NEW ISSUE **STATE INTERCEPT PROGRAM RATING: Moody's: "Aa2"**
BOOK-ENTRY ONLY **UNDERLYING RATING: Moody's: "A2"**
See "RATINGS" herein.

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2013 Bonds are excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Also, in the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2013 Bonds is exempt from taxation for any state, county, school district, special district, municipal or other purpose in the State of Colorado. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Code, which may affect the federal tax treatment of interest on the Series 2013 Bonds for certain registered owners of the Series 2013 Bonds, see "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS" herein.

$19,900,000
BOARD OF TRUSTEES FOR COLORADO MESA UNIVERSITY
ENTERPRISE REVENUE BONDS
SERIES 2013

Dated: Date of Delivery **Due: May 15, as shown on inside front cover**

The Board of Trustees for Colorado Mesa University Enterprise Revenue Bonds, Series 2013 (the "Series 2013 Bonds") are being issued by the Board of Trustees for Colorado Mesa University (the "Board") in accordance with certain provisions of the Colorado Revised Statutes and a general bond resolution, dated as of March 11, 1994, as previously amended and supplemented (collectively, the "Master Resolution"), and as further amended and supplemented by the 2013 Bond Resolution adopted by the Board on January 22, 2013 (the "2013 Supplemental Resolution," and together with the Master Resolution, the "Bond Resolution").

The Series 2013 Bonds will be issued as fully registered bonds in denominations of $5,000 and integral multiples thereof. When issued, the Series 2013 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York ("DTC"). DTC initially will act as securities depository for the Series 2013 Bonds. Individual purchases will be made in book-entry form only, and purchasers of beneficial interests in the Series 2013 Bonds (the "Beneficial Owners") will not receive physical delivery of bond certificates, all as more fully described herein. The principal of, premium, if any, and interest on the Series 2013 Bonds are payable by Wells Fargo Bank, National Association, Denver, Colorado, as paying agent, to DTC. DTC is required to remit such principal, premium, if any, and interest to its participants, for subsequent disbursement to the Beneficial Owners of the Series 2013 Bonds, as more fully described herein. Interest on the Series 2013 Bonds is payable semiannually on May 15 and November 15 of each year, commencing November 15, 2013. The Series 2013 Bonds mature, bear interest per annum and are priced as shown on the inside front cover hereof.

Prior to maturity, certain of the Series 2013 Bonds are subject to redemption as more fully described herein.

The Series 2013 Bonds are being issued to: (a) construct and equip a new academic classroom building on the Colorado Mesa University (the "University") campus, renovate and equip the library located on the University campus and make such additional capital improvements to the campus as may be designated by the Board; (b) pay capitalized interest; and (c) pay costs of issuance.

The Series 2013 Bonds are special, limited obligations of the Board, payable solely from Net Revenues (as defined herein) derived from or in respect of certain facilities and operations at the University. The Series 2013 Bonds are secured on a parity with the outstanding Series 2007 Bonds, Series 2009 Bonds, Series 2010 Bonds, Series 2011A Bonds, Series 2011 Bonds, Series 2012A Bonds and Series 2012B Bonds (collectively, the "Outstanding Bonds"). The Board has the right, subject to certain conditions described herein, to issue Additional Bonds (as defined herein) on a parity with or subordinate to the Series 2013 Bonds and the Outstanding Bonds. The payment of the Series 2013 Bonds will not be secured by an encumbrance, mortgage, or other pledge of any property except the Net Revenues. The Series 2013 Bonds do not constitute a general obligation of the Board or the University or a debt or obligation of the State of Colorado, other than as provided under the State Intercept Act as described herein.

The Series 2013 Bonds qualify for the State Intercept Program as described herein. Pursuant to the State Intercept Program, the State Treasurer shall pay the principal of, premium, if any, and interest on the Series 2013 Bonds if the Board does not make such payments when they are due. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—State Intercept Program."

The Series 2013 Bonds are offered when, as and if issued by the Board and accepted by Piper Jaffray & Co. (the "Underwriter"), subject to prior sale and to withdrawal or modification of the offer without notice and, subject to the approving opinion of Kutak Rock LLP, as Bond Counsel to the Board, and certain other conditions. Kutak Rock LLP has also been engaged in connection with the preparation of this Official Statement as Special Counsel to the Board. North Slope Capital Advisors has acted as Financial Advisor to the Board. It is expected that the Series 2013 Bonds will be issued and available for delivery through the facilities of DTC in New York, New York on or about May 22, 2013.

PiperJaffray

The date of this Official Statement is May 9, 2013

SERIES 2013 MATURITY SCHEDULE

Serial Bonds

Maturity Date (May 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP [1]
2015	$535,000	3.000%	0.600%	104.718	19652P CJ2
2016	555,000	3.000	0.790	106.497	19652P CK9
2017	570,000	3.000	1.020	107.704	19652P CL7
2018	585,000	3.000	1.250	108.424	19652P CM5
2019	605,000	4.000	1.520	114.126	19652P CN3
2020	630,000	4.000	1.790	114.441	19652P CP8
2021	655,000	4.000	2.000	114.684	19652P CQ6
2022	680,000	4.000	2.180	114.771	19652P CR4
2023	705,000	4.000	2.350	114.602	19652P CS2
2024	735,000	4.000	2.510	113.082	19652P CT0
2025	765,000	4.000	2.670	111.584	19652P CU7
2026	795,000	4.000	2.830	110.110	19652P CV5
2027	825,000	4.000	2.940	109.110	19652P CZ6
2028	860,000	3.000	3.230	97.284	19652P CW3

Term Bonds

$4,745,000 3.500% Term Bond due May 15, 2033 Yield: 3.500% Price: 100.000 CUSIP [1] 19652P CX1

$5,655,000 3.625% Term Bond due May 15, 2038 Yield: 3.760% Price: 97.824 CUSIP [1] 19652P CY9

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This Official Statement, which includes the cover page and the Appendices (the "Official Statement") does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2013 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesman, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2013 Bonds, and if given or made, such information must not be relied upon as having been authorized by the Board, the University or the Underwriter.

The information set forth in this Official Statement has been furnished by the Board or the University and obtained from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of information received from parties other than the Board or the University. The Underwriter has provided the following sentence for inclusion in this Official Statement: the Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information, and it is not to be construed as the promise or guarantee of the Underwriter. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2013 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the University, or in the information, estimates or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Series 2013 Bonds and may not be reproduced or used in whole or in part for any other purpose.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

THE SERIES 2013 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION DUE TO CERTAIN EXEMPTIONS CONTAINED IN THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOARD, THE UNIVERSITY, THE AUXILIARY FACILITIES, AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2013 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE PRICES AT WHICH THE SERIES 2013 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THE OFFERING OF THE SERIES 2013 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE SERIES 2013 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$19,900,000
BOARD OF TRUSTEES FOR COLORADO MESA UNIVERSITY
ENTERPRISE REVENUE BONDS
SERIES 2013

INTRODUCTION

This Official Statement, including its cover page and appendices (this "Official Statement"), provides information in connection with the issuance and sale of the Board of Trustees for Colorado Mesa University Enterprise Revenue Bonds, Series 2013, in the aggregate principal amount of $19,900,000 (the "Series 2013 Bonds"). The Series 2013 Bonds will be issued by the Board of Trustees for Colorado Mesa University (the "Board"). The Series 2013 Bonds will be issued as Additional Bonds (as hereinafter defined) under the provisions of a general bond resolution, dated as of March 11, 1994, as previously amended and supplemented by a bond resolution dated as of June 21, 1996, a bond resolution dated as of December 6, 2002, a bond resolution dated as of August 17, 2005, a bond resolution dated as of June 26, 2007, a bond resolution dated as of May 29, 2008, a bond resolution dated as of June 22, 2009, a bond resolution dated as of March 17, 2010, a bond resolution dated as of June 20, 2011, a bond resolution dated as of October 16, 2011, a bond resolution dated as of January 27, 2012 and a bond resolution dated as of March 22, 2012 (the general bond resolution as previously amended and supplemented shall be collectively referred to herein as the "Master Resolution") and a bond resolution relating to the Series 2013 Bonds approved by the Board as of January 22, 2013 (the "2013 Supplemental Resolution," and together with the Master Resolution, the "Bond Resolution"). Capitalized terms used herein and not otherwise defined have the meanings given thereto in the Bond Resolution. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" included as Appendix B hereto.

This introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2013 Bonds to potential investors is made only by means of the entire Official Statement.

The Board and Colorado Mesa University

Colorado Mesa University (the "University"), formerly known as Mesa State College (the "College"), is a regional public institution established to serve the educational needs of western Colorado. Effective August 10, 2011, Senate Bill 11-265 amended the provisions of Sections 23-53-101 et seq. Colorado Revised Statutes, as amended, to change the name of the institution from Mesa State College to Colorado Mesa University. Located in Grand Junction, Colorado, which has an estimated metropolitan population of 146,723, the University offers baccalaureate and associate degrees, certificate programs and a limited number of graduate degrees. The Board, a body corporate composed of 11 persons, is one of the governing boards of institutions of higher education in the State. The Board is organized under the Constitution and laws of the State, particularly Title 23, Articles 5 and 53, Colorado Revised Statutes, as amended (collectively, the "Act"). The Board has general control and supervision of the University including the power to issue revenue bonds. See "COLORADO MESA UNIVERSITY" and "CERTAIN FINANCIAL INFORMATION."

The Board and the State Colleges Board have previously issued the following bonds under the Master Resolution that remain outstanding in the following amounts as of the date of issuance of the

Series 2013 Bonds: (i) the Board of Trustees for Mesa State College, College Enterprise Revenue Bonds, Series 2007 (the "Series 2007 Bonds"), outstanding in the aggregate principal amount of $16,805,000; (ii) the Board of Trustees for Mesa State College Auxiliary Facilities System Enterprise Revenue Bonds, Series 2009 (the "Series 2009 Bonds"), outstanding in the aggregate principal amount of $60,295,000; (iii) the Board of Trustees for Mesa State College Auxiliary Facilities System Enterprise Revenue Bonds, Series 2010 (the "Series 2010 Bonds"), outstanding in the aggregate principal amount of $31,030,000; (iv) the Board of Trustees for Mesa State College Auxiliary Facilities System Enterprise Revenue Bonds, Series 2011 (the "Series 2011A Bonds"), outstanding in the aggregate principal amount of $7,125,000; (v) the Board of Trustees for Colorado Mesa University Enterprise Revenue Refunding Bonds, Series 2011B (the "Series 2011B Bonds") and the Board of Trustees for Colorado Mesa University Enterprise Revenue Refunding Bonds, Series 2011C (the "Series 2011C Bonds," and together with the Series 2011B Bonds, the "Series 2011 Bonds"), outstanding in the aggregate principal amount of $7,355,000; (vi) the Board of Trustees for Colorado Mesa University Enterprise Revenue Refunding Bonds, Series 2012A (the "Series 2012A Bonds") outstanding in the aggregate principal amount of $18,745,000; and the Board of Trustees for Colorado Mesa University Enterprise Revenue Bonds, Series 2012B (the "Series 2012B Bonds"), outstanding in the aggregate principal amount of $14,000,000. The Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2011A Bonds, the Series 2011 Bonds, the Series 2012A Bonds and the Series 2012B Bonds shall be referred to collectively herein as the "Outstanding Bonds." See "PLAN OF FINANCING."

Purposes of the Series 2013 Bonds

The Series 2013 Bonds are being issued to: (a) construct and equip a new academic classroom building on the University campus, renovate and equip the library located on the University campus and make such additional capital improvements to the campus as may be designated by the Board; (b) pay capitalized interest; and (c) pay costs of issuance. See "PLAN OF FINANCING."

Sources of Payment for the Outstanding Bonds and the Series 2013 Bonds

Net Revenues Pledge. The Series 2013 Bonds are special, limited obligations of the Board, payable from Net Revenues. "Net Revenues" is defined as Revenues less payment of Current Expenses from Revenues other than Tuition/FCF Revenues, as each term is defined below. "Revenues" under the Bond Resolution include (a) all rentals, charges, fees, income and revenues to be derived by the University from the ownership and operation of the Auxiliary Facilities System (defined below); (b) student auxiliary fees (defined as "Facility Fees" under the Bond Resolution); (c) 10% of the Tuition Revenues received by the University; (d) all revenues derived by the University from any Facilities Construction Fees; (e) all earnings on all funds and accounts, if any, created under the Bond Resolution (excluding the Rebate Account, as defined in Appendix B); (f) Federal Direct Payments (as defined in Appendix B); and (g) such other income, fees and revenues as the Board hereafter determines, by resolution and without further consideration from the owners of the Series 2013 Bonds, to include in Revenues. "Current Expenses" include all necessary and reasonable expenses, paid or accrued, of maintaining, repairing and operating the Auxiliary Facilities System, excluding depreciation, reconstruction costs, improvement costs, replacement reserves, amortization and liabilities not based on contract.

