERA DB plan was 7.25%; Fitch adjusts to a discount rate of 6%, which translates to an NPL of approximately \$1.3 billion. Despite the sizable DB pension obligation, CU's net adjusted debt (adjusted debt minus AF) remained favorably negative at FYE 2024.

CU's capital-related ratios are very strong and should improve in Fitch's forward-looking scenario analysis, including in a stress case, which includes both operating and investment return pressures, followed by a recovery. AF-to-adjusted debt exceeded 195% at FYE 2024 and pro forma measures just over 200%. In the forward-looking stress case, net adjusted debt remains favorably negative in every year while AF-to-adjusted debt does not fall below 170% and exceeds 200% by year three.

CU's pro forma smoothed maximum annual debt service (MADS) is \$156 million (actual MADS is \$205 million based on a bullet due in FY 2026). Pro forma smoothed MADS coverage based on FY 2024 results is good at 3.9x.

Asymmetric Additional Risk Considerations

There are no asymmetric risks affecting CU's rating.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--A significant increase in debt or weakening of liquidity leading to AF-to-adjusted debt that is sustained below 150% in a stress case;

--Operating pressures resulting in adjusted cash flow margins closer to 6% for a sustained period.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--An upgrade to 'AAA' would be bolstered by an even stronger demand assessment;

--Expectations that the adjusted cash flow margin will be sustained above 12%;

--Improvement in already strong liquidity and leverage ratios, such that AF-to-adjusted debt clearly exceeds 200% throughout Fitch's forward-looking stress case.

PROFILE

CU is a flagship public research university with four campuses: CU Boulder, CU Colorado Springs, CU Denver, and CU Anschutz Medical Campus. CU is the largest institution of higher education in the state. Its annual budget is \$6.7 billion in FY 2025-2026.

CU offers a full array of undergraduate, graduate and professional programs across its four campuses. The CU Anschutz campus is also home to the University of Colorado Hospital, the flagship of 'AA' rated UCHHealth. UCHHealth is a separate legal entity but maintains very tight alignment with CU's School of Medicine and is CU's primary teaching hospital. In mid-2024, a consortium of research institutions including CU was designated as a federal quantum computing hub.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

[U.S. Public Finance College and University Rating Criteria \(pub. 19 Sep 2023\) \(including rating assumption sensitivity\)](#)

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 10 Jan 2025\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Portfolio Analysis Model (PAM), v2.0.1 (1)

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CREDIT OPINION

7 March 2024


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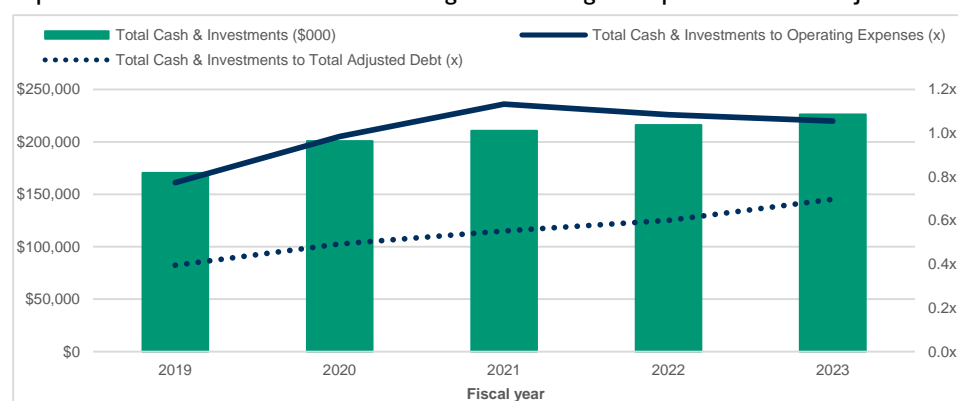
University of Northern Colorado, CO

Update to credit analysis

Summary

[University of Northern Colorado's](#) (A3 stable issuer rating) credit profile reflects its moderate \$207 million scope of operations, with good wealth and liquidity. Following three years of improved performance (fiscal 2020-2022) fiscal 2023 EBIDA margin contracted to 8.3%. Recent variability in operating results with potential multi-year deficits coupled with the startup of an Osteopathic school of medicine will place near term pressure on the university. Continued enrollment challenges and inflationary pressures will drive near term expected operating deficits. Balancing near term challenges are recent improvements in operating support from the [State of Colorado](#) (Aa1 stable issuer rating) in the form of increased government appropriations and significant potential financial support from the state for the school of medicine. The university has identified initiatives to help bolster performance such as programmatic expansion, prudent management of open positions, and marketing plans to help drive additional housing occupancy however these will take time to implement and improve results. Offsetting operating challenges is the university's moderate liquidity position. Favorable wealth and liquidity stems from prudent expense management which is further bolstered by favorable market returns. While the system has been able to manage cash burn it comes at the expense of a rising age of plant at nearly 20 years, indicating future deferred maintenance. Adjusted debt metrics will continue to be challenged by the university's participation in the state pension plan resulting in a weak 0.7x cash and investments to total adjusted debt.

Exhibit 1

Improvement in cash and investments strengthens coverage of expenses and total adjusted debt


Source: Moody's Ratings

Credit strengths

- » Rising wealth of \$226 million and liquidity at 134 monthly days cash on hand provide greater flexibility to manage through enrollment and fiscal pressures
- » Improving state operating and capital support provide a runway to implement strategic initiatives and improve operating performance
- » Expectations of significant state support to fund the start-up of the Osteopathic School of Medicine
- » Manageable direct debt burden and no additional plans for debt
- » Ability to access more favorable cost of capital from the Colorado intercept program for the majority of outstanding debt

Credit challenges

- » Multiple years of declining enrollment translating to reductions in EBIDA margins; 8.3% in fiscal 2023
- » Participation in the state pension plan dilutes adjusted leverage metrics
- » Execution risk associated with the plan to start an Osteopathic School of Medicine
- » Historical variability in state operating support heightens importance of expense management to maintain sufficient EBIDA margins
- » Capital spending below depreciation the past four years, and rising age of plant at nearly 20 years indicate needs for capital investments

Rating outlook

The stable outlook on the underlying rating reflects Moody's expectations for deficit operations through fiscal 2025, but with EBIDA sufficient for at least 1x debt service coverage. It incorporates maintenance of the university's wealth and liquidity profile.

Factors that could lead to an upgrade

- » Material improvement in operating results translating to sustained double-digit EBIDA margins
- » Improvement in enrollment metrics including growth of net tuition revenue
- » Material growth in wealth and liquidity
- » Enhanced rating: upgrade in the State of Colorado Issuer Rating

Factors that could lead to a downgrade

- » Further degradation of operating performance below currently projected results for 2024 and 2025
- » Material reduction in unrestricted liquidity
- » Increase in debt without commensurate increases in revenue or reserves
- » Enhanced rating: deterioration in credit quality of the State of Colorado Rating or observation that the program does not function as contemplated

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

UNIVERSITY OF NORTHERN COLORADO, CO

	2019	2020	2021	2022	2023	Median: A Rated Public Universities
Total FTE Enrollment	10,720	9,596	8,643	7,779	7,480	8,977
Operating Revenue (\$000)	217,007	208,676	191,326	218,423	207,318	244,842
Annual Change in Operating Revenue (%)	1.7	-3.8	-8.3	14.2	-5.1	5.3
Total Cash & Investments (\$000)	170,632	200,749	210,694	216,089	226,239	246,428
Total Adjusted Debt (\$000)	431,500	407,004	381,725	360,026	324,433	366,930
Total Cash & Investments to Total Adjusted Debt (x)	0.4	0.5	0.6	0.6	0.7	0.7
Total Cash & Investments to Operating Expenses (x)	0.8	1.0	1.1	1.1	1.1	1.1
Monthly Days Cash on Hand (x)	77	99	123	150	134	193
EBIDA Margin (%)	9.4	14.0	15.2	19.5	8.3	12.9
Total Debt to EBIDA (x)	7.2	5.0	4.7	3.2	7.5	4.1
Annual Debt Service Coverage (x)	1.8	2.8	2.6	4.0	1.6	3.1

Source: Moody's Ratings

Profile

University of Northern Colorado is a moderate-sized public university, located in Greeley, Colorado. Based on fiscal 2023 financials, UNC generated operating revenue of \$207 million and in fall 2023, enrolled 7,480 full-time equivalent (FTE) students.

