

FY 2019-20 Emergency Supplemental Request

Colorado School of Mines
Subsurface Frontiers Building

Motion:

Approve the supplemental request from the Colorado School of Mines to expand the project scope and increase cash funds spending authority for the Subsurface Frontiers Building project, pending approval by the Colorado Commission on Higher Education (\$110,630,982 CF).

GENERAL INFORMATION

2020-030

1. Which supplemental criterion does the request meet?

New Data

The university is moving forward the cash-funded portion of its FY 2020-21 request under this supplemental request to take advantage of favorable bond market conditions. The university is also adding 25,000 GSF to the scope of the project to accommodate program growth and increased square footage standards established by its partner on the project, the United States Geological Survey.

2. Which projects will be restricted to fund the supplemental request?

No funding restriction is necessary because the supplemental appropriation is requested from cash funds.

3. Has the request been approved by OSPB and CCHE?

No

PRIOR APPROPRIATION AND SUPPLEMENTAL REQUEST INFORMATION

The appropriation to be amended was authorized in the following bill: SB 19-207

<u>Fund Source</u>	<u>Prior Appropriations</u>	<u>Supplemental Request</u>	<u>Future Requests</u>	<u>Total Cost</u>
CCF	\$1,856,741	\$0	\$18,143,259	\$20,000,000
CF	\$9,369,018	\$110,630,982	\$0	\$120,000,000
	\$11,225,759	\$110,630,982	\$18,143,259	\$140,000,000

REASON FOR SUPPLEMENTAL REQUEST

The supplemental request moves forward the cash funds portion of a forthcoming out-year request to take advantage of favorable bond market conditions, which the university says will result in substantial savings over the life of the debt incurred. The university is also expanding the scope of the project by 25,000 GSF to accommodate projected program growth and a change in space requirements by the United States Geological Survey (USGS). The USGS will lease about two-thirds of the building's space once it is completed.

The source of cash funds for the project is federal funds and donations (\$20.0 million), university reserves (\$4.0 million), and bonded debt (\$96.0 million), with the debt being repaid by revenues from leasing the building, previously approved student fees, and moneys from the university's General Fund. The university received \$9.4 million in cash funds spending authority in November 2018 to initiate the project, and \$1.9 million in state funds for FY 2019-20. The university will seek an additional \$18.1 million in state funds for the project during the FY 2020-21 capital construction cycle as a second and final phase.

FY 2019-20 Emergency Supplemental Request

Colorado School of Mines
Subsurface Frontiers Building

Motion:

Approve the supplemental request from the Colorado School of Mines to expand the project scope and increase cash funds spending authority for the Subsurface Frontiers Building project, pending approval by the Colorado Commission on Higher Education (\$110,630,982 CF).

SUMMARY OF PROJECT

The project will construct a new 180,189-GSF, six-story building to house research laboratories, imaging labs, classrooms, conference rooms, offices and associated spaces. In partnership with the USGS, the building will house both organizations' mineral exploration and subsurface mineral economics programs, in order to advance worldwide knowledge of the earth's energy and mineral resources. The university says the building will become the nation's premier destination for earth sciences research.

QUESTIONS / OUTSTANDING ISSUES

1. Does the university have a contingency plan in the event it does not receive approval of its \$18.1 million request for state funds during the next budget cycle (FY 2020-21)?

The university would likely source funds from a combination of additional borrowing and donations. Mines notes that the burden of additional debt on this project would fall on the General Fund (money that could otherwise be invested in the classroom) which could have an impact on our credit rating and future debt capacity for other projects.