Under the Bond Resolution, the University's existing student housing, related food service facilities, parking facilities, recreation center facilities and student center facilities, including a bookstore, are included within the Colorado Mesa University Auxiliary Facilities System (the "Auxiliary Facilities System") that has been designated as an "enterprise" pursuant to the provisions of Article X, Section 20 of the State Constitution ("TABOR") and the provisions of Sections 23-5-101.5 to 105, inclusive, Colorado Revised Statutes (the "Auxiliary Enterprise Act") by the Board. The Auxiliary Facilities System also includes all other auxiliary facilities that may be added hereafter to the Auxiliary Facilities System as provided in and in accordance with the Bond Resolution and, subject to certain exceptions, all auxiliary facilities that are financed by additional obligations ("Additional Bonds") while any of the Series 2013 Bonds or Additional Bonds remain outstanding. See "NET REVENUES."

For the Fiscal Year ending June 30, 2012, the University qualified as an enterprise under the provisions of Sections 23-5-101.7, Colorado Revised Statutes, as amended (the "Institutional Enterprise Statute"). As a result, the Board has pledged, in addition to the University's revenue derived from its ownership and operation of the Auxiliary Facilities System and pursuant to its authority under the Institutional Enterprise Statute, (a) 10% of the Tuition Revenues (defined in Appendix B) of the University and (b) all of the University's revenue derived from its collection of Facilities Construction Fees (defined in Appendix B) as security for the Series 2013 Bonds and the Outstanding Bonds. The revenues described in clauses (a); and (b) of the preceding paragraph are collectively referred to herein as the "Tuition/FCF Revenues."

The Series 2013 Bonds will be secured by a pledge of the Net Revenues that also secures the Outstanding Bonds on a parity basis. The Board has covenanted to maintain the rates and fees of the Auxiliary Facilities System at a level sufficient to meet certain coverage ratios as described herein. See "NET REVENUES" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS." The payment of the Series 2013 Bonds will not be secured by an encumbrance on or a mortgage or other pledge of, any property, funds or revenues except such Net Revenues and certain funds held under the Bond Resolution to the extent pledged thereto as described herein. The Series 2013 Bonds do not constitute a general obligation of the Board or the University or a debt or obligation of the State, other than pursuant to the State Intercept Program described below.

Pursuant to the Bond Resolution, the Board has the right, subject to certain stated conditions, to issue Additional Bonds payable from and secured by the Net Revenues, as described in "THE SERIES 2013 BONDS—Additional Bonds." Any such Additional Bonds will be additionally secured by a pledge of the Net Revenues, subject to the University's enterprise status at the time of issuance of the Additional Bonds. The Series 2013 Bonds together with the Outstanding Bonds and any Additional Bonds are referred to herein as the "Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—Net Revenues."

Debt Service Reserve Fund.

Debt Service Reserve Fund with Respect to the Series 2011A Bonds. Of the Outstanding Bonds, only the Series 2011A Bonds are secured by the Debt Service Reserve Fund under the Bond Resolution.

No Debt Service Reserve Fund with Respect to the Series 2013 Bonds or Other Outstanding Bonds. The Series 2011 Bonds advance refunded the Series 2002 Bonds, which caused the amendments to the Master Resolution made by Section 1.4(b) of the 2005 Supplemental Resolution to take effect. In substance, those amendments eliminated the Debt Service Reserve Fund Requirement with respect to each new series of Additional Bonds once the Series 2002 Bonds were no longer Outstanding. The Board has elected not to fund the Debt Service Reserve Fund with respect to the Series 2011 Bonds, the Series 2012A Bonds, the Series 2012B Bonds and the Series 2013 Bonds. Therefore, if a deficiency in the Bond Fund shall occur, resulting in a drawing on the Debt Service Reserve Fund, moneys from the Debt Service Reserve Fund shall be drawn upon to pay the unpaid debt service at the time due with respect to the Series 2011A Bonds, but not the Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2011 Bonds, the Series 2012A Bonds, the Series 2012B Bonds or the Series 2013 Bonds. The Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2011 Bonds, the Series

2012A Bonds, the Series 2012B Bonds and the Series 2013 Bonds are not secured by the Debt Service Reserve Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Certain Amendments to the Master Resolution" in Appendix B hereto.

State Intercept Program. In 2008, the State enacted the Higher Education Revenue Bond Intercept Program (the "State Intercept Program") pursuant to Section 23-5-139, Colorado Revised Statutes, as amended, which provides for the payment by the State Treasurer of principal, premium, if any, and interest due with respect to revenue bonds issued by state supported institutions of higher education if such an institution will not make the payment by the date on which it is due. On April 26, 2013, legislation (SB13-199) relating to the State Intercept Program was enacted modifying the requirements that higher education institutions need to qualify for participation in the State Intercept Program. For further information, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—State Intercept Program." The Series 2013 Bonds, together with the Series 2012B Bonds, the Series 2012A Bonds, the Series 2011 Bonds, Series 2010 Bonds, the Series 2009 Bonds and the Series 2007 Bonds qualify for and are secured by the State Intercept Program, as amended. The Series 2011A Bonds are not secured by the State Intercept Program. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—State Intercept Program."

Summary of Revenues, Expenditures and Debt Service Coverage

The following table sets forth a summary of the historical Net Revenues and debt service coverage on the University's Bonds outstanding during the Fiscal Years 2008 through 2012. The 2008-2012 information has been compiled by the University from past financial statements of the University, and should be read together with the audited financial statements of the University attached as Appendix A hereto. For further detail regarding the University's Operating Revenues, Expenditures and Net Revenues available for debt service, see "NET REVENUES—Historical Summary of Revenues, Expenditures and Debt Service Coverage."

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Historical Summary of Revenues, Expenditures and Debt Service Coverage for the Fiscal Years Ended June 30

	2008	2009	2010	2011	2012
Operating Revenues	$19,232,191	$20,816,519	$25,332,841	$30,251,127	$33,652,362
Operating Expenditures	10,550,533	11,043,490	12,035,681	14,242,947	15,567,927
Net Revenues	$ 8,681,658	$ 9,773,029	$13,297,160	$16,008,180	18,084,435
Debt Service [1]	$ 3,384,425	$ 3,464,784	$ 5,021,653	$ 6,498,366	7,594,838
Excess of Net Revenues over Debt Service	$ 5,297,233	$ 6,308,242	$ 8,275,508	$ 9,509,814	$10,489,597
Debt Service Coverage Ratio [1]	2.57x	2.82x	2.65x	2.46x	2.38x
Debt Service Coverage Ratio of MADS on remaining Outstanding Bonds and Series 2013 Bonds [2]					1.63x

[1] Reflects combined debt service on the University's outstanding Bonds at the end of each Fiscal Year.
[2] Reflects coverage of the combined maximum annual debt service on the University's Outstanding Bonds and Series 2013 Bonds ($11,122,596 in FY 2020). Does not include revenues expected from the University's student housing projects Phase IV (estimated to be completed before the 2012/2013 academic year) and Phase V (estimated to be completed before the 2013/2014 academic year), which are projected to increase Net Revenues by $2,508,295 and would result in an estimated debt service coverage of "MADS" of 1.85x.
Source: Colorado Mesa University, Office of the Vice President for Finance and Administration (derived from audited financial statements)

Terms of the Series 2013 Bonds

Payments. The Series 2013 Bonds will be dated the date of their delivery and bear interest from such date to maturity, payable semiannually on May 15 and November 15 of each year, commencing November 15, 2013. Principal on the Series 2013 Bonds is payable on May 15 in the years shown on the inside front cover of this Official Statement.

Denominations. The Series 2013 Bonds are issuable in the authorized denomination of $5,000 and integral multiples thereof.

Redemption. The Series 2013 Bonds maturing on and after May 15, 2024 are subject to redemption prior to their respective maturities at the option of the Board at the redemption price and as otherwise described in "THE SERIES 2013 BONDS—Prior Redemption."

Trustee, Paying Agent and Registrar. Wells Fargo Bank, National Association, Denver, Colorado is the trustee (the "Trustee") under the Series 2013 Supplemental Resolution and as such will also serve as the paying agent and bond registrar for the Series 2013 Bonds thereunder.

Book-Entry System. The Series 2013 Bonds are issuable only as fully registered securities without coupons in the denomination of $5,000, and any integral multiples thereof. The Depository Trust Company, New York, New York ("DTC") is acting as securities depository for the Series 2013 Bonds through its nominee, Cede & Co., to which principal and interest payments on the Series 2013 Bonds are to be made. One or more fully registered bonds in denominations in the aggregate equal to the principal amount per maturity of the Series 2013 Bonds will be registered in the name of Cede & Co. Individual purchases will be made in book-entry form only and purchasers of beneficial ownership interests in the

Series 2013 Bonds will not receive physical delivery of bond certificates, all as more fully described herein. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC participants for subsequent disbursement to the Beneficial Owners of the Series 2013 Bonds. For a more complete description of the book-entry system, see "THE SERIES 2013 BONDS—Book-Entry System."

Authorization for Issuance

The Institutional Enterprise is defined by the Bond Resolution to mean the Colorado Mesa University, as a whole, as an institution designated as an enterprise by the Board under the provisions of Sections 23-5-101.7, 23-5-102, 23-5-103, 23-5-104 and 23-5-105, Colorado Revised Statutes, as amended (collectively, the "Institutional Enterprise Act"). See "COLORADO MESA UNIVERSITY—Institutional Enterprise Designation." The Series 2013 Bonds are being issued pursuant to the Bond Resolution and under authority granted by the Institutional Enterprise Act, Colorado Revised Statutes, as amended (collectively, the "Auxiliary Facilities Enterprise Act"); Article 5, Title 23, Colorado Revised Statutes, as amended (the "Bond Act"); and Part 2, Article 57, Title 11, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act").

Tax Matters

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2013 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Also, in the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2013 Bonds is exempt from taxation for any state, county, school district, special district, municipal or other purpose in the State of Colorado. For a more complete description of such opinion of Bond Counsel and a description of certain provisions of the Code, which may affect the federal tax treatment of interest on the Series 2013 Bonds for certain registered owners of the Series 2013 Bonds, see "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS" herein.

Professionals Involved in the Offering

At the time of issuance and sale of the Series 2013 Bonds, Kutak Rock LLP, as Bond Counsel to the Board, will deliver the opinion discussed under "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS." Kutak Rock LLP has also been engaged in connection with the preparation of this Official Statement as Special Counsel to the Board. See also "LEGAL MATTERS." North Slope Capital Advisors has acted as Financial Advisor to the Board.

Undertaking To Provide Ongoing Disclosure

The Board has entered into an undertaking (the "Undertaking") for the benefit of the owners and beneficial owners of the Series 2013 Bonds to file with the Municipal Securities Rulemaking Board (the "MSRB"), in a format required by the MSRB through its Electronic Municipal Market Access ("EMMA") system at http://emma.msrb.org, certain financial information and other operating data and to file notices of certain material events as set forth in Rule 15c2–12 (the "Rule") promulgated by the Securities and Exchange Commission. The Board has not failed to comply with any such previous Undertaking under the Rule. See "CONTINUING DISCLOSURE UNDERTAKING" and APPENDIX D hereto for a form of the Board's Undertaking.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The quotations from, and summaries and explanations of, the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents may be obtained during the offering period, upon request to the Board and upon payment to the Board of a charge for copying, mailing and handling, at the Office of the Vice President for Finance and Administration, Colorado Mesa University, 1100 North Avenue, Grand Junction, Colorado 81501-3122, Attention: Vice President for Finance and Administration.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Series 2013 Bonds.

FORWARD-LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "project," "budget," "plan" and similar expressions identify forward-looking statements.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE BOARD DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

THE SERIES 2013 BONDS

Generally

General information describing the Series 2013 Bonds appears elsewhere in this Official Statement. That information should be read in conjunction with this summary, which is qualified in its entirety by reference to the Bond Resolution and the form of Series 2013 Bonds included in the Series 2013 Supplemental Resolution. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" in Appendix B hereto.