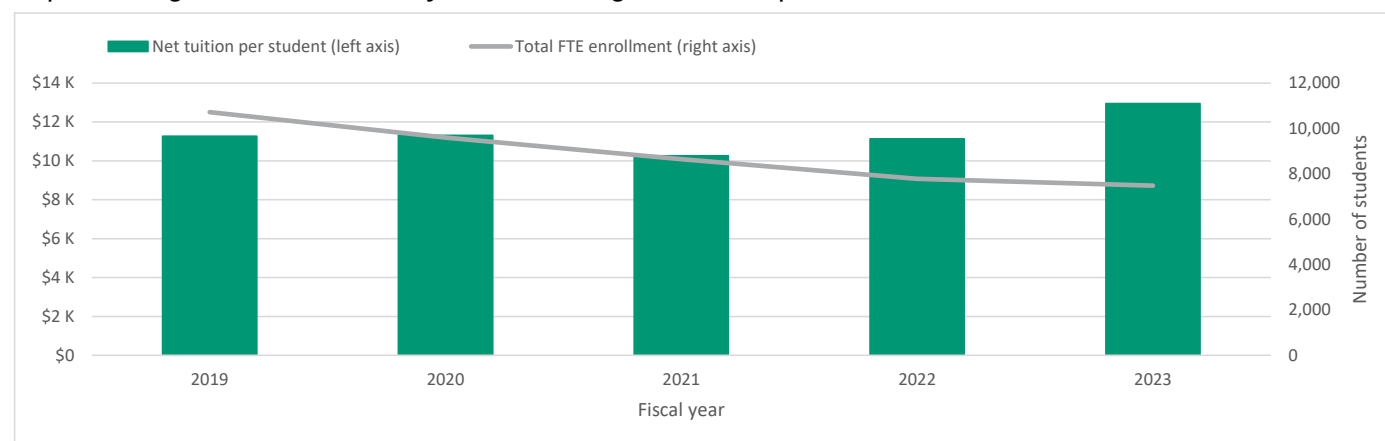
Detailed credit consideration

Market profile

Enrollment will continue to be challenged by a highly competitive student market, heightened by student and family tuition affordability issues, and enrollment management transitions. Current leadership efforts are being directed toward an academic portfolio review to focus on core strengths and regional workforce needs. As part of its broader strategic plan the university has plans to start an osteopathic medical school, with a planned inaugural class in fiscal 2027. Programmatic expansion will provide enhanced student offerings in health sciences while also helping the state and region confront healthcare workforce challenges. Additionally, continued efforts in becoming a federally designated Hispanic serving institution will help stem declining enrollment trends. Total FTE enrollment was 7,480 in fall 2023, representing a 30% decline over the last five years.

Exhibit 3

Despite declining enrollment the university has been able to grow net tuition per student



Source: Moody's Ratings

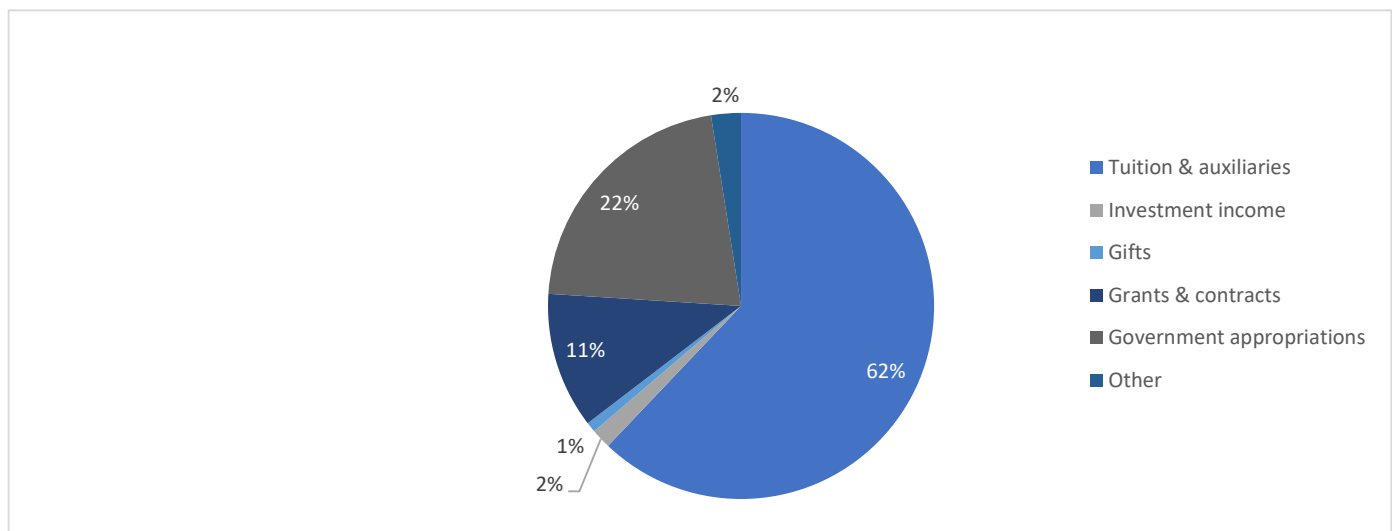
Operating performance

Recent operating deficits are expected to continue into fiscal 2024 and 2025. Challenged operating performance will continue to be driven by declining enrollment trends coupled with inflationary pressures. Despite operating challenges the university expects to maintain current performance levels through disciplined budget oversight including prudent expense management. Operations will remain highly sensitive to enrollment, with over two-thirds of operating revenue sourced from student charges.

Favorable increase in state funding favorably supports operations, though still remain low relative to rated peers. While state funding has increased the university will continue to see constrained revenue growth as of limited tuition rate setting flexibility. The university's ability to set tuition rates are constrained by legislative limits. State support, appropriated as college opportunity fund (COF) and fees for service (FFS) revenue in fiscal 2023 was approximately \$57 million, favorable to prior year of \$51.7 million.

