Auraria Board of Directors

May Regular Meeting Minutes

May 27, 2026

Tivoli 320

Members Present: Angie Rivera-Malpiede, Kara Powell, Ken Christensen, Janine Davidson, Paul Washington, Yolanda Ortega, Peter Lindstrom, Adam Glick, Jared Bynum, Jerry Glick (online), Callie Rennison (online)

Members Absent: none

Staff Present: Colleen Walker, Sophia Tran, Sandra Zuniga, Cody Phelps

Others Present: Carl Meese, Erika Friedlander, Kathleen Hughes, Zach Hermsen, Sean Hedgecock, Justin Verardi, Jason Mollendor, Lulu Lantzy, Dan Maxey, Liz Mendez, Ed Brown, Skip Spear, Jennifer St. Peter, Melanie Layton, Alyssa Inouye, Tristy Hillestad, Matthew Rosemann, Jasmine Padilla, David Olguin, Ben Diaz, Dillon Baynes, Cassy Cadwallader, Diana White (online), Bishane Whitmore (online), Jack Hershey (online), Leanne Bokinski (online), Sarah Buller (online)

1. **Call to Order**

Angie Rivera-Malpiede called the meeting to order at 8:03 am.

2. **Auraria Land Acknowledgment**

Sean Hedgecock, Auraria's Director of the King Center, read the land acknowledgment.

3. **Announcements**
    a. Recognition of Service
        i. Angie Rivera-Malpiede recognized the dedication of Paul Washington, Peter Lindstrom, Adam Glick, and Jared Bynum for their respective service on the Auraria Board of Directors.

4. **Approval of Minutes**

Angie Rivera-Malpiede asked for a motion to approve the April 22, 2026, meeting minutes as presented. Yolanda Ortega motioned; Paul Washington seconded. The motion passed unanimously.

5. **Presentations**
    a. <u>Legislative Update</u>

The 2026 legislative session concluded with the state budget dominating discussions due to a $1.5 billion shortfall. More than 700 bills were introduced, with approximately 150 passed, while others failed because of fiscal impacts. The governor is expected to veto up to 20 bills, exceeding last year's record of 11, with the Labor Peace Act among them. Key legislation included HB 1372, which provided direct funding for the Auraria Campus; HB 1317, which begins planning for a new department to oversee higher education and workforce development; SB 34, which grants Auraria student and faculty board members voting rights; and SB 189, which significantly revised Colorado's artificial intelligence law and established an extensive rule-making process that will be monitored for its impact on higher education.

Approximately one-third of the legislature will be new following the election cycle due to term limits, retirements, and campaigns for higher office. Auraria will lose longtime legislative partners, Senator Julie Gonzales and Representative Alex Valdez, and turnover is also expected on the Capital Development Committee (CDC) and the Joint Budget Committee (JBC). Candidate interviews conducted through the Colorado Chamber have provided opportunities to meet potential legislators ahead of the June 30 primaries. Colorado's budget is expected to remain a significant issue.

SB 135, a referred ballot measure expected to be on the ballot this Fall, would allow the state to retain TABOR refunds above the constitutional cap for education funding over the next decade, with projections indicating it would generate approximately $9 billion in additional revenue while reducing individual TABOR refunds. Additional proposals, including a graduated income tax initiative, are being discussed, though its likelihood of passage is considered low. Updates on these developments will continue to be provided.

6. **Voting Agenda**
    a. <u>Auraria Campus 5-Year Capital Construction List</u>

Colleen Walker clarified the state capital construction approval process, which consists of two steps. The first was approval of the Program Plan; the second, which the Board is asked to take action on today, is approval of the five-year Capital Construction and Capital Renewal project list. Following last month’s discussion, AHEC confirmed with the Colorado Department of Higher Education (CDHE) that the Tivoli Reimagined program plan and submission process meet all state requirements. Pending approval of the five-year list, AHEC will be eligible to submit the project to the state. Colleen also recognized Carl Meese for his leadership, noting that CDHE recently highlighted AHEC’s submission as a model for other institutions and recognizing his nearly 18 years of service to Auraria.

Carl Meese presented the annual Capital Construction/Capital Renewal and Information Technology (IT) five-year project lists, which require Board approval before submission to CDHE. He explained that the project lists are developed over the course of a year through collaboration with campus planners, institutional representatives, the Campus Planning Committee, Integrated Planning Group, Campus Technology Committee, and the AEC. Once approved, the lists are submitted to CDHE, reviewed by multiple state agencies and legislative committees, and ultimately considered for inclusion in the state's budget. Carl noted that presentations before the Capital Development Committee (CDC) and Joint Budget Committee (JBC) are an important opportunity to build support for projects, particularly following last year's introduction of Tivoli Reimagined.