The Series 2013 Bonds are being issued pursuant to the Bond Resolution, which constitutes an irrevocable contract between the Board and the owners of the Series 2013 Bonds. The Series 2013 Bonds are being issued under authority granted by the Auxiliary Facilities Enterprise Act, the Institutional Enterprise Statute; the Bond Act and the Supplemental Public Securities Act. The Series 2013 Bonds are dated as of the date of their delivery and bear interest from such date to maturity, payable semiannually on May 15 and November 15 of each year, commencing November 15, 2013. Principal on the Series

2013 Bonds is payable on May 15 in the years and in the amounts shown on the inside front cover of this Official Statement.

Book-Entry System

DTC will act as securities depository for the Series 2013 Bonds. The Series 2013 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2013 Bond certificate will be issued for each maturity of the Series 2013 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are regulated clearing agencies. DTC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Series 2013 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2013 Bonds, except in the event that use of the book-entry system for the Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2013 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2013 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. nor any other DTC nominee will consent or vote with respect to Series 2013 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on Series 2013 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or the Series 2013 Paying Agent/Series 2013 Registrar, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Series 2013 Paying Agent/Series 2013 Registrar or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Board or the Series 2013 Paying Agent/Series 2013 Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2013 Bonds at any time by giving reasonable notice to the Board or the Series 2013 Paying Agent/Series 2013 Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2013 Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2013 Bond certificates will be printed and delivered.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2013 Bonds, payment of principal, interest, and other payments on the Series 2013 Bonds to Direct Participants, Indirect Participants, or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Series 2013 Bonds, and other related transactions by and between DTC, the Direct Participants, the Indirect Participants, and the Beneficial Owners is based solely on information provided by DTC. Such information has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof. Accordingly, no representations can be made concerning these matters and none of the Direct Participants, the Indirect Participants, nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Direct Participants, as the case may be.

Prior Redemption

Optional Redemption of Series 2013 Bonds. The Series 2013 Bonds maturing on and after May 15, 2024, are subject to optional redemption prior to their respective maturities, at the option of the Board, in whole or in part, and if in part in such order of maturities as the Board shall determine and by lot within a maturity, on May 15, 2023, and on any date thereafter, at a redemption price equal to the par amount thereof plus accrued interest, if any, to such redemption date.

Mandatory Sinking Fund Redemption of the Series 2013 Bonds. The Series 2013 Bonds maturing on May 15, 2033 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee may determine, on May 15 in each of the years 2029 through 2033 and in each of the designated amounts of principal as if such installments of principal respectively then matured, at a price equal to 100% of the principal amount of each Series 2013 Bond or portion thereof so redeemed and accrued interest to the redemption date:

Redemption Dates (May 15)	Principal To Be Redeemed
2029	$ 885,000
2030	915,000
2031	950,000
2032	980,000
2033 [1]	1,015,000

[1] Maturity.

The principal amount of Series 2013 Bonds maturing on May 15, 2033, required to be redeemed on the designated date shall be reduced by an amount equal to the par value of any such Series 2013 Bonds redeemed at the Board's option not less than 45 days prior to the redemption date fixed for the mandatory sinking fund redemption. The remaining principal amount of the Series 2013 Bonds maturing on May 15, 2033 shall be paid upon presentation and surrender at or after their maturity on May 15, 2033, unless otherwise sooner redeemed as provided herein.

The Series 2013 Bonds maturing on May 15, 2038 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee may determine, on May 15 in each of the years 2034 through 2038 and in each of the designated amounts of principal as if such installments of principal respectively then matured, at a price equal to 100% of the principal amount of each Series 2013 Bond or portion thereof so redeemed and accrued interest to the redemption date:

Redemption Dates (May 15)	Principal To Be Redeemed
2034	$ 1,050,000
2035	1,090,000
2036	1,130,000
2037	1,170,000
2038 [1]	1,215,000

[1] Maturity.

The principal amount of Series 2013 Bonds maturing on May 15, 2038, required to be redeemed on the designated date shall be reduced by an amount equal to the par value of any such Series 2013 Bonds redeemed at the Board's option not less than 45 days prior to the redemption date fixed for the mandatory sinking fund redemption. The remaining principal amount of the Series 2013 Bonds maturing on May 15, 2038 shall be paid upon presentation and surrender at or after their maturity on May 15, 2038, unless otherwise sooner redeemed as provided herein.

Notice and Effect of Redemption. Notice of redemption identifying the Series 2013 Bonds or portions thereof to be redeemed under the Bond Resolution is to be given in all cases by mailing a copy of the redemption notice by registered or certified mail, at least 30 days prior to the redemption date, to the registered owner of each Series 2013 Bond, all or a portion of which is called for prior redemption, at such owner's address as it last appears on the registration books kept by the Trustee. Failure to give such notice by mailing to the owner of any Series 2013 Bond, or any defect therein, will not affect the validity of the proceedings for the redemption of any other Series 2013 Bonds with respect to which proper notice has been given. Notice of redemption of the Series 2013 Bonds, other than mandatory sinking fund redemption and excepting any notice that refers to the Series 2013 Bonds that are the subject to an advance refunding, may be circulated only if sufficient funds have been deposited with the Trustee to pay the redemption price of the Series 2013 Bonds to be redeemed and such redemption shall be effected only with Available Moneys.

Additional Bonds

Parity Obligations. The Bond Resolution reserves to the Board the right, subject to stated conditions described in "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" in Appendix B hereto, to issue, from time to time, additional bonds and other types of securities and obligations payable from Net Revenues and secured by such Net Revenues on a parity with the Outstanding Bonds and the Series 2013 Bonds. In particular, the Bond Resolution provides that, so long as no Event of Default (as defined in Appendix B) has occurred and is continuing under the Bond Resolution, one or more series of Additional Bonds may be issued under the Bond Resolution for one or more of the following purposes: (a) refunding or advance refunding, any one or more series of then Outstanding Bonds issued under the Bond Resolution; or (b) financing the acquisition, purchase, construction, improvement, remodeling or extension of facilities to the Auxiliary Facilities System or otherwise for use at the University.

Subordinate Lien Obligations. The Board also may, without compliance with the foregoing and without restriction on amount or terms, issue obligations payable from all or a portion of the Net Revenues and secured by a lien thereon which is subordinate to the lien of the Series 2013 Bonds.

No Prior Lien Obligations. Pursuant to the Bond Resolution, the Board is not permitted to issue obligations payable from Net Revenues and having a lien thereon prior and superior to the Outstanding Bonds and the Series 2013 Bonds.

PLAN OF FINANCING

Sources and Uses of Funds

The estimated sources and uses of funds in connection with the issuance and sale of the Series 2013 Bonds are set forth in the following table.

Sources of Funds:	
Principal Amount of the Series 2013 Bonds	$19,900,000.00
Net original issue premium on the Series 2013 Bonds [1]	824,392.45
Total Sources of Funds	$20,724,392.45
Uses of Funds:	
Funding of the Project Account	$19,900,000.00
Capitalized Interest [2]	630,000.00
Costs of Issuance and Underwriter's discount [3]	194,392.45
Total Uses of Funds	$20,724,392.45

[1] See "CERTAIN FEDERAL INCOME TAX CONSIDERATIONS."
[2] Capitalized interest through May 15, 2014.
[3] Costs of issuance include legal fees, Trustee/Paying Agent fees, rating fees to the rating agency and other costs. For information regarding the underwriting arrangements relating to the Series 2013 Bonds, see "UNDERWRITING."

The Series 2013 Improvements Project

Proceeds from the sale of the Series 2013 Bonds will be used to construct and equip a new academic classroom building on the University campus, renovate and equip the library located on the University campus and make such additional capital improvements to the campus as may be designated by the Board. The new academic classroom building is consistent with the University's Campus Master Plan. The significant enrollment growth the University has experienced over the last four years has convinced the legislative Capital Development Committee and the Joint Budget Committee of the need for additional classroom space on campus. The building is projected to be a $19.9 million project with $9.7 million to be funded by the State of Colorado and the remainder from Series 2013 Bond proceeds. The University also has a need to expand and renovate its library located on the University campus. This project will be completed in stages with the first phase being the architectural design of the expansion and the plans for a comprehensive renovation. The University also has several other capital improvements planned including expansion of its geo-thermal ground source energy system, continued campus expansion via property acquisitions approved by the Trustees and the Colorado Commission on Higher Education and multiple other capital improvements to existing facilities. The University expects to complete construction of the academic classroom building prior to the commencement of the 2014 academic year and renovation of the library prior to the commencement of the 2015 academic year. In addition, proceeds of the Series 2013 Bonds will be used to pay capitalized interest through May 15, 2014 and (c) pay costs of issuance of the Series 2013 Bonds.

COMBINED DEBT SERVICE REQUIREMENTS

The following schedule shows, for each 12-month period commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year (the "Fiscal Year"), the total debt service (excluding any optional prior redemptions) payable for the Outstanding Bonds and the Series 2013 Bonds through their respective final maturity dates.

Combined Debt Service for the Outstanding Bonds and Series 2013 Bonds

Fiscal Year Ended	Outstanding Bonds [1]	Less 35% Federal Direct Payments on Series 2009B Bonds and Series 2010B Bonds	Outstanding Bonds Net Debt Service	Series 2013 Principal	Series 2013 Interest	Fiscal Year Total Combined Debt Service
6/30/2013	$ 10,762,576	$ 1,299,498	$ 9,463,078	-	-	$ 9,463,078
6/30/2014	11,159,268	1,299,498	9,859,770	-	$ 706,018	10,565,788
6/30/2015	11,161,765	1,299,498	9,862,267	$ 535,000	720,019	11,117,286
6/30/2016	11,155,705	1,294,818	9,860,887	555,000	703,969	11,119,856
6/30/2017	11,147,791	1,289,270	9,858,521	570,000	687,319	11,115,840
6/30/2018	11,141,421	1,283,313	9,858,108	585,000	670,219	11,113,326
6/30/2019	11,138,258	1,276,718	9,861,540	605,000	652,669	11,119,209
6/30/2020	11,133,797	1,269,670	9,864,127	630,000	628,469	11,122,596
6/30/2021	11,125,307	1,262,142	9,863,165	655,000	603,269	11,121,434
6/30/2022	11,110,221	1,253,645	9,856,576	680,000	577,069	11,113,644
6/30/2023	10,251,768	1,244,757	9,007,011	705,000	549,869	10,261,880
6/30/2024	10,239,338	1,235,577	9,003,761	735,000	521,669	10,260,429
6/30/2025	10,229,445	1,226,103	9,003,342	765,000	492,269	10,260,611
6/30/2026	10,216,573	1,216,238	9,000,335	795,000	461,669	10,257,004
6/30/2027	10,205,554	1,204,962	9,000,592	825,000	429,869	10,255,461
6/30/2028	10,201,398	1,193,143	9,008,255	860,000	396,869	10,265,124
6/30/2029	10,185,844	1,180,782	9,005,062	885,000	371,069	10,261,130
6/30/2030	10,168,487	1,167,987	9,000,500	915,000	340,094	10,255,594
6/30/2031	10,161,582	1,154,650	9,006,932	950,000	308,069	10,265,001
6/30/2032	10,144,126	1,139,539	9,004,587	980,000	274,819	10,259,406
6/30/2033	10,129,253	1,123,838	9,005,415	1,015,000	240,519	10,260,934
6/30/2034	10,097,902	1,089,649	9,008,253	1,050,000	204,994	10,263,247
6/30/2035	8,774,216	1,019,532	7,754,684	1,090,000	166,931	9,011,616
6/30/2036	9,987,253	946,777	9,040,476	1,130,000	127,419	10,297,895
6/30/2037	9,911,757	871,183	9,040,574	1,170,000	86,456	10,297,030
6/30/2038	8,944,660	792,631	8,152,029	1,215,000	44,044	9,411,073
6/30/2039	8,804,037	654,163	8,149,874	-	-	8,149,874
6/30/2040	8,663,293	510,403	8,152,890	-	-	8,152,890
6/30/2041	8,511,463	361,012	8,150,451	-	-	8,150,451
6/30/2042	8,336,863	184,402	8,152,461	-	-	8,152,461
Total	$305,200,921	$32,345,399	$272,855,523	$19,900,000	$10,965,644	$303,721,166

[1] Reflects combined gross debt service on the outstanding Series 2007 Bonds, Series 2009 Bonds, Series 2010 Bonds, Series 2011A Bond, Series 2011 Bonds, Series 2012A Bonds and Series 2012B Bonds. Assumes no prepayments and Series 2011A Bond is calculated at its initial rate of interest.
Source: The Underwriter

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS

Special Limited Obligations

The Series 2013 Bonds are special limited obligations of the Board, payable and collectible solely out of Net Revenues derived from or in respect of the operation of the University. See also "NET REVENUES." In the Bond Resolution, the Board covenants to maintain and impose student fees, other fees, rental rates, and other charges at the levels described in "—Rate Covenant and Debt Service Coverage" under this caption. The payment of the Series 2013 Bonds will not be secured by any encumbrance, mortgage or other pledge of any property, except upon the Net Revenues and any other moneys now or hereafter pledged for payment of the Series 2013 Bonds. The Series 2013 Bonds are not secured by the Debt Service Reserve Fund. The Series 2013 Bonds will not constitute or become a debt or indebtedness of the State, the Board or the University within the meaning of any constitutional or statutory provision or limitation, and the Series 2013 Bonds will not be considered or held to be general obligations of the Board or the University or a debt or an obligation of the State other than as described under the caption "—State Intercept Program" below. The Outstanding Bonds under the Bond Resolution include the Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2011A Bonds, the Series 2011 Bonds, Series 2012A Bonds and Series 2012B Bonds which are secured with a lien on Net Revenues on a parity with the lien thereon of the Series 2013 Bonds. In addition, the Board has the right, subject to specified conditions, to issue additional Bonds with a lien on Net Revenues on a parity with the lien thereon of the Series 2013 Bonds and the Outstanding Bonds. See "—Additional Bonds" under this caption. The Bond Resolution prohibits the Board from issuing any additional bonds with a lien on Net Revenues which is superior to the lien thereon of the Series 2013 Bonds and the Outstanding Bonds.