Exhibit 4

UNC is heavily reliant on student charges

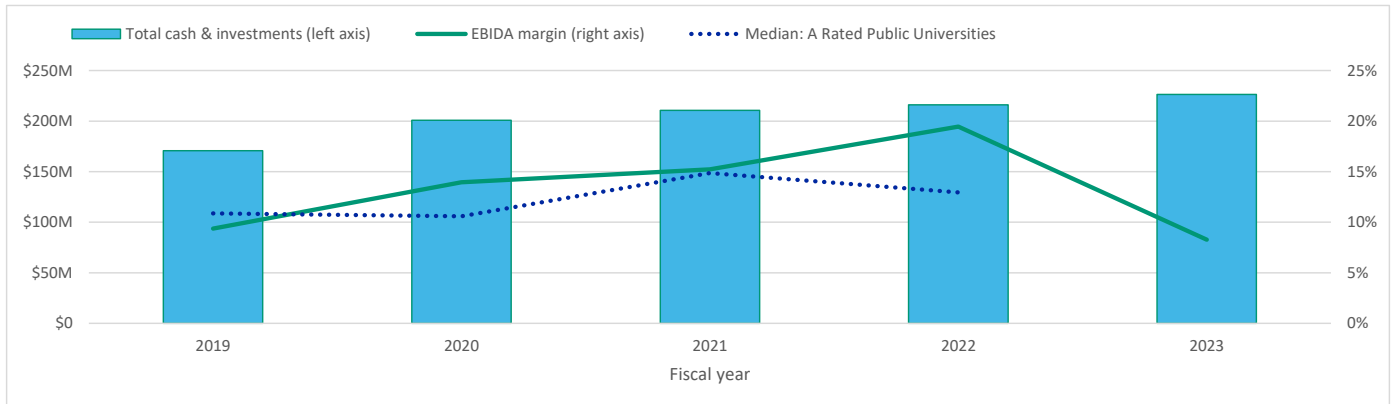


Source: Moody's Ratings

Financial resources and liquidity

Despite projected deficits, management expects UNC's improved wealth and liquidity profile to remain intact through fiscal years 2024 and 2025. The university's favorable \$226 million of total cash and investments, including funds held at its affiliated foundation, represents a 10-year high. UNC's unrestricted liquidity continues to strengthen and remains on par with rated peers. Monthly liquidity declined modestly to \$71 million in fiscal 2023, but remains favorable to historical averages.

Exhibit 5
Despite declining EBIDA margins in fiscal 2023 the system was able to build liquidity



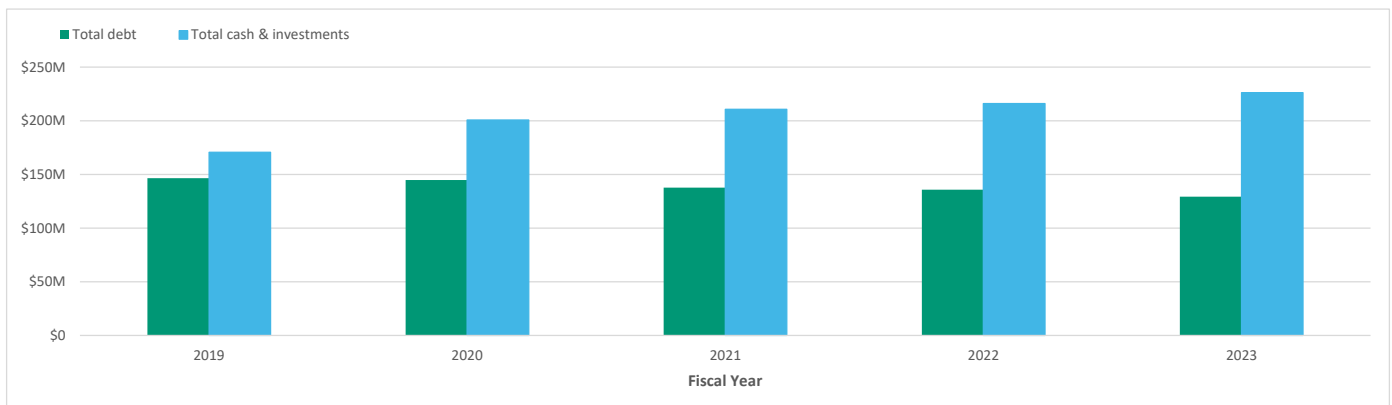
Source: Moody's Ratings

Leverage and Coverage

UNC's financial leverage will remain manageable given its all fixed rate structure, amortization and no material additional debt plans. The university continues to fund deferred maintenance needs with operating cash flow and modest state capital support, though age of plant is high at nearly 20 years. Capital spending has been below 1x depreciation since fiscal 2021 as larger projects have wound down and leadership put some projects on hold during the pandemic. Management continues to manage capital projects tightly to offset operational pressures. Total cash and investments to debt for fiscal 2023 was 1.75x and debt affordability (total debt to operating revenue) was a moderate 0.6x.

The university plans to fund the school of medicine, estimated at approximately \$200M, primarily through state and donor support. Total estimated costs include \$41 million in required escrow, \$127.5 million in facility costs, and \$30 million of start-up operations and maintenance costs. On February 12, 2024 the Governor announced support for a bill to raise \$247 million of Certificates of Participation. If passed, \$127.5 million would be for the University of Northern Colorado Osteopathic School of Medicine facility costs. Additionally, the state would use \$41 million of its statutory reserve to fund the required escrow for the project. The remaining funds will come from donor support of which the system has already received \$25 million from the Weld Trust. The trust was established by the county following the sale of the county hospital to Banner Health. The proceeds of the trust were to be used to support healthcare needs in the community. Historical fundraising levels are very low. The inability to fundraise for the needed start-up costs could put strain on the university's liquidity.

Exhibit 6
UNC's direct debt levels remain moderate compared to its cash & investments



Source: Moody's Ratings

Pensions and OPEB

UNC has substantial exposure to the state's underfunded pension liability. The state did enact pension reforms during fiscal 2018 that decreased the magnitude of future potential expense pressure. The university participates in the State Division Trust Fund (SDTF) cost-sharing multiple employer defined benefit plan administered by the Public Employees' Retirement Association (PERA).

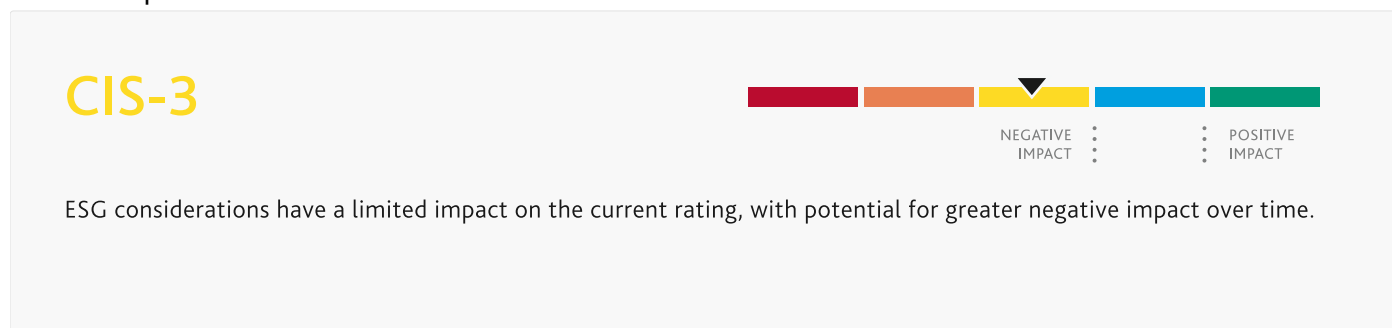
Inclusion of the university's unfunded pension liability, measured by Moody's three year average adjusted pension liability (ANPL) increases total adjusted debt to \$324 million, which is 2.5x UNC's direct debt. The very high ANPL reflects UNC's exposure to the state's multiple employer defined benefit plan's very large pension obligation.

