

**STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL
EDUCATION**

June 14, 2023

TOPIC: Issuance of Bonds on behalf of Community College of Aurora (CCA)

PRESENTED BY: Mark Superka, Vice Chancellor for Finance and Administration; Fred Marienthal, Kutak Rock LLP; and Steph Chichester and Nick Taylor, North Slope Capital Advisors

RELATIONSHIP TO THE STRATEGIC PLAN: Redefine our value proposition through accessibility, affordability, quality, accountability, resource development, and operational excellence.

EXPLANATION:

In a prior Board meeting, the Board authorized the program plan and the spending authority to build a STEM addition to CCA's Diesel and Construction building through a combination of fundraising, college cash funds, and financing. Subsequent to the Board's approval, CCA obtained approval from the Department of Higher Education/Colorado Commission on Higher Education and the Capital Development Committee to proceed with the project for total spending authority of \$20,998,115, of which approximately \$17.0 million CCA is planning to finance (plus closing/transaction costs).

In this agenda item, CCA is requesting approval to conduct a direct bank placement to finance the building addition. North Slope Capital conducted an RFP and CCA has selected Bank of Oklahoma as the lender. Fred Marienthal, bond counsel from Kutak Rock LLP, will walk the Board through the Eighth Supplemental Resolution (attached in your Board packet), which outlines the parameters, conditions, and key documents associated with the bond issuance. Steph Chichester and/or Nick Taylor from North Slope Capital will be available to answer any questions related to the financial components of the issuance. For your reference, a summary of the content and purpose of the documents is also provided below.

Summary of the Transaction Documents

Eighth Supplemental Resolution

The Master Bond Resolution (the "Master Resolution") adopted by the Board in December 2009 does not authorize and contain the specific terms applicable to any series of Bonds; rather, each individual series of Bonds are issued under a resolution supplemental to the Master Resolution (in this case, the "Eighth Supplemental Resolution"). The Eighth Supplemental Resolution authorizes the issuance of the "State of Colorado, Department of Higher Education, by the State Board for Community Colleges and Occupational Education, Systemwide Revenue Bonds (Community College of Aurora), Series 2023 (the "Series 2023 Bonds"). The Eighth Supplemental Resolution authorizes the issuance of the Series 2023 Bonds for the following purposes: (a) the acquisition, construction and equipping of a STEM academic facility at the Community College of Aurora's CentreTech Campus (including any capitalized

interest) and any other capital improvements to the Campus (the “Series 2023 Improvement Project”); and (b) pay costs of issuance of the Series 2023 Bonds.

The Series 2023 Bonds shall be issued in a maximum principal amount of not to exceed \$18,000,000 for the Series 2023 Improvements Project, shall bear interest with a net effective interest rate not exceeding 6.0%, and shall mature as term bonds or serial bonds, or both, not later than November 1, 2062. The final principal amount, interest rates, maturities and optional and mandatory sinking fund redemption provisions of the Series 2023 Bonds will be contained in a Pricing Certificate to be approved by the Chair of the Board, the Vice Chair of the Board, the President of the System or the Vice President for Finance and Administration of the System (each a “Pricing Delegate”) in connection with the sale of the Series 2023 Bonds.

The Eighth Supplemental Resolution also authorizes the execution and delivery of the Bond Purchase Agreement and Pricing Certificate, the 2023 Paying Agency Agreement, and the Tax Compliance Certificate in substantially the forms presented to the Board as set forth in the Eighth Supplemental Resolution.

Bond Purchase Agreement and Pricing Certificate

The Bond Purchase Agreement and the Pricing Certificate will establish the final terms and prices of the Series 2023 Bonds.

2023 Paying Agency Agreement

The 2023 Paying Agency Agreement is the document pursuant to which the Board appoints the Paying Agent to serve as paying agent, registrar and authenticating agent for the Series 2023 Bonds. The Bank of New York Mellon Trust Company, N.A., Denver, Colorado, will be the 2023 Paying Agent.

Tax Compliance Certificate

The Tax Compliance Certificate contains provisions that are required by the Internal Revenue Code of 1986, as amended. This document addresses arbitrage, private use, rebate, post issuance compliance and other federal tax compliance issues.

RECOMMENDATION:

Staff is recommending that the Board approve financing for the project listed above and the sale of the Series 2023 Bonds within the parameters outlined in the attached Eighth Supplemental Resolution.

ATTACHMENTS:

Attachment A: Eighth Supplemental Resolution