The FY2026 capital construction request is the Tivoli Reimagined project, seeking $30 million in state funding toward the project's $85 million total cost to address deferred maintenance, renovate the building, and implement the approved program plan. Future projects on the five-year list serve as placeholders for long-term campus planning and include renovations to shared academic buildings, improvements to building approaches for ADA and life-safety compliance, relocation of the Health Center, renovation of the Visual Arts Building, expansion of the King Center, replacement of the Plaza Building, and eventual consolidation of AHEC administrative offices into a single location.

Carl also reviewed the five-year IT project list. There are no funding requests for the current year as AHEC continues work on the state-funded access control project. Future priorities include modernizing core IT infrastructure, such as firewalls, routers, and controllers, and implementing an enterprise reporting system to integrate business functions, improve reporting, and provide campus-wide performance metrics across departments such as purchasing, accounting, and human resources.

Auraria staff recommends approval of the proposed lists as outlined in the board materials.

Angie Rivera- Malpiede asked for a motion to approve the resolution as presented. Paul Washington motioned; Janine Davidson seconded. The motion passed unanimously.

Ken Christensen noted the importance of consistency in terminology, as documents sometimes refer to Auraria as AHEC and at other times as the Auraria Campus. He noted that referring to the Auraria Campus can create confusion, as readers may interpret it as referring to the institutions themselves rather than AHEC.

b. <u>FY 26-27 Budget Approval</u>

Zach Hermsen thanked Tristy Hillestad, Matthew Rosemann, and the campus CFOs for their work on the FY2026-27 budget and offered to answer any additional questions. He explained that the state addressed its budget shortfall by reducing Medicaid provider rates, decreasing TABOR refund obligations by $111 million, and transferring approximately $500 million from various cash funds to the General Fund. AHEC's direct state operating appropriation will remain flat at $31.4 million for FY2026-27. Because both the state appropriation and deferred maintenance funding remain unchanged, AHEC will rely more heavily on auxiliary revenues to balance its budget. The amount of auxiliary funding supporting General Fund operations will increase from $5.6 million to $6.3 million, primarily through evening, weekend, and event parking revenue. In response to a question from Paul Washington, Zach noted that while economic cycles play a role, Colorado's budget challenges appear to be largely structural.

Zach reviewed the proposed FY2026-27 rate changes, noting that student fees will increase by 2.4% in accordance with the legislative inflation forecast, events rates will increase by 2.8% internally and 3% commercially, Early Learning Center rates will increase by 2.8%, ID Station fees will remain at $30, and parking rates will follow the second year of the Board-approved three-year pricing plan, increasing daily rates by $0.25. Budget assumptions also include a projected 7% increase in health insurance costs, a 32% decrease in property insurance premiums, a 2% increase in utility costs, and the addition of three full-time positions in project management, student support, and marketing and communications.

Zach explained that AHEC's state appropriation funds approximately 40% of its total operating budget. In addition, the state appropriation leaves a $6.3 million deficit in the general fund which must be supported by auxiliary revenues, including parking, student fees, and Tivoli operations. Given the state appropriation is not sufficient to balance the general fund, and only makes up 40% of its total budget, AHEC must maximize auxiliary revenue opportunities to balance the budget and provide services to the campus. He also highlighted approximately $3 million in controlled maintenance funding for Phase II of the campus building access control project and provided updates on ongoing capital investments, including HVAC improvements, building envelope projects, the Public Safety Building, IT network modernization, and campus security upgrades.

Colleen Walker thanked Melanie Layton and Carl Meese for their continued work on state capital construction requests, emphasizing the year-round effort required to build relationships and secure funding. She highlighted Auraria's unique shared-campus model, noting that investments benefit AHEC and all three partner institutions, creating a significant return on investment for the state. Paul Washington commended the administration's strategic planning efforts and emphasized the importance of expanding auxiliary revenue sources to address long-term structural funding challenges. Peter noted that AHEC's direct appropriation comes from the same state funding pool as higher education institutions, as all general fund revenues do, making long-term financial planning and diversified revenue sources increasingly important. In response to a question from Angie Rivera-Malpiede, Zach explained that the "multiplier effect" refers to the ability of a single state investment to benefit AHEC and all three partner institutions, citing the campus IT modernization project as an example. The $8M IT investment positively impacts students, faculty and staff at CCD, MSU-D, CU-D, as well as AHEC, the umbrella state agency that owns, manages and maintains the campus.

Zach also reviewed AHEC's staffing and financial trends, noting that revenues have steadily recovered since the pandemic, while staffing levels remain below pre-pandemic levels. Rising expenditures are primarily driven by inflation, debt service, utilities, insurance, and strategic infrastructure investments rather than workforce growth. He reported that AHEC's outstanding debt has been reduced from its original $99.2 million to approximately $43.6 million, improving the organization's financial capacity for future strategic investments.