Net Revenues

The Net Revenues secure the Series 2013 Bonds and the Outstanding Bonds. For a description of the Revenues, Current Expenses, Tuition/FCF Revenues and Federal Direct Payments, see generally "NET REVENUES." For information about the Net Revenues historically generated by the University, see "NET REVENUES—Historical Summary of Revenues, Expenditures and Debt Service Coverage."

"Net Revenues" is defined as Revenues less payment of Current Expenses from Revenues other than Tuition/FCF Revenues, as each term is defined below. "Revenues" under the Bond Resolution include (a) all rentals, charges, fees, income and revenues to be derived by the University from the ownership and operation of the Auxiliary Facilities System (defined below); (b) student auxiliary fees (defined as "Facility Fees" under the Bond Resolution); (c) 10% of the Tuition Revenues received by the University; (d) all revenues derived by the University from any Facilities Construction Fees; (e) all earnings on all funds and accounts, if any, created under the Bond Resolution (excluding the Rebate Account, as defined in Appendix B); (f) Federal Direct Payments (as defined in Appendix B); and (g) such other income, fees and revenues as the Board hereafter determines, by resolution and without further consideration from the owners of the Series 2013 Bonds, to include in Revenues. "Current Expenses" include all necessary and reasonable expenses, paid or accrued, of maintaining, repairing and operating the Auxiliary Facilities System, excluding depreciation, reconstruction costs, improvement costs, replacement reserves, amortization and liabilities not based on contract.

Under the Bond Resolution, the University's existing student housing, related food service facilities, parking facilities, recreation center facilities and student center facilities, including a bookstore, are included within the Colorado Mesa University Auxiliary Facilities System (the "Auxiliary Facilities System") that has been designated as an "enterprise" pursuant to the provisions of Article X, Section 20 of the State Constitution ("TABOR") and the provisions of Sections 23-5-101.5 to 105, inclusive, Colorado Revised Statutes (the "Auxiliary Enterprise Act") by the Board. The Auxiliary Facilities System also includes all other auxiliary facilities that may be added hereafter to the Auxiliary Facilities System as provided in and in accordance with the Bond Resolution and, subject to certain exceptions, all auxiliary facilities that are financed by additional obligations ("Additional Bonds") while any of the Series 2013 Bonds or Additional Bonds remain outstanding. See "NET REVENUES."

Rate Covenant and Debt Service Coverage

The Board has covenanted in the Bond Resolution that, among other matters, while any Series 2013 Bonds are outstanding, and subject to applicable law, it will establish and maintain such rules and such fees, rental rates and charges for the use of the buildings and facilities of the Auxiliary Facilities System to produce, in each Fiscal Year, Net Revenues that are sufficient to pay 125% of the combined principal and interest payments on the Outstanding Bonds, the Series 2013 Bonds and any Additional Bonds due during such Fiscal Year and to maintain the required amounts in all funds and accounts created under the Bond Resolution. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Rate Covenant" in Appendix B hereto. For further information regarding the historical Net Revenues and debt service coverage ratios on the Outstanding Bonds, see "NET REVENUES—Historical Summary of Net Revenues, Expenditures and Debt Service Coverage" herein.

State Intercept Program

Under the Higher Education Revenue Bond Intercept Program, certified at Section 23-5-139, Colorado Revised Statutes, as amended (the "State Intercept Act"), if the paying agent with respect to bonds issued by a state-supported institution of higher education on or after June 4, 2008 ("Higher Education Bonds") has not received a payment on the Higher Education Bonds on the business day immediately prior to the date on which such payment is due, the paying agent is required to notify the State Treasurer and the institution that has issued the Higher Education Bonds. The State Treasurer is then required to contact the institution to determine whether the institution will make the payment by the date on which it is due. If the institution indicates to the State Treasurer that it will not make the payment on the Higher Education Bonds by the date on which it is due, or if the State Treasurer cannot contact the institution, the State Treasurer is required to forward to the paying agent, in immediately available funds of the State, the amount necessary to make the payment of the principal of and interest on the Higher Education Bonds.

If the State Treasurer makes a payment on Higher Education Bonds under the State Intercept Act, he or she is to recover the amount forwarded by withholding amounts from the institution's payments of the State's fee-for-service contract with the institution, from any other state support for the institution and from any unpledged tuition moneys collected by the institution. The total amount withheld in a month from the State's fee-for-service contract with the institution for each occasion on which the State Treasurer forwards an amount pursuant to the State Intercept Act shall not exceed one-twelfth of the amount forwarded. The State Treasurer cannot withhold for more than 12 consecutive months for each occasion on which the State Treasurer forwards amounts pursuant to the State Intercept Act. While the withholding of fee-for-service payments is limited to 12 consecutive months, the State Intercept Act does not correspondingly limit the State's contingent obligation to pay the Higher Education Bonds. The institution has the option of making early repayment of all or any portion of an amount forwarded by the State Treasurer for payment on Higher Education Bonds.

The State Treasurer is required to notify the State's Department of Higher Education (the "Department") and General Assembly of amounts withheld and payments made pursuant to the State Intercept Act. The Department is required to initiate an audit of the institution to determine the reason for the nonpayment of the Higher Education Bonds and to assist the institution, if necessary, in developing and implementing measures to ensure that future payments will be made when due.

The State has covenanted that it will not repeal, revoke or rescind the provisions of the State Intercept Act or modify or amend the State Intercept Act so as to limit or impair the rights and remedies granted under the State Intercept Act to purchasers of Higher Education Bonds. The State Intercept Act provides, however, that it will not be deemed or construed to require the State to continue the payment of

State assistance to any institution or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State assistance to institutions or the manner of payment or the timing thereof. The State Intercept Act further provides that it will not be deemed or construed to create a debt of the State with respect to any Higher Education Bonds within the meaning of any State constitutional provision or to create any liability except to the extent provided in the State Intercept Act.

An institution may adopt a resolution stating that it will not accept on behalf of the institution payment of principal and interest as provided in the State Intercept Act. If an institution adopts such a resolution, it must be adopted prior to issuance or incurrence of the bonds to which it applies. Following adoption of such a resolution, the institution is to provide written notice to the State Treasurer of its refusal to accept payment. An institution may rescind its refusal to accept payment by written notice of such rescission to the State Treasurer.

The Series 2013 Bonds qualify under the State Intercept Program and the Board has not adopted a resolution stating that it will not accept payment from the State Treasurer under the State Intercept Program with respect to the Series 2013 Bonds. Consequently, the State Intercept Program applies to the payment of the Series 2013 Bonds and the State Treasurer is expected to make payment of the principal of and interest on the Series 2013 Bonds, if necessary, as described above. Financial and operating data relating to the State may be accessed at the Municipal Rulemaking Board's Electronic Municipal Market Access portal located at http://emma.msrb.org.

On April 26, 2013, legislation (SB13-199) relating to the State Intercept Program was enacted by the Colorado General Assembly and approved by the Governor. This legislation modifies the requirements that higher education institutions need to satisfy to qualify for participation in the State Intercept Program. Previously, to qualify for the State Intercept Program, on the date of issuance of the bonds, the total amount of the annual debt service payments on the bonds and any other bonds issued by the institution and secured under the State Intercept Program could not exceed the amount of the institution's fee-for-service contract revenue for the prior year. The new legislation replaces this requirement with a credit and coverage test that requires the institution to have: (a) a credit rating in one of the 3 highest rating categories, without regard to modifiers within a category, from at least one major credit rating organization and no credit rating that is in a category below the 3 highest categories, without regard to modifiers within a category, from any such rating organization; and (b) a debt service coverage ratio of at least one and one-half to one. The legislation also provides that the State Treasurer may exempt an institution from the credit and coverage test if the revenue bonds to be issued are refunding bonds that result in cost savings to the institution.

Debt Service Reserve Fund

Debt Service Reserve Fund With Respect to the Series 2011A Bonds. Of the Outstanding Bonds, only the Series 2011A Bonds are secured by the Debt Service Reserve Fund under the Bond Resolution.

No Debt Service Reserve Fund With Respect to the Series 2013 Bonds or Other Outstanding Bonds. The Series 2011 Bonds advance refunded the Series 2002 Bonds, which caused the amendments to the Master Resolution made by Section 1.4(b) of the 2005 Supplemental Resolution to take effect. In substance, those amendments eliminated the Debt Service Reserve Fund Requirement with respect to each new series of Additional Bonds once the Series 2002 Bonds were no longer Outstanding. The Board has elected not to fund the Debt Service Reserve Fund with respect to the Series 2011 Bonds, the Series 2012A Bonds, the Series 2012B Bonds and the Series 2013 Bonds. Therefore, if a deficiency in the Bond Fund shall occur, resulting in a drawing on the Debt Service Reserve Fund, moneys from the Debt Service Reserve Fund shall be drawn upon to pay the aggregate unpaid debt service at the time due with respect to the Series 2011A Bonds, but not the Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2011 Bonds, the Series 2012A Bonds, the Series 2012B Bonds and the Series 2013 Bonds. The Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2011 Bonds, the Series 2012A Bonds, the Series 2012B Bonds or the Series 2013 Bonds are not secured by the Debt Service Reserve Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Certain Amendments to the Master Resolution" in Appendix B hereto.

Federal Direct Payments for
Build America Bonds

The Board previously issued its Taxable Auxiliary Facilities System Enterprise Revenue Bonds (Build America Bonds—Direct Payment to Board), Series 2009B (the "Series 2009B Bonds") and its Taxable Auxiliary Facilities System Enterprise Revenue Bonds (Build America Bonds—Direct Payment to Board), Series 2010B (the "Series 2010B Bonds") as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"). Pursuant to the Recovery Act, the Board expects to receive a cash subsidy payment from the United States Department of the Treasury (the "United States Treasury") (referred to herein as the "Federal Direct Payments") equal to 35% of the interest payable on the Series 2009B Bonds and Series 2010B Bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States government, but is required to be paid by the United States Treasury under the Recovery Act. The Federal Direct Payments received in connection with the Series 2009B Bonds and the Series 2010B Bonds, if any, constitute Revenues and thus are pledged to the payment of all Bonds outstanding. The Board is permitted to net the anticipated amount of Federal Direct Payments against the amount of Revenues otherwise required to be deposited into the Bond Fund, as more particularly described in "Appendix B—Summary of Certain Provisions of the Bond Resolution–Application of Revenues." See also "INVESTMENT CONSIDERATIONS—Federal Subsidy Payment for Build America Bonds."

Beginning March 1, 2013, the Federal Direct Payments the Board receives with respect to the Series 2009B Bonds and the Series 2010B Bonds will be reduced for fiscal year 2013 and may be reduced in future years. For further information on the reduction, see "INVESTMENT CONSIDERATIONS—Implications of Federal Sequestration" herein.

Outstanding Bonds

The Series 2013 Bonds will be issued on parity with the Outstanding Bonds as described above under "Rate Covenant and Debt Service Coverage." As of the date of issuance of the Series 2013 Bonds, the Outstanding Bonds shall be outstanding in the aggregate principal amounts listed below.