ESG considerations

University of Northern Colorado, CO's ESG credit impact score is CIS-3

Exhibit 7

ESG credit impact score

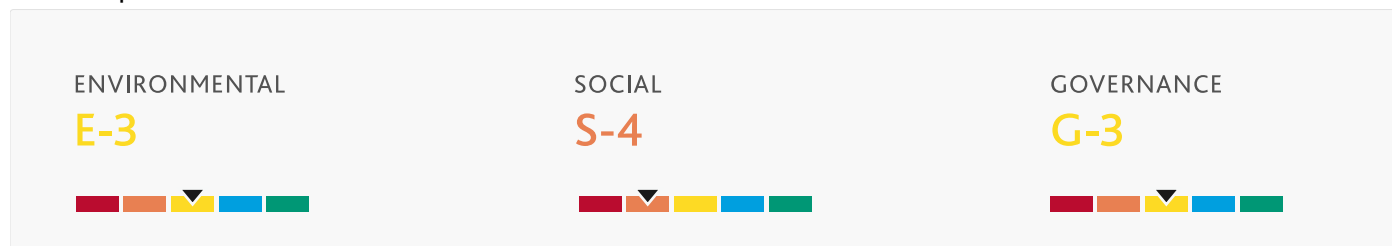


Source: Moody's Ratings

University of Northern Colorado's **CIS-3** indicates that ESG considerations have limited impact on the current credit rating with potential for greater impact over time. UNC's good strategic positioning and demonstrated prudent financial management provide a runway to partially mitigate ESG risks.

Exhibit 8

ESG issuer profile scores



Source: Moody's Ratings

Environmental

UNC's environmental profile score (**E-3**) is driven by an elevated risk of adverse impact from water stress (drought-related conditions), and medium risk to heat stress and wildfires. Coordination efforts with local regional governments, as well as good wealth and liquidity, provide underlying elements to adapt to or address potential climate related disruptions. Additionally, UNC has several sustainability initiatives including a student impact group (LEAF) focused on longer term environmental impacts. LEAF recently was able to secure a \$500k grant from the Department of Public Health and Environment to support the purchase and installation of solar panels on Parsons Hall.

Social

UNC's social issuer profile (**S-4**) reflects demographic and societal trends, customer relations and human capital risks. Consistent with most higher education providers, the university has a mission aligned with positive social impact through education and service and

those favorable impacts increase the likelihood of ongoing support from the state. While demographic trends in high school graduates are expected to be relatively stable in Colorado, changing demographic trends are impacting enrollment trends. The University of Northern Colorado is responding to the changing demographics in multiple ways, including advancing the success of Hispanic/Latinx-identifying students. Additionally, recent plans to start an osteopathic school of medicine will help capture long term enrollment gains. Human capital risks are introduced by exposure to a large unfunded state pension obligation.

Governance

UNC's governance risk score (**G-3**) reflects risks related to financial strategy and policy as well as more recent dilution of operating performance. Additionally, expectations of near term pressures on operating performance resulting in anticipated deficits increase credit risks. Active budget management has helped mitigate budget pressures as the university works to align its program offerings. Recent plans to start an osteopathic school of medicine will broaden the universities programmatic offerings in the health sciences, driving broader student demand and help meet workforce needs within the state and region. Additionally, offsetting some of these risks is recent increases in operating and capital appropriations from the state. In addition, the universities board and governance risks are elevated, typical of public universities. Public universities typically have some board structure and governance risks given their lack of full independence from the state which allows for exposure to potential political considerations that could create misalignment to institutional priorities.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The [Higher Education Methodology](#) includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, operating environment, and financial strategy on a qualitative basis, as described in the methodology.

Exhibit 9

University of Northern Colorado

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	207	A
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	Baa	Baa
Operating Environment	A	A
Factor 3: Operating Performance (10%)		
EBIDA Margin	8%	A
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	226	Aa
Total Cash and Investments to Operating Expenses	1.1	Aa
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	0.7	A
Annual Debt Service Coverage	1.6	A
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	Baa	Baa
Scorecard-Indicated Outcome		A2
Assigned Rating		A3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Source: Moody's Ratings

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Financial Risk Profile--Strong

Board of Trustees of the University of Northern Colorado

University of Northern Colorado; School State Program

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Board of Trustees of the University of Northern Colorado, Colorado		
University of Northern Colorado, Colorado		
Northern Colorado Univ Brd of Trustees (University of Northern Colorado) institutional ent rev rfdg bnds (University of Northern Colorado)		
<i>Long Term Rating</i>	AA/Stable	Current
<i>Underlying Rating for Credit Program</i>	A-/Stable	Affirmed

Credit Highlights

- S&P Global Ratings affirmed its underlying rating on the Board of Trustees of the University of Northern Colorado's debt outstanding, issued for the University of Northern Colorado (UNC), at 'A-'. The 'AA' long-term rating on UNC's 2014A bonds is based solely on the university's participation in the Colorado Higher Education State Aid Intercept Program. (For more information, see "Colorado Credit Enhancement Programs," published July 10, 2024, on RatingsDirect.)
- The outlook is stable.

Security

As of fiscal year-end 2024, UNC had \$132 million in debt, including a small amount of leases. The university's debt is secured by an irrevocable lien on net revenue of the auxiliary facilities system, which includes a broad mix of revenue from various auxiliary facilities, and 100% of tuition revenue. We view this security as equivalent to an unlimited student fee pledge. UNC's 2014A, 2015A, 2016A, 2018B, 2019A, and 2021A bonds are also secured by the Colorado Higher Education State Aid Intercept Program. All debt is fixed rate, and all but the 2021A bonds are publicly issued. The university's maximum annual debt service is manageable at 5.5% of fiscal 2024 adjusted operating expenses. Management has no plans for additional debt during the two-year outlook period.

Credit overview

We assessed UNC's enterprise risk profile as strong, with solid management, good retention, and low discounting, offset by enrollment pressure in recent years. We also assessed UNC's financial risk profile as strong, with good financial management policies, a manageable debt burden, and stable financial resources, offset by recent negative financial performance although increased state funding should contribute to improved performance in fiscal 2025. These combined credit factors lead to an anchor of 'a.' In our opinion, the university's enrollment trend and weak selectivity are more in line with a final rating of 'A-'.
 The rating reflects our assessment of UNC's:

- Experienced senior management team that is focused on improving enrollment and financial sustainability;
- State support that has increased in recent years, with operating appropriations expected to be approximately \$69 million in fiscal 2025, up from \$63 million in fiscal 2024; and
- Good retention rates and consistent student quality.

Partially offsetting the above strengths, in our view, are UNC's:

- Demand pressure, particularly at the undergraduate level, with decreasing enrollment in the past several years, although fall 2024 showed signs of stabilization; and
- Limited fundraising history, although donations have increased recently with the planned launch of an osteopathic medical school.

UNC is in Greeley, approximately one hour north of Denver, and is one of three comprehensive state universities in Colorado, along with the University of Colorado and Colorado State University. The university offers graduate and undergraduate degree programs in five colleges. The university is known for its undergraduate education program, consistent with its history as a normal (teaching) school. UNC's popular programs also include music, business, and nursing.

Environmental, social, and governance

We analyzed the university's environmental, social, and governance factors related to its market position and financial performance. UNC faces elevated social risks from a decline in college-attending students in the region. We view the university's environmental and governance factors as neutral in our analysis.

