



Colorado State University-Pueblo, Phase II

Most Creative Public/Private Partnership Financing

STUDENT HOUSING
BUSINESS
A W A R D S

2012

Culebra and Greenhorn Halls



Colorado State University-Pueblo (CSU-Pueblo) had aggressive new goals for growth when it issued a Request for Qualifications for new student housing. Then-President Joseph Garcia, now lieutenant governor of Colorado, wanted to increase the university's revenue and enrollment, reintroduce football and improve sophomore retention. At the time, the campus could house only 500 students in a facility built in 1969. The dormitory had experienced a fire that had been remedied, but it still was terribly antiquated and not up to the standards of a striving university with bold new plans.

Using results of a housing study by a national market-research firm, CSU-Pueblo decided to find an experienced student housing development/management firm to finance, design and build 250 beds of on-campus student housing, to be completed by July 2009. The school intended to build up to 500 more beds no later than July 2010 and/or 2011.

Founded as a junior college, CSU-Pueblo became a four-year university in 1965. In 2002, it was named a Hispanic-serving institution. In 2005, the Board of Governors approved a focused Mission Statement, stressing a strong regional commitment in teaching, research and service, providing leadership and access for its region while maintaining its commitment to diversity. New housing was to become an important part of CSU-Pueblo's ability to achieve its position and educational mission in southwestern Colorado.

EdR was awarded the bid in March 2008, intending to deliver the 250-bed Phase 1 in July 2009, with likely additional phases in 2010 and 2011. As EdR and CSU-Pueblo embarked upon the journey, tax-exempt bonds were relevant and feasible. Then the infamous summer of 2008 changed everything, when the bottom fell out of the economy.

While tax-exempt bonds could still be purchased, it was a hard road to run with costs soaring daily. By summer 2008, the Phase 1 designs were complete and we were ready for construction.

EdR and CSU-Pueblo evaluated the then-current financing options, ultimately proceeding with a long-term construction loan through Legacy Bank. Promises had been made to students and families, and we needed to get under way. In our financing strategy for Phase 1, the team clearly understood we would eventually need to replace the first loan with a permanent finance vehicle later.

What financing techniques and strategies were used to overcome obstacles in arriving at a financing solution that worked for all stakeholders

CSU-Pueblo wished to press forward. Market studies and onsite enrollment experience continued to justify adding more beds. After discussions with local university officials and others at the Colorado State University System (CSUS), EdR was directed to press on with the design of both the second and third phases, and to roll both up for delivery of 500 more beds in fall 2010. Everyone believed CSU-Pueblo's enrollment strength would support the rapid expansion. We literally, therefore, began site-testing and design on the heels of Phase 1's construction.

As for financing, the private/public partnership structure using traditional tax-exempt bonds continued to face high hurdles, especially in light of our need for affordability on rental rates. Affordability was a priority because more than 65% of the students came from lower middle- and working-class households. While CSUS financing remained among our options from the outset, we attempted to find another financing vehicle. One of the main reasons for avoiding the system-funding route was that state procurement rules would encumber the project, working against CSU-Pueblo's scheduling goals.

How this financing solution allowed the project to move forward

Ultimately, the system financing route was taken for the sake of the project — and ultimate affordability for future residents. EdR ran all the financial pro formas and worked with the CSU-Pueblo business office and CSUS officials to successfully finance the project. The Phase 2 permanent financing through CSUS also took Phase I out of its construction loan. *(Continued)*

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During Phase 2, and as a result of state procurement rules, EdR worked under a consulting agreement during the development process and as an agent for CSU-Pueblo, providing construction oversight. Prior to breaking ground, however, we had to put Phase 2's construction out to bid. On our compressed schedule, this was no small feat but it was accomplished successfully. Though unusual, we ended up with a separate contractor on Phase 2, due to low bid. So, EdR had two contractors working on separate phases of the project.

Phase 1, Crestone Hall, was completed in fall 2009 for \$15.6 million. Phase 2's Culebra and Greenhorn Halls were delivered in 2010 for \$27 million. Both phases were completed early and under budget (\$49.6 million total development cost). Awards for these facilities include second place in the Commercial Architecture category, 2010 Colorado Sustainable Design Awards and *Mountain States Construction* magazine 2010 Gold Hard Hat award, Higher Education/Research Project (tie).

The highly sustainable buildings also achieved LEED Gold status. Recognizing the area's extreme climate swings — very cold winters, very hot summers — the buildings were designed to prevent exorbitant heating and cooling bills while allowing residents to experience the beauty of prairie and mountain views. The high-shade coating on the buildings' glass doubles energy performance. Deep eaves and awnings shield the curtain walls and south- and west-facing windows from the often-intense afternoon sun. The mechanical system can be adapted to sustainable technologies (particularly geothermal), allowing for future efficiencies.

Named for the nearby Culebra, Crestone and Greenhorn mountain ranges, the buildings not only provide breathtaking views but also feature centerpiece hearths made up of the unique rose-toned stones from the namesake mountainsides. The 250,000-square-foot (sf) village provides 753 beds; 45,000 sf of common area; three high-tech, 700 sf classrooms; after-hours bistro; lodge-style greatrooms with beam ceilings; and group-study lounges on each floor with mountain-range views. Wifi is available throughout, while security is enhanced by electronic identification cards programmed for building and room access.

Phase 2 was delivered with a savings of \$3 million, which CSU-Pueblo used for other needs, including improved landscaping around the housing village.