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Outstanding Bonds

Name of Bonds	Original Principal Amount	Outstanding Principal Amount (As of Date of Issuance of Series 2013 Bonds)
Auxiliary Facilities System Enterprise Revenue Bonds, Series 2007	$ 16,805,000	$ 16,805,000
Auxiliary Facilities System Enterprise Revenue Bonds, Series 2009A and Series 2009B	61,665,000	60,295,000
Auxiliary Facilities System Enterprise Revenue Bonds, Series 2010A and Series 2010B	31,710,000	31,030,000
Auxiliary Facilities System Enterprise Revenue Bond, Series 2011A	8,000,000	7,125,000
Enterprise Revenue Refunding Bonds, Series 2011B and Series 2011C	9,720,000	7,355,000
Enterprise Revenue Refunding Bonds, Series 2012A	19,315,000	18,745,000
Enterprise Revenue Bonds, Series 2012B	14,000,000	14,000,000
Total	$161,215,000	$155,355,000

Source: Colorado Mesa University, Office of the Vice President for Finance and Administration

Series 2011A Bond. In August 2011, the University issued its $8,000,000 Auxiliary Facilities System Enterprise Revenue Bond Series 2011 (as previously defined, the "Series 2011A Bond") on a parity with the Bonds outstanding under the Bond Resolution. The Series 2011A Bond was purchased by U.S. Bank National Association (the "Purchaser") in a direct placement. The Series 2011A Bond matures on August 9, 2021 (the "Series 2011A Maturity Date") with variable interest calculated as the product of (a) the Bank Qualified Factor (a multiplier to be determined by the Purchaser to translate the tax-equivalent yield to a nominal tax-exempt yield upon each rate reset date, which shall be greater than 0.65 but not more than 1.35); and the sum of (i) the Five Year Treasury, Constant Maturity; plus (ii) 210 basis points. The initial rate is 2.49% and shall remain in effect for a five-year period; provided, however, that on August 9, 2012, and on each August 9 thereafter through the Series 2011A Maturity Date, the interest rate with respect to the Series 2011A Bond shall be recalculated in accordance with the above formula as of such date. The Board shall have the option to accept the recalculated rate and, upon such acceptance, the Series 2011A Bond shall bear interest at the recalculated rate for a period of five years from the date of calculation thereof or through the Series 2011A Maturity Date, whichever period is shorter; provided, however, that if the recalculated rate is higher than the interest rate previously in effect with respect to the Series 2011A Bond, the Board may only accept such higher rate after consultation with Bond Counsel and taking any action deemed necessary by Bond Counsel in connection with acceptance of such higher rate. The Board shall be under no obligation to accept any recalculated rate described in this paragraph.

Additional Bonds

Additional Bonds secured with a lien on Net Revenues on a parity with the lien thereon in favor of the Outstanding Bonds and the Series 2013 Bonds may be issued by the Board, subject to certain stated conditions, as provided in "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Issuance of Additional Bonds" The Board may also issue obligations payable from all or a portion of the Net Revenues and secured by a lien thereon which is subordinate to the lien of the Series 2013 Bonds and the Outstanding Bonds.

INVESTMENT CONSIDERATIONS

General

There are a number of factors affecting institutions of higher education in general, including the University, that could have an adverse effect on the University's financial position and its ability to make the payments required under the Bond Resolution. These factors include, but are not limited to, the continuing rising costs of providing higher education services; competition for students from other institutions of higher education; the failure to maintain or increase in the future the funds obtained by the University from other sources, including gifts and contributions from donors, grants, or appropriations from governmental bodies and income from investment of endowment funds and operating funds; adverse results from the investment of endowment funds and operating funds; increasing costs of compliance with federal or State laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating the disabled; changes in federal governmental policy relating to the reimbursement of overhead costs of government contracts; any unionization of the University's work force with consequent impact on wage scales and operating costs of the University; and legislation or regulations which may affect student aid and other program funding. The University cannot assess or predict the ultimate effect of these factors on its operations or financial results.

Special, Limited Obligations

The Series 2013 Bonds are special, limited obligations of the Board payable and collectible solely out of the Net Revenues which are pledged for that purpose to the extent provided in the Bond Resolution. The registered owners of the Series 2013 Bonds may not look to any general or other fund for the payment of the principal of, premium, if any, or interest on the Series 2013 Bonds, except the Net Revenues. The payment of the Series 2013 Bonds will not be secured by an encumbrance on, or a mortgage or other pledge of, any property, funds or revenues, except such Net Revenues and certain funds held under the Bond Resolution to the extent pledged thereto as described herein. The Series 2013 Bonds will not constitute or become a debt or indebtedness of the State or the Board within the meaning of any constitutional or statutory provision or limitation and will not be considered or held to be general obligations of the Board, but will constitute its special, limited obligations of the Board, payable solely from the trust estate pledged therefore. The Series 2013 Bonds have a first claim and lien on the Net Revenues, which lien is on a parity with the lien thereon securing the Outstanding Bonds. The Board has the right, subject to specified conditions, to issue Additional Bonds on a parity with the Series 2013 Bonds. The Board also has the right, subject to specified conditions, to issue bonds or other obligations for any legal purpose, including purposes of similar character to those authorized by the Bond Resolution, and to pledge to the payment thereof (as a separate and independent pledge) such revenues as will be derived solely from the particular project financed. See generally "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS."

In the event that Net Revenues in the trust estate pledged to secure the Series 2013 Bonds are insufficient to pay the principal of, premium, if any, or interest on the Series 2013 Bonds, neither the State, the Board nor the University will have any obligation to make such payments, other than pursuant to the State Intercept Program. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—State Intercept Program."

Future Auxiliary Facilities
System Utilization and Enrollment

The amount of Revenues available for the payment of Current Expenses and the payment of debt service on the Series 2013 Bonds will be affected by the future levels of enrollment, tuition, and utilization of the Auxiliary Facilities System and the rates and charges that the Board can reasonably impose in connection with the use of such Auxiliary Facilities System. The availability of alternative facilities at competitive rates may have an adverse impact on the level of utilization of the Auxiliary Facilities System and on the ability of the Board to adjust fees and rates in the future.

Federal Subsidy Payments
for Build America Bonds

The Board previously issued the Series 2009B Bonds and the Series 2010B Bonds as "Build America Bonds" for the purposes of the Recovery Act and expects to receive a cash subsidy payment the Federal Direct Payments from the United States Treasury equal to 35% of the interest payable on the Series 2009B Bonds and the Series 2010B Bonds. The interest subsidy payments from the United States Treasury will be made directly to the Board and, in accordance with the Bond Resolution, the Board is required to deposit the same directly into the Bond Fund. Federal Direct Payments received with respect to any Build America Bonds constitute Revenues, and are pledged to the payment of all Bonds.

The priority of the United States Treasury making the cash subsidy payment is the same as the United States Treasury refunding overpayments of tax. In the event that the Board does not receive the Federal Direct Payments in a timely fashion, then the Board is obligated to pay such amounts from other Revenues. The Code imposes requirements on the Build America Bonds that the Board must continue to meet after the Build America Bonds are issued in order to receive the Federal Direct Payments. These requirements generally involve the way that Build America Bond proceeds must be invested and ultimately used, and the periodic submission of requests for payment. If the Board does not meet these requirements, it is possible that the Board may not receive the Federal Direct Payments. No assurance is given that the Federal Direct Payments will be received. To date, all Federal Direct Payments have been received by the Board in full. However, beginning March 1, 2013, the Federal Direct Payments the Board receives with respect to the Series 2009B Bonds and the Series 2010B Bonds will be reduced for fiscal year 2013 and may be reduced in future years. For further information on the reduction, see "INVESTMENT CONSIDERATIONS—Implications of Federal Sequestration" below. No assurance may be given that the details relating to the implementation of the sequestration order and its impact will not materially change.

The Internal Revenue Service ("IRS") has implemented an examination program for certain types of bonds that qualify for direct federal subsidies and no assurance can be given that the Series 2009B Bonds and the Series 2010B Bonds will not be selected for a more detailed or comprehensive examination. In the event the IRS files a proposed adverse determination letter as a result of such an examination, announced IRS policy is to suspend payment to the Board of the Build America Bonds' credit pending a final determination of the qualification of the Build America Bonds. Suspension of the credit payment may result in an impairment of security for the Bonds and adversely affect the Board's ability to make full and timely payment.

Furthermore, in certain circumstances, the cash subsidy payment to be made to the Board may be reduced (offset) by amounts determined to be applicable under the Code and regulations promulgated thereunder. For example, offsets may occur by reason of any past-due legally enforceable debt of the Board to any Federal agency. The amount of any such offsets is not predictable but the Board does not currently expect that any such offsets will apply to the credits the Board expects to receive.

Implications of Federal Sequestration

The Board receives federal revenues through research funding and student aid. In addition, as described herein under "INVESTMENT CONSIDERATIONS—Federal Subsidy Payments for Build America Bonds," the Board receives interest subsidy payments from the United States Treasury in connection with its Series 2009B Bonds and Series 2010B Bonds. The Federal Budget Control Act of 2011 (the "Budget Control Act") passed by the U.S. Congress required the enactment of a plan to reduce the federal deficit by $1.2 trillion over a ten-year period and automatic budget cuts referred to as "sequestration" to go into effect on January 2, 2013 if such enactment did not take place. On January 2, 2013, while such a plan was not enacted, Congress passed the American Taxpayer Relief Act of 2012 (the "Relief Act") which addressed certain revenue and spending issues and delayed the sequestration until March 1, 2013. On March 1, 2013, the President signed the executive order reducing the budgetary authority in accounts subject to sequester. The order requires that the budget authority for all accounts in the non-exempt, nondefense mandatory spending category, which includes payments to issuers of direct-pay bonds (including Build America Bonds), be reduced for the federal fiscal year ending on September 30, 2013. On March 4, 2013, the IRS published a statement providing that the amount of such payments to issuers of direct-pay bonds are subject to an 8.7% reduction that will be applied until the end of such fiscal year or intervening Congressional action, at which time the sequestration rate is subject to change.

No assurance may be given that the details relating to the implementation of the sequestration order and its impact will not materially change.

Budgeted and Projected Net Revenues
Based on Certain Assumptions

Any budgeted and projected Net Revenues set forth under the caption NET REVENUES—Historical Summary of Net Revenues and Debt Service Coverage" are based upon various assumptions of future events developed by the Board's administrative staff and should not be construed as statements of fact. There can be no assurance that actual Net Revenues will correspond to any amounts budgeted and projected, and variations between actual Net Revenues and budgeted and any projected Net Revenues could be material.

Enforceability of Remedies

The remedies available upon an event of default under the Bond Resolution are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions the remedies provided for under the Bond Resolution may not be readily available or may be limited. The Series 2013 Bonds may be subject to general principles of equity which may permit the exercise of judicial discretion; are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State; are subject, in part, to the provisions of the United States Bankruptcy Code and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; and are subject to the exercise by the United States of the powers delegated to it by the federal Constitution. The various legal opinions to be delivered concurrently with the delivery of the Series 2013 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2013 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

TABOR Amendment

At the general election held November 3, 1992, the voters of the State approved an amendment (the "TABOR Amendment") to the Colorado Constitution limiting the ability of the State and local governments such as the Board to increase revenues, debt and spending and restricting property taxes, income taxes and other taxes. The TABOR Amendment excepts from its restrictions the borrowings and fiscal operations of "enterprises," which term is defined to include government–owned businesses authorized to issue their own revenue bonds and receiving under 10% of their revenues in grants from all Colorado state and local governments combined. The Board has designated the Auxiliary Facilities System as an "enterprise" within the meaning of the TABOR Amendment.

Secondary Market

There is no guarantee that a secondary market will develop for the Series 2013 Bonds. Consequently, prospective purchasers of the Series 2013 Bonds should be prepared to hold their Series 2013 Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends but is not obligated to make a market in the Series 2013 Bonds. Failure to comply with the undertaking to provide ongoing disclosure may adversely affect the transferability and liquidity of the Series 2013 Bonds and their market price. See "CONTINUING DISCLOSURE UNDERTAKING."

Future Changes in Laws

Various State laws and constitutional provisions, including the Act, apply to the operation of the Facilities, the imposition and collection of student fees and the financing of the Board's operations in general. Other State and federal laws, constitutional provisions and regulations apply to the obligations created by the issuance of the Series 2013 Bonds. There is no assurance that there will not be any change in, interpretation of or addition to applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the Board. For an explanation of recent legislative changes in the State funding system for Colorado institutions of higher education, see "CERTAIN FINANCIAL INFORMATION—Certain Legislation Affecting Funding of State Institutions of Higher Education."

