
**METROPOLITAN STATE UNIVERSITY of DENVER
BOARD OF TRUSTEES**

Finance Committee Meeting
Thursday, June 3, 2021, 1:00 p.m. – 2:30 p.m.
Jordan Student Success Building,
890 Auraria Pkwy., Room 400

I. CALL TO ORDER:

The meeting was called to order at 1:00 p.m. by Chairman Russell Noles.

Board of Trustees Present:

Chairman Russell Noles, Trustee Albus Brooks, Trustee Mario Carrera, Trustee Mike Kopp, Trustee Emily Renwick Garnett, Trustee Barb Grogan, Trustee Kristin Hultquist, Trustee Mike Johnston, and Trustee Marissa Molina.

MSU Denver Personnel Present:

Janine Davidson, President; Dr. Alfred Tatum, Provost and Vice President for Academic and Student Affairs; Will Simpkins, Vice President for Student Affairs; Deputy General Counsel Nicholas Stancil; George Middlemist, CFO/Associate Vice President of Administration and Controller; Larry Sampler, COO/Vice President of Administration; Liza Larsen, Controller; Stacy Dvergsdal, Associate Vice President for Human Resources and other various staff members.

President Davidson introduced Eric Mason, Interim Vice President for Marketing, Innovations, and Strategy.

II. APPROVAL OF MINUTES

A **motion** was made by Trustee Carrera to approve the May 6, 2021, Finance Committee meeting minutes, and was seconded by Trustee Grogan. The motion was **unanimously approved**.

III. ACTION ITEMS

A. Resolution to Refinance Series 2020 Bonds –George Middlemist, AVP of Administration/CFO

The Hotel was refinanced a year ago, had a variable rate note that was part of the swap instrument. Refinanced the Hotel in 2018 with a forward starting swap, were concerned that with the federal tax changes, the stipend supporting the bond payment was going to go away. Were able to lock in an interest rate and waited for September of 2020 to refinance. The best offer for refinancing the Hotel with a five-year variable rate note, locks it in at 2.45%. A small part of the swap instrument, RBC owns most of the note, only good for 5 years and achieves a net value savings of \$6.5 million. At the HLC@Metro Board meeting was voted on and accepted. North slope Capital, financial advisors sent out to private and public lending institutions underwriters for bids. The original payback for the loan was \$72 million, this loan will be \$64 million. The RFP process received 10 responses or more, all competitive. PNC Bank was the most competitive and moved forward with the partnership.

MOTION:

The recommendation from the Finance Committee is to approve to the full board the resolution to refinance the Series 2020 Bonds, with a private placement with PNC Bank for 5 years according to the terms outlined in Appendix A. Moved by Trustee Grogan, seconded by Trustee Carrera and the motion was unanimously approved.

IV. DISCUSSION ITEMS

A. Enrollment Update – Mary Saucedo, AVP of Enrollment Management

Fall 2021 is down 14.88% in FTE's and 12.63% down in headcount. Graduate enrollments are up by 16.43%. Data from the Student Impact Survey (April 19th – May 3rd):

- 7% response rate to this survey. 66% reported feeling overwhelmed, 24% were neutral, and 10% did not feel overwhelmed at all.
- Most students responded were concerned about completing class work on time, and their mental health. Students were asked if they were registered at the time the survey was deployed from April to May, 60% of the respondents were registered at that time and 40% indicated they were not registered for Fall.
- Enrollment trends:
 - Undergraduate enrollment is down, and applications are down.
 - Online course enrollment just about leveled with face-to-face enrollment for Fall, here are more face-to-face on-campus classes available. Students are continuing to wait closer to the term to register.
 - Trend of enrollment numbers increasing right before the semester begins, have been seeing that every semester.
 - Graduate enrollment continues to climb. Many universities are seeing gains with enrollment right now. Almost all universities that were in-person pre-pandemic are going back to mostly normal operations in the Fall.

Continuing to monitor Fall enrollment trends and respond as necessary to try to increase enrollment. Planning to launch an enrollment outreach campaign which will strategically target students less likely to return in the Fall.

B. Hotel Operations Update– Larry Sampler, VP of Administration/COO, and George Middlemist, AVP of Administration/CFO

A meeting with the HLC board of directors held last week, approved the budget with no major concerns.