Outlook

The stable outlook reflects our view of UNC's increased state support for operations and a new osteopathic medical school. While undergraduate enrollment may remain pressured, we expect the university's demand profile and operations will benefit from the launch of the medical school in fall 2026. The new medical school launch has generated good fundraising momentum, and we believe the university's cash and investments will remain solid for the rating.

Downside scenario

We could consider a negative rating action if UNC is unable to effectively scale operations for a smaller undergraduate student population, resulting in ongoing significant operating deficits that cause a decline in cash and investments relative to operations and debt.

Upside scenario

We could consider a positive rating action if UNC stabilizes or increases enrollment while improving its operating margin.

Credit Opinion

Enterprise Risk Profile--Strong

Market position and demand

UNC faces tough competition for a smaller pool of college-going students, particularly lower-income students and transfer students from community colleges. Although many universities experienced enrollment decreases during the pandemic, we view UNC's drops as particularly large; however, demand is beginning to stabilize. In fall 2024, full-time-equivalent (FTE) enrollment fell by 1% to 7,404 students compared with a 4% decline in fall 2023 and larger decreases in previous years. First-year class sizes have improved, indicating the university should see continued stabilization. Management reports that education programs account for a significant portion of recent demand pressure and is focusing on recapturing market share in the state. UNC's goal is to stabilize undergraduate numbers while focusing on student success and appropriately scaling operations.

Helping to stabilize enrollment figures, UNC has seen a steady uptick in applications over the past two years, increasing 8% in fall 2024. Retention rates have also improved to 76% in fall 2024, which is strong compared with those of peers. This metric remains a key focus for management. UNC's student body is mostly regional, with 86% of students from Colorado. According to management, UNC's competitors include Metropolitan State University, University of Colorado at Colorado Springs, University of Colorado at Boulder, Colorado State University, and Colorado Mesa University.

Management and governance

UNC has a record of stable management with no significant changes expected. The university's president, Dr. Andrew Feinstein, has been in his role since 2018.

UNC operates according to a 10-year plan, "Rowing, Not Drifting 2030." Key goals of the strategic plan include student success, inclusivity, enhancing and investing in resources and staff, innovation, and community connections. As part of its long-term planning, UNC has adopted a strategic enrollment plan. The university also worked toward and achieved federal designation as a Hispanic Serving Institution (HSI) in spring 2024.

In fall 2026, UNC will matriculate the first cohort of students at its osteopathic medical school. UNC's college of medicine will be only the third medical school in the state. The first class is expected to have 75 students and the school will eventually have capacity to serve approximately 600 students. The university has received robust support from the state of approximately \$127.5 million, and from donors for the medical school's capital and operating expenses. Construction of a building for the new school is proceeding on schedule, with completion anticipated in summer 2026. We believe the medical school's launch is a very positive development for the university's demand profile.

UNC has formal policies for endowment, investments, and debt. Although it lacks a formal reserve and liquidity policy, management reviews reserves and liquidity at quarterly meetings.

Financial Risk Profile--Strong

Financial performance

The university's financial performance has been pressured over the past two fiscal years, stemming from ongoing demand stress. However, management has been working to scale operations and control expenses for a smaller FTE count. The university ended fiscal 2024 with a negative 5.4% net operating margin. Management projects a balanced budget for fiscal 2025, which we believe is reasonable considering improvement in demand characteristics for fall 2024 and solid increases in state funding.

State support in Colorado combines tuition reimbursement, or college opportunity funds (COF), and fee-for-service payments. Each Colorado student receives a COF stipend to use at any public, nonvocational institution and some private colleges in the state. State support, including COFs and fee-for-service payments, totaled \$63.1 million in fiscal 2024, up from \$56.9 million in fiscal 2023. State funding is expected to increase in fiscal 2025 to approximately \$69 million. We view this trend positively, particularly given the state's additional capital support for infrastructure projects and the new college of medicine.

Student-derived revenues made up approximately 57% of adjusted operating revenues in fiscal 2024. COF are included in the tuition line item in UNC's audit. If we strip out the COF funding from tuition and include fee-for-service funds, state support would equal approximately 25% of adjusted operating revenue in fiscal 2024.

Financial resources

Financial resources as measured by cash and investments remain consistent with the rating, in our view. Total cash and investments, including the university's foundation, grew to \$220.9 million in fiscal 2024, equal to a solid 83% of adjusted operating expenses and 167% of debt. In addition, UNC holds \$41.3 million of restricted cash in escrow in accordance with the accreditation requirements for the college of medicine. These funds were provided by the state of Colorado. When the accreditation process is complete, the escrow balance will be deducted from state appropriations. Management expects this will take place in fiscal 2031. While we view the state support for UNC positively, given the highly restricted nature of the escrow account, we do not include this in our calculation of cash and investments.

UNC's foundation has \$155.7 million of cash and investments as of fiscal 2024, although this amount is almost entirely restricted. The endowment measured \$119.4 million as of the same date. The annual spending rate of the endowment funds is computed at 4% of the three-year rolling average of the fiscal year-end fair value. We view this spending rate as typical.

We consider UNC to have historically limited fundraising capability relative to that of peers. However, management has increased focus on these operations and is planning for an upcoming campaign. UNC has also had recent success fundraising for the osteopathic medical school with several significant gifts, including its largest-ever donation of \$25 million from the Weld Trust.

Debt and contingent liabilities

The funded ratio for the state division trust fund (SDTF) pension obligations increased to 64% in fiscal 2023 from 61% in fiscal 2022. The SDTF is a cost-sharing multiple-employer defined benefit pension plan administered by the Public

Employees' Retirement Assn. of Colorado. The funded ratio prior to fiscal 2019 was historically below 60%, which we viewed as adding contingent liability risks for UNC. In 2018, Colorado adopted pension reforms that went into effect as of June 30, 2021. In our view, these changes should be sufficient to prevent material declines in the funded ratio within the outlook period. The university also sponsors an optional defined contribution retirement plan.

University of Northern Colorado, Colorado--enterprise and financial statistics

	--Fiscal year ended June 30--					Medians for 'A' category rated public colleges & universities
	2025	2024	2023	2022	2021	2023
Enrollment and demand						
Full-time-equivalent enrollment	7,404	7,480	7,779	8,643	9,596	12,526
Undergraduates as a % of total enrollment	77.7	77.7	77.1	76.6	78.8	84.3
First-year acceptance rate (%)	93.5	93.6	94.0	91.6	87.8	83.1
First-year matriculation rate (%)	13.5	14.0	14.8	13.4	16.6	22.8
First-year retention rate (%)	76.0	74.0	75.0	69.1	70.1	76.6
Six-year graduation rate (%)	51.0	51.0	51.9	51.9	51.7	58.4
Financial performance						
Adjusted operating revenue (\$000s)	N.A.	250,767	240,985	264,484	235,998	MNR
Adjusted operating expense (\$000s)	N.A.	264,966	253,492	251,283	232,902	MNR
Net adjusted operating margin (%)	N.A.	(5.4)	(4.9)	5.3	1.3	(1)
Estimated operating gain/loss before depreciation (\$000s)	N.A.	5,264	7,323	31,677	21,465	MNR
Tuition discount (%)	N.A.	24.3	22.2	29.0	26.3	28.4
Student dependence (%)	N.A.	57.3	59.2	55.8	59.0	47.8
Research dependence (%)	N.A.	14.1	13.9	10.9	11.7	8.7
Financial resources						
Endowment market value (\$000s)	N.A.	119,380	111,905	100,559	113,169	152,720
Related foundation market value (\$000s)	N.A.	193,249	160,496	148,593	161,618	MNR
Cash and investments including foundation (\$000s)	N.A.	220,883	217,955	207,432	201,541	386,032
Cash and investments including foundation to operations (%)	N.A.	83.4	86.0	82.5	86.5	90.1
Cash and investments including foundation to debt (%)	N.A.	167.3	162.8	152.8	143.9	215.9
Debt						
Total debt with foundation (\$000s)	N.A.	132,001	133,887	135,744	140,016	227,298
Current MADS burden (%)	N.A.	5.5	5.4	4.8	5.1	4.2
Average age of plant (years)	N.A.	21.1	19.9	20.3	19.7	14.4

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term and long-term investments. Average age of plant = accumulated depreciation/depreciation and amortization expense. N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service.