On December 9, 2011, the District Court of Denver County, Colorado, in Lobato v. State (Case No. 2005CV479, Div. 424), a case filed by several Colorado students, parents of students and school districts, held that the Colorado school finance system is not rationally related to the Colorado Constitutional mandate to establish and maintain a thorough and uniform system of free public schools and results in the denial of the rights of the plaintiff students and parents guaranteed by the provisions of Article IX, section 2 of the Colorado Constitution that require the State to establish and maintain a thorough and uniform system of free public schools (the "Education Clause") and the rights and powers of the plaintiff school districts pursuant to the Education Clause and the provisions of Article IX, section 15 of the Colorado Constitution that grants the board of education of each school distinct "control of instruction in the public schools of their respective districts" (the "Local Control Clause"). The court held that the public school finance system must be revised to assure that funding is rationally related to the actual costs of providing a thorough and uniform system of public education, stating that "it is also apparent that increased funding will be required."

The court enjoined the State from adopting implementing, administering or enforcing any and all laws and regulations that fail to comply with the court's holding and further enjoined the State to design, enact, fund and implement a system of public school finance that provides and assures that adequate, necessary and sufficient funds are available in a manner rationally related to accomplish the purposes of the Education Clause and the Local Control Clause. The court stayed the injunctive relief in order to provide the State a reasonable time to create and implement a system of public school finance that complies with the Education Clause and the Local Control Clause. The stay will continue in effect, and the present financing formula and funding may remain in effect, until final action by the Colorado Supreme Court upon appeal of the District Court decision. On January 23, 2012, the State filed a notice of appeal directly with the Colorado Supreme Court. Oral arguments in the case were presented to the Colorado Supreme Court on March 7, 2013.

Any increase in State funding of Colorado schools resulting from the Lobato case that is not accompanied by additional State revenues may adversely affect the State's finances and significantly limits its discretion to spend money in its budget for purposes other than K-12 public schools, including appropriations for the College Opportunity Fund and Fee for Service payments. See "CERTAIN FINANCIAL INFORMATION—Funding of State Institutions of Higher Education" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—State Intercept Program."

Limitations on State Intercept Program

The State Intercept Program is a program created by statute to provide assistance to State-supported institutions of higher education in accordance with the provisions of the State Intercept Act. Pursuant to the State Intercept Act, the State covenants to owners of bonds issued by institutions that it will not repeal, revoke or rescind the provisions of the State Intercept Act or modify or amend it so as to limit the rights granted by the State Intercept Act, except that nothing in the State Intercept Act shall be deemed or construed to require the State to continue the payment of State assistance to any institution or to limit or prohibit the State from repealing, amending, or modifying any law relating to the amount of state assistance to institutions or the manner of payment or the timing thereof. The State has not obligated itself to guarantee that in any year there are sufficient legally available moneys to fund the State Intercept Program. Financial and operating data relating to the State may be accessed at the Municipal Rulemaking Board's Electronic Municipal Market Access portal located at http://emma.msrb.org.

Damage or Destruction of the Auxiliary Facilities System

The Board insures the Auxiliary Facilities System against certain risks. The Bond Resolution requires that the buildings and facilities of the Auxiliary Facilities System will be insured in the aggregate to the greater of (a) the principal amount of all Bonds from time to time Outstanding; or (b) the full replacement value thereof, by a combination of self-insurance by the State and a policy or policies of insurance issued by a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risks thereof. There can be no assurance that the amount of insurance required to be obtained with respect to the Auxiliary Facilities System will be adequate or that the cause of any damage or destruction to the Auxiliary Facilities System will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies with which the Board obtains insurance policies. Damage or destruction of the Auxiliary Facilities System, may impair the Board's ability to generate sufficient Revenues.

Environmental Regulation

The Auxiliary Facilities System is subject to various federal, state and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the Board as the owner of the Auxiliary Facilities System for remediating adverse environmental conditions on or relating to the Auxiliary Facilities System, whether arising from pre-existing conditions or conditions arising as a result of the activities conducted in connection with the ownership and operation of the Auxiliary Facilities System. Costs incurred by the Board with respect to environmental remediation or liability could adversely impact its financial condition and its ability to own and operate the Auxiliary Facilities System and its ability to produce Revenues.

Broker-Dealer Risks

Persons who purchase the Series 2013 Bonds through broker-dealers become creditors of the broker-dealer with respect to the Series 2013 Bonds. Records of the investor's holding are maintained only by the broker-dealer and the investor. In the event of the insolvency of the broker-dealer, the investor would be required to look to the broker-dealer's estate, and to any insurance maintained by the broker-dealer, to make good the investor's loss.

Risk of Loss Upon Redemption

The rights of the registered owners of the Series 2013 Bonds to receive interest will terminate on the date, if any, on which the Series 2013 Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Bond Resolution.

NET REVENUES

Generally

Revenues, under the Bond Resolution, include (a) all rentals, charges, fees, income and revenues to be derived by the University from the ownership and operation of the Auxiliary Facilities System; (b) Student Auxiliary Fees (defined as "Facility Fees" under the Bond Resolution); (c) 10% of the Tuition Revenues received by the University; (d) all revenues derived by the University from any Facilities Construction Fees; (e) all earnings on all funds and accounts, if any, created under the Bond Resolution (excluding the Rebate Account); (f) Federal Direct Payments; and (g) such other income, fees and revenues as the Board hereafter determines, by resolution and without further consideration from the owners of the Series 2013 Bonds, to include in Revenues, pursuant to law then in effect and not in conflict with the provisions and limitations of the Bond Resolution. Revenues do not include any moneys derived from any general (ad valorem) tax levied against property of the State or any instrumentality thereof. The Tuition Revenues and Facilities Construction Fees listed in (c) and (d) of the definition above are referred to in this Official Statement as the "Tuition/FCF Revenues."

Current Expenses, under the Bond Resolution, means all necessary and reasonable expenses, paid or accrued, of maintaining, repairing and operating the Auxiliary Facilities System, including all necessary operating expenses, utilities, current maintenance charges, expenses of reasonable upkeep and repairs, a properly allocated share of charges for insurance, legal and incidental expenses of the various administrative departments directly or indirectly related and reasonably allocable to the administration of the Auxiliary Facilities System, reasonable charges of any Trustee, registrar or depository bank, contractual services, professional services required by the Bond Resolution, salaries and administrative expenses, labor, the costs incurred by the Board in the collection of Revenues and all other expenses incidental to the operation of the Auxiliary Facilities System; but shall exclude depreciation, any costs of reconstruction, improvement, extension or betterment, any accumulation of reserves for capital replacements, any allowance for the redemption of any bond or other security evidencing a loan or the payment of any interest thereon, any legal liability not based on contract and any required payments to be made into the Repair and Replacement Fund. Net Revenues is defined under the Bond Resolution as Revenues less Current Expenses. For information about the priorities for application of Revenues as required by the Bond Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION—Application of Revenues" in Appendix B hereto.

Revenues also include cash subsidy payments, if any, received by the Board from the United States Treasury with respect to the Series 2009B Bonds and the Series 2010B Bonds, which were issued as "Build America Bonds" for purposes of the Recovery Act. The Board expects to receive a cash subsidy payment from the United States Treasury (as previously defined, "Federal Direct Payments") equal to 35% of the interest payable on the Series 2009B Bonds and the Series 2010B Bonds on or about each interest payment date. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—Federal Direct Payments."

The following sections include information regarding the operations of the Auxiliary Facilities System, as well as historical information about Tuition/FCF Revenues, expenditures and debt service coverage on the Outstanding Bonds and the Series 2013 Bonds.

Revenues of the Auxiliary Facilities System

Pursuant to the provisions of TABOR and the provisions of the Auxiliary Enterprise Act, the Board has designated certain self-supporting auxiliary facilities and operations as an enterprise. The following facilities comprise the Auxiliary Facilities System under the Bond Resolution:

(a) the University residence halls, dormitories and apartments known as Grand Mesa Hall, Mary Rait Hall, Tolman Hall, Pinon Hall, Monument Hall, Walnut Ridge Apartments (A, B and C), the North Avenue Hall, Bunting Hall, Orchard Avenue Hall and other rental properties owned by the University including tower leases and other voice and data communication systems and transmissions;

(b) the Student Recreation Center, the University Center, including without limitation all recreational, bookstore, food service facilities therein and related activities therein;

(c) parking facilities related to the foregoing;

(d) all food and beverage sales and services; and

(e) all improvements, extensions, enlargements or betterments to, or replacement of, the foregoing.

The Auxiliary Facilities System also includes all other auxiliary facilities which are financed or refinanced by the Series 2013 Bonds or any Additional Bonds, except in those cases when (a) the auxiliary facility financed with Additional Bonds is an intercollegiate athletic activity or facility; or (b) an authorized officer of the University or the Board makes a determination, at the time such proceeds of Additional Bonds are used to so finance such auxiliary facilities, that the addition of such facilities to the Auxiliary Facilities System would result in an adverse impact on the level of Net Revenues derived therefrom and the decision not to add such auxiliary facilities to the Auxiliary Facilities System is consented to in writing by the bond insurer for any outstanding Bonds. The Net Revenues derived from the Auxiliary Facilities System are available for payment of the Series 2013 Bonds and the Outstanding Bonds. The overall operations of the University may impact the Auxiliary Facilities System and as a result, the Net Revenues available for payment of the Series 2013 Bonds and the Outstanding Bonds. See "INVESTMENT CONSIDERATIONS" and "CERTAIN FINANCIAL INFORMATION." Facilities comprising the Auxiliary Facilities System under the Bond Resolution are described in further detail in the following sections.

Student Housing System

General Information on Student Housing. The University operates residence halls and apartments for students with a total capacity for 2,065 students. In addition, the University currently operates, as part of the Auxiliary Facilities System, a central dining facility, a central retail dining facility, and multiple satellite food and beverage venues, which provide meal service to students and produce revenues attributable to the Auxiliary Facilities System. The fiscal responsibility for the University's residence halls, apartments and dining facility are under the supervision of the Vice President for Finance and Administration who is directly responsible to the President of the University. See "COLORADO MESA UNIVERSITY—Administrative Staff."

The Board has the authority to set room and board rates for the University's residence halls, apartments and dining facility. The Vice President for Finance and Administration makes recommendations to the President who proposes room and board rates to the Board. The residence halls and apartments are operated and maintained solely by the University. The residence halls offer a large variety of programs, facilities, services and living arrangements. The apartment buildings offer apartment choices for undergraduate and graduate students.

Students living in University-owned single student housing, except for apartments are required to enroll in one of the University's two meal plans. In addition, approximately 20% of the students living in apartments elect one of the University's meal plans. The food service at the University is provided by Sodexo, Inc. ("Sodexo"). In December of 2006, the Board solicited proposals from professional food and beverage service providers interested in operating all existing food, beverage and catering operations at the University. Sodexo is currently in year seven of their 10-year contract, which is renewed annually.

Each meal plan offers flexibility for students based on the hours of admission to the dining facilities. Meal Plan A offers unlimited meals during the hours of 6:45 a.m. to 8 p.m. and Meal Plan B offers unlimited meals during the hours of 10:30 a.m. to 8 p.m. Typically only a small percentage of students living off campus choose to purchase a meal plan.

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The following table provides information concerning the square footage and completion date of each of the University owned student housing facilities:

Student Housing Facilities

Building Name	Gross Square Footage	Year Built
Albers Hall	5,400	1935 [1]
Elm Hall	12,245	1969 [2]
Mary Rait Hall	42,883	1967
Tolman Hall	44,178	1966
Pinon Hall	42,507	1967
Monument Hall	46,695	1997
Walnut Ridge Apts. A	9,756	1977
Walnut Ridge Apts. B	8,568	1977
Walnut Ridge Apts. C	9,756	1978
Grand Mesa Hall	80,100	2006
North Avenue Hall	92,320	2009
Bunting Hall	72,500	2011
Orchard Avenue Hall	59,360	2012
Residence Village	65,000	2013 [3]

[1] Remodeled in 2008.
[2] Remodeled in 2010.
[3] Under construction.
Source: Colorado Mesa University, Office of the Vice President for Finance and Administration

The following table reflects the present capacity and occupancy level of all University-owned student housing facilities in the current Fiscal Year and the past five Fiscal Years.