- Continue to be one of the best hotels in Denver, rated very high on all the things that people use to make hotel bookings, and Trip Advisor's one of them. Top 7 rating out of 178 hotels.
- The hotel exceeded the occupancy rates that had been projected. Next year will look at how they can start maximizing online strategies and marketing online.
- The Hotel continues to hire our students, two of our Hospitality students in recent months. They appreciate the connection with the Hospitality Learning Center because of the access to students. Wonderful, synergistic relationship between the School of Hospitality and the Hotel.
- Things for the Board to be aware of:
 - There's a lot of hotel building, construction going on. Over 1000, 1,500 new rooms coming online in the Denver area, a lot of competition. The Hotel continues to be in a strategic location.
- The budget that was approved:
 - High points for the fiscal year '22 budget, anticipating about a 66% occupancy rate. Before, we were in the mid 80s to low 90s for most of the year.
 - Anticipating being 60% occupied, average daily rate. The average room rate is about \$137. RevPAR (revenue per available room) is \$91.04.
 - Overall, anticipating the Hotel for fiscal year '22 will have a net income of about \$1.7 million. Back to the Hotel being able to pay for its operations and the ability to pay for debt potentially.
 - For Quarter 3 the revenue was about \$600,000 and had over \$600,000 worth of expenses. For this quarter the Hotel operated at a net loss of \$40,000, it couldn't generate enough revenue to pay for its debt.
 - The financial statements for the year: a net operating loss of \$84,000. A net/non-operating income loss of \$1.4 million. The Hotel had a little less than \$800,000 in reserves to pay debt. The University through its Metro Bond Fee, have a reserve for the

fee that is used to pay for the building's debt, the AES Building's debt, had to step in and use some of their reserves to pay for the Hotel debt. The total net loss for the Hotel this year of \$1.5 million.

- Update on the PPP loan from last year, now working through the process with 1stBank to get the loan forgiveness. Submitted our forgiveness in May; the bank will be reviewing it over the next couple of months, and the Small Business Administration will review it. Sometime later in the Fall will know if the loan will be forgiven.

C. Higher Education Emergency Relief Funds (HEERF) Funding– Larry Sampler, VP of Administration/COO and George Middlemist, AVP of Administration/CFO

Four sponsors of federal funding that have come into the University.

- The first is funding received from the state. The state received an enormous amount of funding at the beginning of the year, used that funding to supplant the cut to higher education.
- HEERF I came in March/April as the pandemic was beginning to rage; \$15.5 million. Half of that went to students, half of that went to the institution. \$1 million that was for HSI, because of our HSI status. Have used up \$13.2 million of that money. Have about \$1.7 million of different needs that will be spending and has been allocated. That leaves about \$450,000 for lost revenue.
- HEERF II came in and changed things a bit. It increased the amount of money that the institution got; over \$18 million, \$19 million directly to the institution, about another \$7.2 million for students. \$1.7 million in an HSI grant. Used up most of the student share and a little bit of the institution's share of HEERF II, budgeted out another \$1.8 million in things that we could use it for, which leaves \$18.2 million of lost revenue recovery that could be used.
- HEERF III has just been received. A significant amount of money or funding going to the institution; going to the students directly. \$45 million; estimated possible uses of about \$24.1 million, \$23.1 million for the student share given directly to the students. We are required to spend money on COVID suppression with HEERF III and direct marketing of the student aid to our students. As a placeholder, put \$1 million in there for those two things.
- The total that could be used for lost revenue is \$40 million.

How the money was spent:

- The CRF funding, the money we got directly from the state, used for payroll because that was essentially the only bucket could be used for.
- HEERF I, spent all the student, institutional portion of the funding, a little on student aid, some direct aid to students, a little on health and safety. A chunk to switch to online, ramped up the CANVAS project that was supposed to be a three-year project, made it a three-month project, the licensing, the implementation, and training of our faculty.
- \$2.5 million for the fees waived for AHEC. The AHEC Bond and the AHEC activity fee. They didn't waive their obligation to pay that, used that to pay back to AHEC.
- Have about \$1.5 million that allocated out, for when we return to campus, renovations, new technology for online, etc. Leaves about \$450,000 that can be used in lost revenue fund.
- HEERF II, spent about \$6.5 million of our student aid. Having email exchanges with Financial Aid and Enrollment Services to talk about how we can help students for the month of July with a bus pass if they're coming to campus, with some of that remaining money.
- The institutional funding used \$1.4 million to pay a portion of AHEC's parking bond.
- HEERF III bucket, haven't spent any of it.
- Set aside \$1 million in the institutional funding, gives \$21.5 million in possible lost revenues, for a total of \$40.2 million in the lost revenue bucket.

V. ADJOURNMENT

A motion was made at approximately 2:15 p.m. by Trustee Noles to adjourn. The motion was unanimously approved.