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CREDIT OPINION

8 August 2024



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Western Colorado University

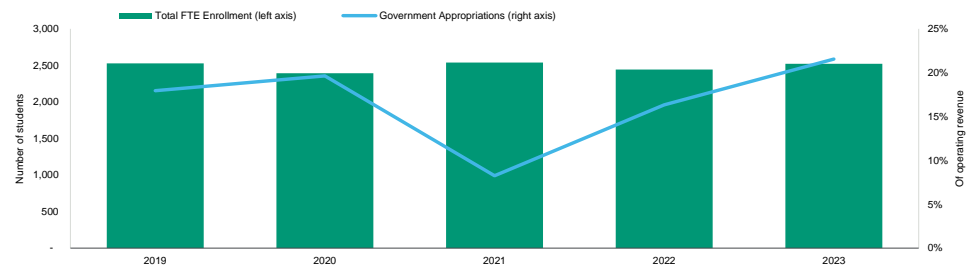
Update to credit analysis

Summary

[Western Colorado University](#), CO's (Western; A3/stable) credit quality incorporates the university's important role as a small public university in the Central Rocky Mountain region of the [State of Colorado](#) (Aa1 stable) with some distinctive programs. A generally steady improvement in state operating support, including an enhanced increase to base support for rural institutions, also underpins credit quality. Total wealth and liquidity, supported by good philanthropy, provide adequate coverage of operating expenses. Offsetting credit factors include a competitive student market environment in Colorado resulting in uneven enrollment in recent years. Coupled with strategic investments to bolster recruitment and retention amid waning pandemic relief, operating performance has weakened. A small operating base also limits future material expense management capacity. Leverage, including a large unfunded state pension liability, is elevated relative to wealth and operations while an elevated age of plant also weighs on credit quality and could indicate capital needs.

Exhibit 1

Steady growth in state operating support helps to offset student demand challenges



The decline in state support in fiscal 2021 reflects a one-time funding cut to all public higher education institutions in the state
Source: Moody's Ratings

Credit strengths

- » Generally steady improvement in state operating funding averaging about 17% of operating revenue over the last five years
- » Total wealth and liquidity, supported by good fundraising, provide some financial cushion with monthly days cash on hand of 148
- » Regionally important public university with a demonstrated ability to advantageously use partnerships to further curriculum goals
- » All fixed rate debt structure provides budget predictability especially relevant given recent narrow operating performance

Credit challenges

- » Highly competitive student market, reflected by a 7% decline in first year enrollment and average first to second year retention of 71% over the last five years
- » Small scale of operations, with \$66 million of operating revenue in fiscal 2023, limits expense flexibility
- » Variable operating performance with weak fiscal 2023 results and over 60% of overall revenue derived from student charges
- » Elevated leverage, including a large pension obligation, with total cash and investments to total adjusted debt of 0.5x

Rating outlook

The stable outlook reflects our expectations of improving student demand leading to incremental growth in net tuition revenue which coupled with steady growth in state funding and ongoing expense discipline will lead to improvement in operating performance with debt service coverage of at least 1.2x. It also incorporates expectations of no material increase in total adjusted debt without improvement in cash flow and liquid reserves.

Factors that could lead to an upgrade

- » Strengthening of brand and strategic position, leading to improved annual revenue growth prospects including net tuition revenue, along with ability to achieve philanthropic goals
- » Sustained improvement in operating performance providing stronger coverage of debt and debt service on an entity-wide basis
- » Material increase in wealth relative to debt and operations

Factors that could lead to a downgrade

- » Erosion of operating performance with debt-service coverage on an enterprise-wide basis below 1.2x
- » Decline in state funding or continued enrollment decreases evidencing further weakening of strategic position
- » Significant increase in total adjusted debt absent improved liquid reserves and cash flow to cover debt service
- » Decline in unrestricted liquidity evidenced by less than 100 monthly days cash on hand

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Key indicators

Exhibit 2

WESTERN COLORADO UNIVERSITY

	2019	2020	2021	2022	2023	Median: A Rated Public Universities
Total FTE Enrollment	2,527	2,393	2,539	2,444	2,521	9,489
Operating Revenue (\$000)	60,432	58,988	58,622	78,484	66,190	256,122
Annual Change in Operating Revenue (%)	11.3	-2.4	-0.6	33.9	-15.7	2.6
Total Cash & Investments (\$000)	43,803	56,409	57,444	56,324	60,926	253,632
Total Adjusted Debt (\$000)	131,844	128,992	125,670	123,840	118,372	338,554
Total Cash & Investments to Total Adjusted Debt (x)	0.3	0.4	0.5	0.5	0.5	0.7
Total Cash & Investments to Operating Expenses (x)	0.7	1.0	1.0	0.9	0.8	1.0
Monthly Days Cash on Hand (x)	150	180	185	171	148	168
EBIDA Margin (%)	18.8	19.7	18.9	32.8	7.5	8.6
Total Debt to EBIDA (x)	7.7	7.3	7.4	3.1	15.7	5.6
Annual Debt Service Coverage (x)	1.7	1.6	1.5	3.5	0.7	1.8

Source: Moody's Ratings

Profile

Western Colorado University is a four-year public university, with a limited number of graduate programs, located in Gunnison, Colorado within Colorado's central Rocky Mountains. Among its academic offerings, Western partners with the University of Colorado-Boulder to bring top 20 programs in engineering and computer science to Western's campus. For fiscal 2023, the university recorded operating revenue of \$66 million and served 2,521 full-time equivalent (FTE) students in the fall of 2023.