Student Housing Facilities Occupancy Rates as of First Day of Academic Semester [1]

	Number of Occupants			Occupancy Rate	
Fiscal Year	Fall Semester	Spring Semester	Total Capacity	Fall Percentage	Spring Percentage
2008	1,072	980	1,217	88%	81%
2009	1,188	1,032	1,181 [1]	101	87
2010	1,272	1,083	1,224 [1]	104	87
2011	1,863	1,462	1,533 [1]	115	90
2012	1,998	1,947	1,880 [1]	106	94
2013	2,027	1,795	2,067	98	87

[1] Not including temporary housing.
Source: Colorado Mesa University, Office of the Vice President for Finance and Administration

With the expansion of the Maverick Center, Walnut Ridge Apartments D was demolished, prior to 2008, which eliminated 36 beds. Beginning in Fiscal Year 2009, to meet additional demand for student housing, the University reassigned Albers Hall and Elm Hall to student housing, which added 43 additional beds. Housing capacity increased further in FY 2010 with the opening of 304 beds in the North Avenue Apartments and Suites. For Fiscal Year 2011, Bunting Hall was opened, adding 328 beds. For Fiscal Year 2013, Orchard Avenue Student Housing was opened, adding 185 beds. Total housing capacity of the University for Fall 2012 was at 2,065. The University has also begun construction of a residence hall on the corner of Cannell Avenue and Texas Avenue which will add approximately 205 beds beginning in Fiscal Year 2014. Rental rates are generally increased by the University on an annual basis. The average annual increase in room and board rates excluding apartments for Fiscal Year 2012 is 3.0%.

As of census for Fiscal Year 2013, the University received 2,026 applications for on-campus housing. As of the same date in Fiscal Years 2012 and 2011, the University had received 2,027 and 1,661 applications, respectively.

Additional Student Housing Needs. The Board had previously covenanted in the Bond Resolution that, so long as the Series 2002 Bonds were Outstanding, freshman and sophomore students at the University that are (a) under 21 years of age; and (b) enrolled for 12 or more credit hours per academic term, will be required to live in Auxiliary Facilities System housing. The Bond Resolution provided exceptions to this covenant for students at the University who are married, students who have resided in the residence halls for four or more semesters, medically excused students and students who permanently reside in Mesa County, Colorado with one or both parents or stepparents. This covenant expired upon the refunding of the Series 2002 Bonds. However, the Board currently has no plans to adopt a different policy with respect to the requirement for certain of the University's students to live on campus.

Currently, students are not required to live on campus at the University after their sophomore year. The University has experienced, however, an increasing number of upper division students residing in on campus housing. Currently, approximately 10% of on campus housing is occupied by upper division students. In the judgment of the administration of the University, the convenience associated with living on campus and limitations upon the availability of affordable housing in the City of Grand Junction, Colorado, are factors which influence these decisions.

Revenues From the Student Housing System. The following tables set forth the annual rates and charges for the University's Food Service and Housing for the past three Fiscal Years:

Food Service

	FY 2011	**FY 2012**	**FY 2013**
Meal Plan A	$3,615	$3,740	$3,842
Meal Plan B	3,382	3,498	3,593
Meal Plan A+ [1]		3,890	
Meal Plan B+ [1]		3,648	

[1] For FY 2012, Sodexo added two meal plans, Meal Plan A+ and Meal Plan B+. These meal plans increased the amount of credits a student had to spend at the campus and local retail facilities. Meal Plan A+ and Meal Plan B+ were discontinued for FY 2013.
Source: Colorado Mesa University, Office of the Vice President for Finance and Administration

Food service revenues for Fiscal Year 2011 and 2012 were $5,343,486 and $6,704,556 respectively. Food service expenses for Fiscal Year 2011 and 2012 were $4,073,927 and $4,076,243, respectively.

Colorado Mesa University Housing

	FY2012-2013	$ Change	% Change
Residence Halls:			
Albers Single	$5,941	$116.50	2.00%
Albers Double	4,276	85.52	2.00
Elm Hall Single	5,941	116.50	2.00
Elm Hall Double	4,362	82.50	2.00
Bash Single	6,059	233.05	4.00
Bash Double	5,971	229.68	4.00
Bash Single Large	6,653	255.92	4.00
Bash Super Single	6,356	244.48	4.00
Bash Double Stacked	4,559	175.36	4.00
Elm Single	5,941	116.50	2.00
Elm Double	4,361	85.52	2.00
Monument Hall – Double	$5,261	$344.18	7.00%
Grand Mesa – Double	5,668	165.11	3.00
Grand Mesa – Super Single	6,891	200.72	3.00
Grand Mesa – Single	6,278	182.88	3.00
North Ave – Double	5,952	173.36	3.00
North Ave – Single	6,592	192.02	3.00
Pinon Single	$5,658	$282.91	5.00%
Pinon Double	4,361	207.70	5.00
Rait Single	5,941	116.50	2.00
Rait Double	4,361	85.52	2.00
Tolman Single	5,941	282.91	5.00
Tolman Double	4,361	207.70	5.00
Apartments:			
North Avenue – Single	$7,181	$209.16	3.00%
North Avenue – Double	6,510	173.36	3.00
Walnut Ridge Single	6,852	199.60	3.00
Walnut Ridge Double	5,510	165.31	3.00

Student Housing revenues for Fiscal Year 2011 and 2012 were $8,694,692 and $10,029,089, respectively. Student Housing expenses for Fiscal Year 2011 and 2012 were of $4,073,927 and $4,076,243, respectively.

Revenues From the University Center. The state of the art 110,775 square foot College Center (now referred to as the "University Center") opened on October 20, 2010. The building is home to many of the student clubs and organizations on campus as well as campus dining, retail dining, meeting rooms, study lounges, a game room, and a ballroom. The new building has enhanced student life as well as increased the catering opportunities the University can offer through its numerous meeting rooms and ballrooms. The University Center is funded by student supported fees. The University Center's revenues (including fee revenues) for Fiscal Year 2011 and 2012 were $2,696,037 and 2,928,730, respectively. The University Center expenditures for 2011 and 2012 were $551,475 and $773,728, respectively.

Revenues From the Student Recreation Center. The Hamilton Student Recreation Center is designed to meet the health and fitness needs of students and faculty. It is located in the Maverick Center facility. All activity areas in the building are available to students on an unrestricted basis. The Hamilton

Recreation Center and the rest of the Maverick Center have recently undergone a $44,435,501 renovation and expansion.

The facility is approximately 220,000 square feet. The facility includes, among others, an Olympic-sized, 50-meter swimming pool, elevated walking/jogging track, gymnasium with basketball/volleyball courts, racquetball courts, weight/cardio area, aerobics rooms, climbing wall, a performance laboratory, men's and women's locker rooms, lounge, classrooms, and staff offices. Operation and maintenance of the Student Recreation Center are funded by student fees and tuition support. Student Recreation Center revenues for Fiscal Year 2011 and 2012 were $1,810,474 and $1,886,034, respectively. Student Recreation Center expenditures for Fiscal Year 2011 and 2012 were $1,446,565 and $1,492,694, respectively.

In November 2008, the University's Associate Student Government supported, and the Board approved a $5 per credit hour Recreation Center Fee. The fee supports the Recreation Center portion of the Maverick Center renovation and expansion project that has been previously completed. The fee went into effect in the spring semester of 2009 and is included in Revenues of the Auxiliary Facilities System.

Revenues From Parking Facilities. As of Fall 2011 and 2012, as part of the Auxiliary Facilities System, the University owned and operated 2,861 and 3,595 parking spaces, respectively. Parking Facilities revenues for Fiscal Year 2011 and 2012 were $489,275 and $545,449, respectively. Parking Facilities expenses for Fiscal Years 2011 and 2012 totaled $222,874 and $260,436, respectively.

Pledged Student Auxiliary Fees

Student Auxiliary Fees (defined as Facility Fees under the Bond Resolution) include (a) the facility construction/capital equipment fees which the University has heretofore and will hereafter impose against and collect from each student enrolled for the designated minimum number of credit hours per academic term at the University for the use and availability of certain of the facilities and buildings of the Auxiliary Facilities System; (b) all housing or dormitory rates, fees, tolls and charges with respect to the applicable Auxiliary Facilities System; and (c) all other rates, fees, tolls and charges levied or imposed with respect to any other portion of the related Auxiliary Facilities System. The amount of Student Auxiliary Fees to be assessed against students attending the University shall be fixed from time to time by the University and approved by the Board, all as required under the provisions of the applicable resolution. Student Auxiliary Fees do not include fees assessed in connection with buildings or facilities not included in the Auxiliary Facilities System.

The Student Auxiliary Fees are regularly evaluated by the Associated Student Government and the Vice President for Finance and Administration. Recommendations for changes in fees require approval by the Board and can be amended at any time by the Board so long as they comply with the Colorado Commission of Higher Education Student Fee policy and State statutes. Additionally, the Student Auxiliary Fees fee amounts are the same for graduate and undergraduate students. The Student Auxiliary Fees have historically been in place for operational purposes and will continue as long as the facility is operational. The table below reflects the Student Auxiliary Fees per credit hour associated with the University's Auxiliary Facilities System from Fiscal Year 2009 through Fiscal Year 2013. The table shows the amount of Student Auxiliary Fees a student taking 30 credit hours would pay.

Student Auxiliary Fee Amounts

Fee Type	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
University Center	$217.70	$312.00	$379.50	$379.50	$379.50
Recreation Center	219.80	219.80	220.50	220.50	220.50
Total	$437.50	$531.80	$600.00	$600.00	$600.00

The University's student fees remain flat from Fiscal Year 2011 to Fiscal Year 2012, and the University is again anticipating no fee increases in Fiscal Year 2013. This speaks to the University's commitment to being good stewards and being sensitive to the student's cost of attendance. The University continues to have the lowest fees of four-year public institutions in Colorado. The University's successful marketing and student recruitment is reflected in the 32% enrollment gains from Fall 2008 to Fall 2011. These enrollment increases have provided the opportunity for the University to keep student fees flat over the last two years. The following table reflects the actual revenue received from Student Auxiliary Fees for the last three Fiscal Years.

Student Auxiliary Fee Revenues

Fee Type	FY 2009	FY 2010	FY 2011	FY 2012
University Center	$ 979,316.68	$1,670,329	$2,119,136	$2,348,820
Recreation Center	714,014.16	1,242,009	1,226,114	1,385,710
Total	$1,693,330.84	$2,912,338	$3,344,104	$3,734,530

Source: Colorado Mesa University, Office of the Vice President for Finance and Administration

Historical Tuition/FCF Revenues

As discussed above, Tuition/FCF Revenues consist of 10% of Tuition Revenues and Facilities Construction Fees. Tuition Revenues, representing the student tuition component included in the "Tuition and Fees" line item on the Statement of Cash Flows in the University's audited financial statements, are charges to students and subsequent collections for the provision of general instruction by the University. Ten percent of Tuition Revenues are pledged to debt service on the Outstanding Bonds. The table below reflects the amounts which qualified as Tuition Revenues received by the University from Fiscal Year 2008 through Fiscal Year 2012.

	Tuition Revenues	10% of Tuition Revenues	% Change
FY 2008	$33,742,904	$3,374,290	9.90%
FY 2009	34,405,780	3,440,578	2.00
FY 2010	38,975,368	3,897,537	13.28
FY 2011	51,172,760	5,117,276	31.30
FY 2012	57,439,100	5,743,910	12.22

Source: Colorado Mesa University, Office of the Vice President for Finance and Administration

The University increased its Colorado resident tuition and fees as well as non-resident tuition in the last five fiscal years and the current fiscal year. The following tables reflect both the absolute dollar amount change in tuition and fees as well as the percentage change, for the past four academic years and the current academic year.

Undergraduate Students—Tuition and Fee Changes [1]

Academic Year	Resident	% Increase	Non-Resident	% Increase
2008-2009	$4,738.88	12.23%	$13,512.40	8.82%
2009-2010	5,373.68	13.39	14,339.56	6.12
2010-2011	6,248.10	16.27	16,426.50	14.56
2011-2012	6,548.10	4.80	16,726.50	1.83
2012-2013	6,870.60	4.93	17,049.00	1.93

[1] Tuition and Fees are based on 30 credit hours and Fall Semester Rates.
Source: Colorado Mesa University, Office of the Vice President for Finance and Administration

Graduate Students—Tuition and Fee Changes [1]

Academic Year	Resident	% Increase	Non-Resident	% Increase
2008-2009	$3,550.96	10.32%	$10,113.58	8.15%
2009-2010	4,004.02	12.76	11,147.32	10.22
2010-2011	4,368.42	9.10	11,940.12	7.12
2011-2012	4,548.42	4.12	12,120.12	1.51
2012-2013	4,728.42	3.96	12,313.62	1.60

[1] Tuition and Fees are based on 18 credit hours and Fall Semester Rates.
Source: Colorado Mesa University, Office of the Vice President for Finance and Administration

For further information on tuition and fees charged to undergraduate and graduate students at the University, see "CERTAIN FINANCIAL INFORMATION—Tuition and Fee Revenues" herein.

