



Date: June 4, 2014
To: Members of the Board of Regents
From: Treasurer Donald A. Eldhart
Subject: Revenue Bond Budget Report: FY 2015

Chancellors DiStefano, Shockley-Zalabak, Elliman and I have prepared the following Revenue Bond Budget Report for FY 2015.

The regents adopted bond resolutions and policies which require the preparation of annual budgets for revenue bond funds, and covenanted to manage the operation and finances of the facilities in a manner that protects bond holders. The campuses attest that each department that has bonds outstanding has met the following requirements:

- 1) Debt service reserves or surety bond requirements have been satisfied.
- 2) Capital reserve requirements have been satisfied, and the spending of reserves complies with requirements.
- 3) Sufficient net operating revenue is planned in the proposed budget for FY 2014-2015 to pay debt service and to meet the debt service coverage requirements.
- 4) For revenue bond issues sold after 1986, related private use of tax-exempt financed facilities does not exceed 10 percent and unrelated private use does not exceed 5 percent.
- 5) Property values have been reported to risk management to ensure adequate insurance coverage and the associated premiums have been paid.
- 6) Revenues available to pay debt service exceed 125 percent of annual principal and interest payments.

The budgets are consistent with the detailed budgets submitted through administrative channels and are fully coordinated and consistent with related rate proposals that have been or will be made for FY 2014-2015.

In addition, the proposed revenue bond budgets conform to the respective bond covenants, state law requirements and regent policy.

FY 2014-2015 principal and interest payments are summarized below for the bond fund reports. The summary is provided by source of revenue and by campus.

The university has bonds outstanding under two distinct credits as follows:

- 1) The Enterprise System Revenue Bonds. Revenue for debt service comes primarily from student and user fees charged by the auxiliary operation responsible for the debt. The university strengthens this credit by cross-pledging all enterprise auxiliary revenue toward repayment. The bond budgets project that each department will generate sufficient revenue to pay its own debt service. No plans or proposals exist to use cross-pledged revenues to subsidize another department's debt service.
- 2) The University Enterprise Revenue Bonds. These are payable from the same sources dedicated to repayment of the Enterprise System Revenue Bonds but on a subordinate basis. In addition, up to 10 percent of tuition can be used to repay these obligations. This new credit was created to take advantage of changes in the enabling statutes resulting from the passage of SB 04-189 (College Opportunity Fund Act) and SB 04-252 (Higher Education Enterprise Act) in 2004.

Summary debt service commitments on a campus-by-campus basis are reviewed below.

- 1) University of Colorado Boulder will be responsible for bond payments for projects financed by the Enterprise System Revenue Bonds Series 2004 and the University Enterprise Revenue Bonds, Series 2005A, 2006A, 2007A, 2007B, 2009A, 2009B, 2010A, 2010B, 2011A, 2011B, and 2012A-1 2012A-2, 2012A-3, 2012B and 2013A. In FY 2014-2015, debt service payments for these bonds will total \$59 million.
- 2) University of Colorado Denver will be responsible for bond payments for projects financed by the University Enterprise Revenue Bonds, Series 2005A, 2005B, 2006A, 2007A, 2009A, 2009B-1, 2009B-2, 2009C, 2010A, 2010B, 2010C, 2011B, 2012A-1, 2012A-2, 2012A-3, 2012B, 2013A and 2013B. In FY 2014-2015, debt service payments for these bonds will total \$40.8 million.
- 3) University of Colorado Colorado Springs will be responsible for bond payments for projects financed by the Enterprise System Revenue Bonds Series 2004 and the University Enterprise Revenue Bonds Series 2005A, 2005B, 2006A, 2007A, 2009A, 2009C, 2010B, 2011A, 2011B, 2012A-1, 2012A-2, 2012A-3, 2012B and 2013A. For FY 2014-2015, debt service payments for these bonds will total \$10.8 million.

Certificates of Participation issued against the credit of the State of Colorado, other capital lease obligations and contingent liabilities, are not included in the annual bond budgets report.