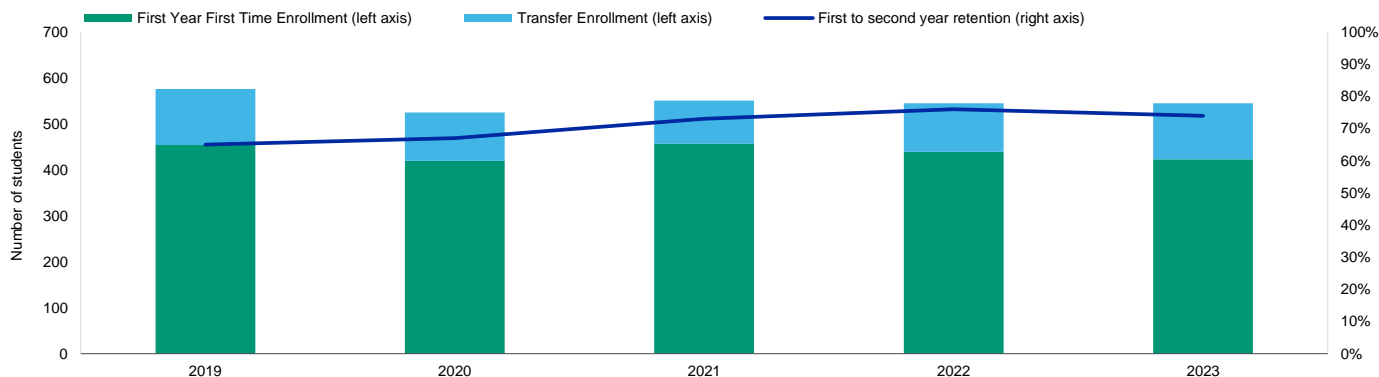
Detailed credit considerations

Market position

Western will continue to face a challenging student market environment given the number of regional public universities in the state coupled with an over 70% reliance on resident students. Since fall 2019, total FTE enrollment has been flat while first year first time enrollment is down 7% to 423 and first to second year retention has been low averaging just 71%. Western's good brand and strategic positioning is based upon its market position as the only university serving the central Rocky Mountain region coupled with significant investment in attractive new academic and athletic facilities. Disruptions due to FAFSA delays are slowing fall 2024 enrollment deposits, though Western's fall 2024 goal is to enroll at least 400 new students.

Exhibit 3

A highly competitive in-state market has pressured first time enrollment and student retention



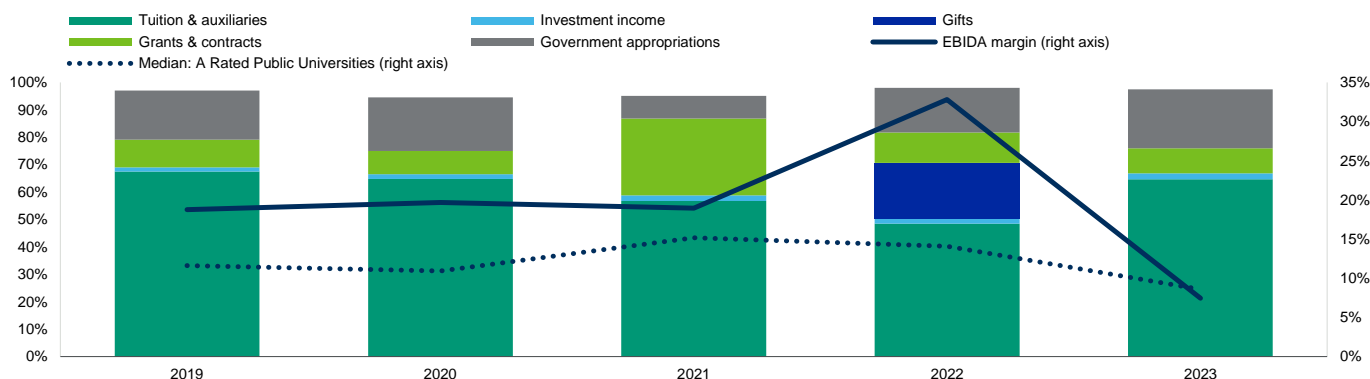
Source: Moody's Ratings

Operating performance

Despite historically strong operating performance, recent softening will continued through at least fiscal 2024. Based upon year end projections provided by management, we expect fiscal 2024 will result in a larger deficit than 2023 driven largely by one-time strategic investments. The university's relatively small scale of operations provides for elevated exposure to enrollment volatility while revenue is concentrated, with over 60% from tuition and auxiliaries, underscoring the importance of capable enrollment management. Favorably, state support has increased in recent years averaging 17% of operating revenue over the last five years. General fund appropriations include both the annual fee for service contracts, which cover educational services related to low income, first-generation, underserved students and graduate students, and the College Opportunity Fund, a stipend granted to undergraduate students that we include in net tuition revenue. For fiscal 2025, Western has adopted a balanced budget reflecting a 22% increase in state funding to almost \$25 million, 2.5% resident tuition increase, enrollment level with fiscal 2024, 3% salary increase pool, 15% increase in health plan premiums and \$1.5 for strategic initiatives.

Exhibit 4

Strategic investments intended to help stabilize enrollment will increase variability in operating performance including very weak fiscal 2023 results



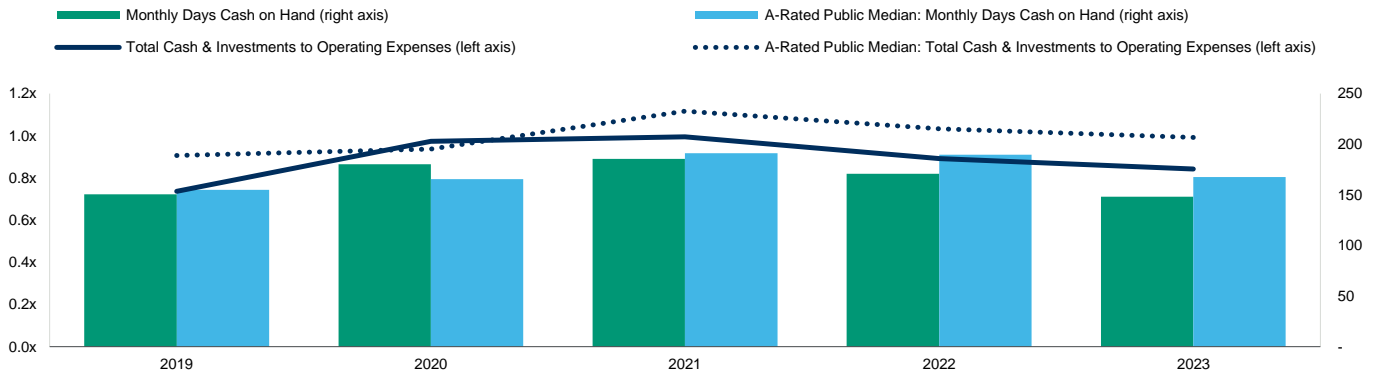
Source: Moody's Ratings

Financial resources and liquidity

Total wealth will continue to provide some financial cushion, although more modest compared to peers. For fiscal 2023, total cash and investments including those held by the university's affiliated foundation totaled about \$61 million covering operating expenses by 0.8x compared to the A-rated public median of 1x. Philanthropy has been strong and as part of its Elevate Western campaign, the university has raised \$68 million toward an \$80 million goal with \$22 million received in cash to date. This is in addition to an \$80 million gift to support construction and operation of the Rady School of Computer Science and Engineering. Western's 2023 three year average gift revenue of \$28 million well exceeds the A-rated public median of \$7 million. Liquidity has been sound with fiscal 2023 monthly liquidity of \$27 million providing 148 days cash on hand only slightly lower than the A-rated public median of 168.

