Colorado School of Mines

Capital Request
Capital Development Committee
July 19, 2019
Capital Request Summary

Subsurface Frontiers Building ($140M)
• Project was approved in FY19 with $1.8M of Capital Construction Funds (CCF) allocated in FY20. Mines has an outstanding CCF request of $18.2M for FY21.
• Mines is requesting an increase to the project budget from $121M to $140M, coming solely from cash funds, to accommodate USGS and Mines space needs including private industry connections.
• Additionally, to take advantage of the low interest rate environment, Mines is requesting an acceleration of spending authority for the total cash portion of the project ($120M of the $140M budget).

Parking Garage with Frontage Building ($33M) and Utilities Infrastructure ($10M)
• Primarily to serve the Subsurface Frontiers Building, Mines intends to build a parking garage and connect the buildings to the campus utility infrastructure.
• The parking garage would also include a business incubator-type space for students and industry partners.
• Requesting cash spending authority only.

Opportunite financing environment: Long-term interest rates are hovering near historic lows. Financing these projects now could realize over $1M/yr in savings compared to a scenario where rates rise 1% (i.e., where rates were just 8 months ago).
Consideration of Two-Year Cash List
Parking Garage (and Frontage Building) + Utilities Infrastructure

**Parking Garage and Frontage Building** *(Requesting cash spending authority)*
- 280,000 GSF to include
  - 820 parking stalls
  - 20,000 GSF of mixed use space to provide usable workspace for students and industry to collaborate on new business ventures (Incubator type)
- **Project Cost $33M** – Anticipated Funding
  - $4M donations for Frontage Building
  - $29M Mines issued debt to be paid by:
    - Parking Revenue
    - Mines General Fund

**Utilities Infrastructure** *(Requesting cash spending authority)*
- Infrastructure improvements needed to support the Subsurface Frontiers Building and Parking Garage
- **Project Cost $10M** to be financed by Mines debt and repaid by the Mines General Fund
Consideration of 1331 Supplemental Request
Mines 1331 Supplemental Request

Subsurface Frontiers Building - 1331 Supplemental Budget Request

- **Cash Spending Authority**: Requesting spending authority for the $120M of cash funds of the project to facilitate a financing by late summer / early fall, taking advantage of favorable financing conditions

- **Increase to Cash Budget**: Requesting increase in total project budget from $121M to $140M (increase in cash funds only, FY21 Capital Construction Fund request remains the same)
  - During the schematic design phase of the project, it was determined that additional space was needed to meet USGS and Mines building program requirements as well as desired connections with industry partners

- CDC Approval would be contingent upon subsequent CCHE and OSPB approval

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<tr>
<th>Subsurface Frontiers Research Building</th>
<th>CDC 7/19 Meeting</th>
<th>Contingent Upon Approval by:</th>
<th>JBC 9/18-20 Meeting</th>
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<td>Request to Increase Cash Budget</td>
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<td>CCHE</td>
<td>1331 Supplemental Budget Request</td>
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<td>Request to Accelerate Spending Authority</td>
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<td>State Intercept Request</td>
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Opportune Financing Environment

Tax-exempt and taxable interest rates are hovering near historic lows.

Assuming a fixed rate financing for the Subsurface Frontiers Building and related projects, a 1% lower bond yield would represent $21M in present value savings (or $1.1M in annual debt service), funds that could be invested back into the classroom.

While rates may remain low, there is no guarantee conditions won’t change.
Subsurface Frontiers Building

Project Specifics

- 180,000 gross square feet
  - USGS occupying ~56% and Mines occupying ~44%
- Cost $140M - anticipated funding:
  - $20M State funding request ($1.8M received for FY20; Continuation requested for FY21)
  - $20M target for other funding – TBD
  - $4M Mines reserves
  - $96M Mines issued Debt to be paid by:
    - USGS
    - Student Fee (Existing capacity – NO new fee)
    - Mines General Fund

**Requesting budget increase from $121M to $140M** - During schematic design, Mines concluded that approximately 25,000 gross square feet of additional space is needed for growth in all building programs, accommodating USGS space requirements and desired connections with industry partners.

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