Parking revenue remains a critical source of auxiliary funding, supporting debt service, deferred maintenance, operating costs, and General Fund operations. Since FY2021-22, evening, weekend, and event parking revenue have grown from 15% to 35% of total parking revenue, reducing reliance on traditional daily parking revenue. Student headcount has stabilized in recent years, and FY2026-27 projections assume enrollment will remain relatively flat. Zach also reviewed deferred maintenance priorities and highlighted upcoming initiatives, including maintaining AHEC's stable bond rating, issuing Certificates of Participation or Master Enterprise debt for future campus projects, advancing the Tivoli Reimagined design phase, conducting additional facility condition assessments, identifying new deferred maintenance priorities, and substantially completing the new Public Safety Building.

Paul Washington concluded by commending Zach for presenting a complex budget in a clear and understandable manner. He also recognized AHEC's continued focus on sustainability and energy efficiency and encouraged ongoing monitoring of operating costs relative to student enrollment as the campus continues to evolve.

Auraria staff recommended approval of the FY26-27 budget as presented and outlined in board materials.

Angie Rivera-Malpiede asked for a motion to approve the budget as presented. Paul Washington motioned; Yolanda Ortega seconded. The motion passed unanimously.

c. Ballfield Phase II: Pre-Development Approval

Skip Spear introduced representatives from Columbia Ventures, Ben Diaz, and Dillon Baynes, to provide an update on the Middle-Income Housing project. Ben Diaz reported that the project design has continued to progress with support from the AHEC team and

Colleen Walker. Columbia Ventures has submitted its Special Limited Partnership application to the Middle-Income Housing Authority (MIHA) for property tax relief and expects a decision soon. The schematic design has been completed and reviewed by the State Architect's third-party reviewer, with design development documents scheduled for delivery later that week. I-Kota Construction has been engaged early in the process to provide cost estimating and constructability feedback, while Brownstein continues to assist with legal agreements. Work is also underway to finalize the project's financing package.

Dillon Baynes reviewed the project's approximately $80.4 million capital stack, which includes $15 million in committed Prop 123 equity, $15.6 million from AHEC to fund Early Learning Center costs, a senior construction loan currently being negotiated with two local lenders, a $5 million loan through the state's Public-Private Partnership (P3) Office, a $4.2 million Lessor note, and $3.5 million from the Middle-Income Access Program (MIAP) administered by CHFA. He also discussed current market conditions, noting slower job growth and increased housing supply in recent years but expressing optimism that improving employment trends will allow the project to reach financial close and begin construction later this summer. Ben added that the team is pursuing an early works package to keep the project on schedule while final pricing is completed.

Skip Spear reviewed the proposed Predevelopment Services Agreement, explaining that it allows Columbia Ventures to begin work before all project agreements are finalized, helping maintain the anticipated project schedule. Groundbreaking for the Early Learning Center remains planned for June, with financial closing anticipated in September, at which time additional agreements, including the ground lease, development funding agreement (DFA), and financing documents, will be presented to the Board for approval. Skip also explained that the agreement transfers the $5 million loan received from the state's P3 Office to the project ownership entity. The loan will earn AHEC a 5% interest rate while AHEC repays the state at 2.5%, creating additional revenue for future campus projects. The loan will be secured by a lien on the completed property and personally guaranteed by Columbia Ventures until the financial closing, minimizing AHEC's financial risk.

During the board discussion, Paul Washington expressed support for the project, commending the design, financing strategy, and overall planning. Questions were raised regarding market conditions, housing demand, and project risk. Skip explained that AHEC's investment is protected through both the personal guarantee during predevelopment and a secured lien after construction. He also noted that, under the Community Benefits Agreement, housing units will be maintained at middle-income rates to support faculty and staff housing needs. In response to questions, staff explained that middle-income housing is defined as serving households earning 60% to 100% of Area Median Income (AMI), with rental rates varying by income level.

Angie Rivera-Malpiede asked for a motion to approve the resolution as presented. Paul Washington motioned; Janine Davidson seconded. The motion passed unanimously.

7. **Executive Session**

This is Angie Rivera-Malpiede. It is May 27, 2026, and the time is 9:24 am. This is a meeting of the Board of Directors of the Auraria Higher Education Center. I move that the Board enter executive session for the purpose of receiving legal advice regarding employee grievances and negotiations. Executive Session will be held pursuant to Colorado Revised Statutes § 24-6-402(3). Paul Washington seconded. The motion passed unanimously.

This is Angie Rivera-Malpiede, and the time is 9:46 am. We have concluded the executive session and will be inviting the public to return and turning the recorder off.

8. **Public Comment**

No one signed up for public comment.

9. **Adjournment**

The meeting ended at 9:48.