Exhibit 5

Total wealth and liquidity will continue to provide some financial flexibility



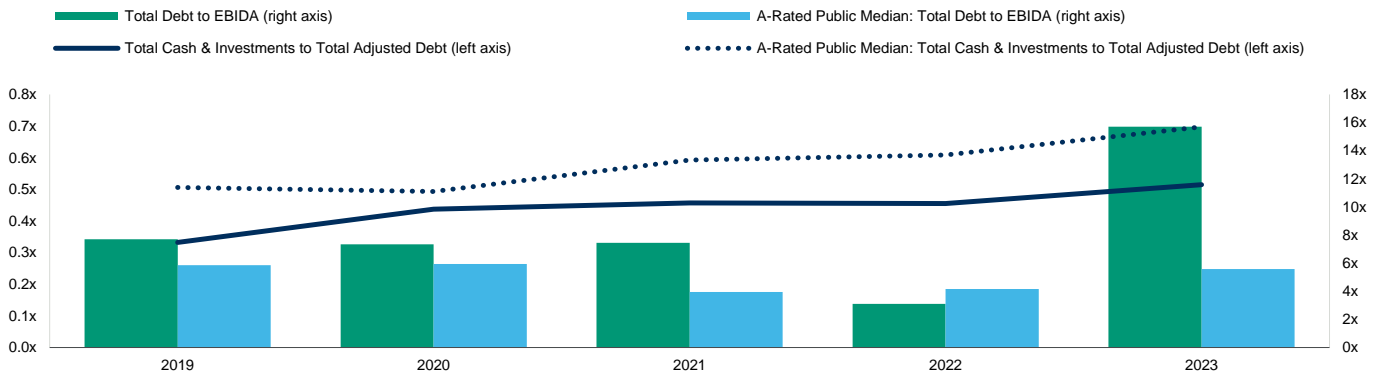
Source: Moody's Ratings

Leverage and coverage

Leverage will remain elevated compared to peers. Total cash and investments to total adjusted debt of 0.5x is weaker than the A-rated public median of 0.7x while total debt to EBIDA of 16x is considerably weaker than the peer median of 5.6x. The university has significant additional debt like obligations through its participation in state pension and retirement health plans while its age of plant at almost 18 years is above the peer median of 16. Favorably, the university's debt is all fixed rated and regularly amortizing with decreasing debt service payments through 2045. Management reports that Western is currently contemplating development of on-campus workforce housing. While it expects to undertake financing for the project in fiscal 2025, specific arrangements have yet to be determined. The credit impact of this project will depend on enrollment trends, operating performance impacts, liquidity and leverage levels.

Exhibit 6

The university's leverage, including a large net pension obligation, remains elevated compared to A-rated peers



Source: Moody's Ratings

Legal security

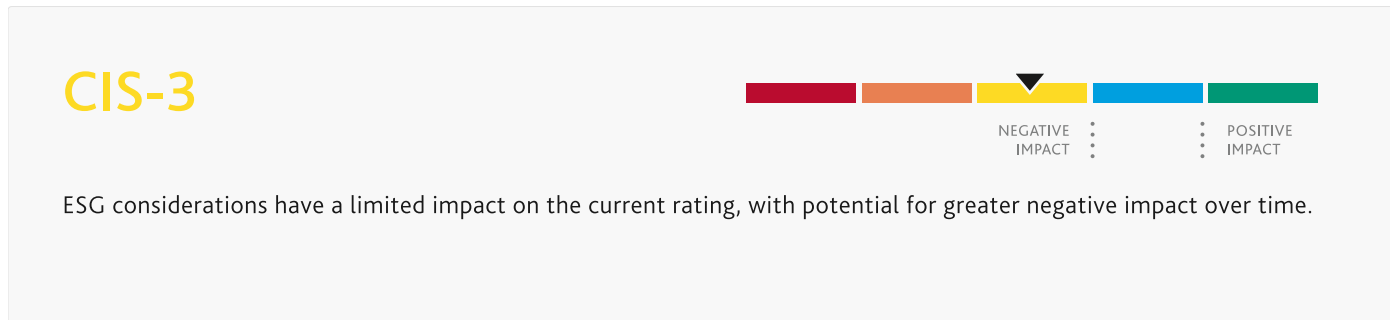
All of Western's outstanding revenue bonds are on parity, secured by a pledge of net revenues that includes tuition revenue, net revenue of certain auxiliary enterprise facilities (housing, dining, and certain student recreational facilities), certain mandatory student fees, as well as indirect cost recoveries (overhead received for research grants and contracts) and extended studies revenue. In April 2022, the governor signed a law that increased the tuition revenue available as pledged revenue to 100% from 10% and Western's board has adopted this change. Fiscal 2023 pledged net revenue, including 100% of tuition revenue, was \$25.9 million which provided 3.6x coverage of fiscal 2024 maximum annual debt service. There are no debt service reserve fund requirements. However, there is a rate covenant under which the board agrees to impose such revenues and fees to ensure pledged revenue is sufficient to pay debt service.

ESG considerations

Western Colorado University's ESG credit impact score is CIS-3

Exhibit 7

ESG credit impact score



Source: Moody's Ratings

Western's **(CIS-3)** indicates that ESG considerations have a limited impact on the current rating with potential for greater negative impact over time. Western's total wealth and liquidity partially mitigate its ESG risk exposures.

Exhibit 8

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Western's exposure to environmental risks is **(E-3)** driven by physical climate risks. The university's location in Gunnison, Colorado provides high exposure to water stress. Favorably, the university is positioned to help address water issues given its water studies program which educates students on water science and management.

Social

Western's exposure to social risks is **(CIS-4)**, driven by demographic and societal trends, customer relations and human capital risks. Consistent with most higher education providers, the university has a mission aligned with positive social impact through education and service and those favorable impacts increase the likelihood of ongoing support from the state. The university's student market is competitive given the other regional universities in Colorado. Favorably, Western's role as the only university serving the central Rocky Mountain region and its significant investment in facilities and academic programs support good market distinction. Customer relations risks are introduced by a high reliance on tuition revenue and a price sensitive student population. Favorably, state operating appropriations have been improving and Western has benefited from enhanced funding for rural institutions which is supportive of good state relations. Human capital risks are introduced by exposure to a large unfunded state pension obligation.

Governance

Western's exposure to governance risks is **(G-2)**. Public universities typically have some board structure and governance risks given their lack of full independence from the state which allows for exposure to potential political considerations that could create misalignment to institutional priorities. For Western, moderately negative board structure risks are introduced by the selection process, with voting trustees appointed by the governor.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The principal methodology used in this rating was the [Higher Education Methodology](#) published in July 2024. The Higher Education Methodology includes a scorecard that summarizes the factors that are generally most important to higher education credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard indicated outcome may or may not match an assigned rating. We assess brand and strategic positioning, financial policy and strategy, and operating environment on a qualitative basis.

Exhibit 9

Western Colorado University, CO

Scorecard Factors and Sub-factors	Value	Score
Factor 1: Scale (15%)		
Adjusted Operating Revenue (USD Million)	66	Baa
Factor 2: Market Profile (20%)		
Brand and Strategic Positioning	Baa	Baa
Operating Environment	A	A
Factor 3: Operating Performance (10%)		
EBIDA Margin	7%	Baa
Factor 4: Financial Resources and Liquidity (25%)		
Total Cash and Investments (USD Million)	61	A
Total Cash and Investments to Operating Expenses	0.8	Aa
Factor 5: Leverage and coverage (20%)		
Total Cash and Investments to Total Adjusted Debt	0.5	A
Annual Debt Service Coverage	0.7	Ba
Factor 6: Financial Policy and Strategy (10%)		
Financial Policy and Strategy	Baa	Baa
Scorecard-Indicated Outcome		Baa1
Assigned Rating		A3

Data is based on most recent fiscal year available. Debt may include pro forma data for new debt issued or proposed to be issued after the close of the fiscal year.

For non-US issuers, nominal figures are in US dollars consistent with the Higher Education Methodology.

Score card reflects fiscal 2023 in line with key indicators above.

Source: Moody's Ratings

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