There have been no Facilities Construction Fees authorized by the Board to date, however, Facilities Construction Fees are defined by the Bond Resolution to mean such campus building fees or charges relating to academic campus projects as may be authorized by the Board from time to time and included in Revenues. Colorado Revised Statutes Section 23-5-103(1) provides that the imposition of a Facilities Construction Fee must include a process to consider student input regarding the amount assessed in fees and the purposes for which such fees may be used.

Historical Summary of Revenues,
Expenditures and Debt Service Coverage

The following table sets forth certain financial information regarding the historical Net Revenues and debt service coverage on the University's Bonds outstanding during the Fiscal Years 2008 through 2012. The table reports the results of operating revenues and expenses during the year and the resulting increase or decrease in the University's Fund Balance at the end of the year. The information has been compiled by the University from past financial statements of the University, and should be read together with the audited financial statements of the University attached as Appendix A hereto.

Historical Summary of Revenues, Expenditures and Debt Service Coverage for the Fiscal Years Ended June 30

	2008	2009	2010	2011	2012
Operating Revenues:					
Pledged Tuition Revenue	$ 3,374,290	$ 3,440,578	$ 3,897,537	$ 5,117,276	$ 5,743,910
Residence Halls and Apartments	5,257,709	5,858,874	7,746,367	8,694,692	10,029,089
Food Services	4,107,827	4,206,960	4,802,711	5,343,486	6,704,556
College Center	659,635	427,342	906,957	2,696,037	2,928,730
Bookstore	3,508,816	3,708,982	4,133,321	4,479,220	4,190,605
Recreation Center	850,776	608,110	1,550,860	1,810,474	1,886,034
Campus Parking	417,433	478,703	491,830	489,275	545,449
Central Services	454,291	361,170	591,321	496,791	530,197
Student Fee Revenue	601,414	1,725,800	1,211,938	1,123,877	1,093,792
Total Revenue	$19,232,191	$20,816,519	$25,332,842	$30,251,128	33,652,362
Operating Expenditures:					
Residence Halls and Apartments	$ 3,334,415	$ 3,394,440	$ 3,501,946	$ 4,073,927	4,460,088
Food Services	2,651,397	3,069,143	3,069,143	3,576,050	4,076,243
College Center	303,198	361,827	307,823	551,475	773,728
Bookstore	3,429,382	3,422,573	3,787,296	4,041,601	4,211,008
Recreation Center	411,602	416,856	1,064,095	1,446,565	1,492,694
Campus Parking	153,301	190,628	211,739	222,874	260,436
Central Services	267,238	188,023	93,639	330,454	293,730
Total Operating Expenditures	10,550,533	11,043,490	12,035,681	14,242,946	15,567,927
Net Revenue Before Transfers	$ 8,681,658	$ 9,773,029	$13,297,161	$16,008,182	$18,084,435
Transfers:					
Mandatory Transfers	$ (2,533,041)	$ (3,683,785)	$ (3,902,483)	$ (6,498,366)	$ (7,594,838)
Net Non-mandatory Transfers	(2,159,412)	(3,020,303)	(4,200,022)	(4,179,921)	(4,462,279)
Total Transfers	$ (4,692,453)	$ (6,704,088)	$ (8,102,505)	$(10,678,287)	$(12,057,116
Increase (Decrease) in Fund Balance	$ 3,989,205	$ 3,068,941	$ 5,194,656	$ 5,329,895	$ 6,027,320
Net Revenues	$ 8,681,658	$ 9,773,029	$13,297,161	$16,008,182	18,084,435
Bond Principal and Interest	3,384,425	3,464,784	5,021,653	6,498,366	7,594,867
Excess of Net Revenues Over Debt Service	$ 5,297,233	$ 6,308,242	$ 8,275,508	$ 9,509,816	$10,489,597
Debt Service Coverage Ratio[1]	2.57x	2.82x	2.65x	2.46x	2.38x
Debt Service Coverage Ratio of MADS on Series 2013 Bonds and Outstanding Bonds [2]					1.63x

[1] Reflects combined debt service on the University's outstanding Bonds at the end of each Fiscal Year.
[2] Reflects estimated FY 2012 Net Revenues' coverage of the combined maximum annual debt service on the University's Outstanding Bonds and Series 2013 Bonds ($11,122,596 in FY 2020). Does not include revenues expected from the University's student housing projects Phase IV (estimated to be completed before the end of the 2012/2013 academic year) and Phase V (estimated to be completed before the 2013/2014 academic year), which are projected to increase Net Revenues by $2,508,295 and would result in an estimated debt service coverage of "MADS" of 1.85x.
Source: Colorado Mesa University, Office of the Vice President for Finance and Administration (derived from audited financial statements)

COLORADO MESA UNIVERSITY

Overview

Colorado Mesa University is a regional public institution established to serve the educational needs of Western Colorado. Located in Grand Junction, Colorado, which has an estimated metropolitan population of approximately 145,000; the University offers baccalaureate and associate degrees, certificate programs and a limited number of graduate programs. The University had a full time equivalent enrollment of 7,276 in Fiscal Year 2013. Founded in 1925, the University has evolved into a higher education center of over 9,400 students and now offers academic and technical programs at the undergraduate and graduate levels in Grand Junction, Montrose, Glenwood Springs, Colorado, and surrounding communities. The University occupies a 75-acre campus, a 150-acre environmental training center and a 16-acre vocational-technical education center. A map of the campus is attached hereto as Appendix E.

The University currently offers academic degrees and vocational certificates in 56 undergraduate fields of study, three master's level degrees, and has been approved for a doctoral degree. As programs have been added and enrollment has grown, particularly in recent years, the University also has become a major employer in the region. As of Fall 2013, the University employed over 1,827 full-time and part-time faculty, staff and students, ranking third in total employees in Mesa County.

The most recent change in the University's responsibilities occurred in 2003 when the Colorado General Assembly designated the University as the Regional Education Provider for 14 Western Slope counties: Delta, Eagle, Garfield, Grand, Jackson, Mesa, Moffat, Montrose, Ouray, Pitkin, Rio Blanco, Routt, San Miguel and Summit. The 14 counties that comprise the University's service region represent nearly 28% of Colorado's total area, a region approximately the size of the State of West Virginia.

The University draws the largest number of students from the four counties in closest proximity to Grand Junction—Mesa, Montrose, Garfield and Delta—with these counties representing about 62% of the University's enrollments in Fall 2012. The University's role as a Regional Education Provider, however, is broadening its geographic base. The University has developed a campus in Montrose, and technology is enabling the growth of programs with other institutions such as Colorado Mountain College. Enrollments from the 14-county region that the University is designated to serve have increased by over 40% between Fall 2008 and Fall 2012.

Prior to August 10, 2011, Colorado Mesa University was known as Mesa State College. The University believes that the recent name change more effectively communicates its geographic location as well as the breadth and depth of program offerings at the institution. The new name aligns with the 2010 Mesa State College Strategic Planning Committee recommendation that the institution consider implementing strategies that "…strengthen Mesa State's brand perception and awareness to support and enhance the long term, stature, growth and competitive position of the institution."

The Board of Trustees for
Colorado Mesa University

Until June 30, 2003, Colorado Mesa University was a member of the State Colleges of Colorado. As a member of this State organization, the University was governed by the State College's Board. The other institutions in the system were Adams State College, Metropolitan State College of Denver and Western State College. The four State Colleges of Colorado shared audited financials until Fiscal Year 2003. Since July of 2003, the governance of the University has been vested in the Board, a body corporate composed of nine persons appointed by the Governor and confirmed by the Colorado Senate for four year terms. In addition to the nine voting board members, there are two persons, including a student representative and an elected representative of the faculty government, who serve as nonvoting members. Both voting and nonvoting members serve without compensation, although they may be reimbursed for expenses incurred in carrying out their duties.

Current voting members of the Board, their principal occupations or affiliations and terms are as follows:

Board of Trustees for Colorado Mesa University

Voting Members	Principal Occupation
Douglas M. Price	President and CEO of Rocky Mountain PBS
Paula Herzmark	Executive Director of Denver Health Foundation
Dan Robinson, Chairperson	Attorney
Joan Ringel	Author
Bob Wilson, Vice Chairperson	Former CFO of Rocky Mountain Health Plans
Cecil M. Hernandez, Treasurer	Entrepreneur
Kathleen Eck, Secretary	Attorney and real estate broker
Jose D.L. Marquez	Former Judge on the Colorado Court of Appeals
Margo Pinto	Parent Coordinator Breakthrough
Douglas Quimby	President and CEO, La Plata Communities, Inc.
Betty Bechtel	Retired Attorney

Administrative Staff

The administrative officers and employees of the University who are most directly involved in the financial operation and general administration of the University, and their principal occupations during at least the past five years, are as follows:

Timothy Foster, President. Mr. Foster assumed leadership of Colorado Mesa University in March of 2004. Prior to coming to the University, he served as Executive Director of the Colorado Commission on Higher Education. He also served in the Colorado Governor's cabinet as head of the Department of Higher Education, which includes the Colorado Historical Society and the Colorado Council on the Arts. Mr. Foster was a partner in the general practice law firm of Foster, Larson, Laiche and Griff in Grand Junction, Colorado and in 1988, Mr. Foster was elected to the Colorado House of Representatives and served as Majority Leader from 1993 to 1996. As a state representative, he was responsible for the passage of legislation dealing with capital construction, youth crime prevention, tax policy, economic development, higher education, workers' compensation and health insurance. Mr. Foster currently serves on the Western Interstate Commission for Higher Education, and serves as a board member of the Colorado Institute of Technology, the Colorado Space Science Committee, the Denver Chamber of Commerce and its Committee on Science and Technology. Mr. Foster holds a J.D. from the University of Denver, College of Law, a Master's of Mineral Economics from the Colorado School of Mines and a Bachelor of Arts from Kenyon College.

Carol Futhey, Vice President for Academic and Student Affairs. Dr. Futhey reports directly to the University President and is responsible for administering all instructional programs and academic support units, including advising, Tomlinson Library, and CMU's Montrose campus. Prior to her appointment to that position in April 2005, Dr. Futhey served as an Interim Vice President for Academic and Student Affairs from April 2004; Director of Academic and Student Affairs at the Colorado Commission on Higher Education; Assistant Director for Research and Planning with the Arkansas Department of Higher Education; Director of Planning at Metropolitan State College of Denver, as well as faculty and administrative positions at Northern Kentucky University. Dr. Futhey holds a Ph.D. from the University of Cincinnati; a Master's from Southern Illinois University and Bachelor of Science Ed. from Slippery Rock State College.

Patrick Doyle, Vice President for Finance and Administration. Mr. Doyle joined Colorado Mesa University in August 2004. His responsibilities include: Financial reporting, Budgeting, Human Resources, Information and Communication Technologies, Facilities, Purchasing and University Investments. He also provides oversight to many of the University's auxiliary system, including Dining and Food Service, Parking, Rental Properties and the University's Child Care Center. Prior to his appointment to joining Colorado Mesa University Mr. Doyle served for eleven years as Vice President for Business and Finance and Treasurer of the Board of Regents at Eastern Michigan University where he had similar responsibilities. Mr. Doyle holds an M.A. from Eastern Michigan University and a B.S. from the University of Detroit.

John Marshall, Vice President for Student Services. Mr. Marshall reports directly to the University president and is responsible for all student services, including the University Center, residence life, registrar and records, financial aid, campus recreation, student life, student discipline, behavioral and counseling services, student health clinic services and campus safety, and student diversity, mentorship, and advocacy. Mr. Marshall previously served as the University's Director of Development, responsible for all private fundraising and gift management at the University, as well as oversight of the Foundation and Alumni Relations. Mr. Marshall holds a Bachelor of Arts from Mesa State College, a Master's of Public Affairs from the University of Colorado at Denver and is currently working on a Ph.D. in Public Administration.

Brigitte Sündermann, Vice President of Community College Affairs. Ms. Sündermann reports directly to the University President and is responsible for the administration of Western Colorado Community College ("WCCC"), a division of the University. Prior to her appointment to that position in January 2010, she worked as a Professional Engineer for contractors to the Department of Energy and in land development. Upon coming to the University Ms. Sündermann taught at the high school level and college level, served as Department Head of Manufacturing, and then Assistant Director of WCCC. Ms. Sündermann holds a Bachelor of Science from Colorado State University, a Master of Business Administration from the University of Phoenix, and is currently a Ph.D. candidate in Community College Leadership from Colorado State University.

Employees and Employee Benefits

The following table sets forth certain information as to employees of the University for 2008 through 2012.

Employee Data

Fall Semester	**Tenured Faculty**	**Academic Faculty**	**Other Employees [1]**
2008	104	123	239
2009	101	129	254
2010	91	132	250
2011	86	167	266
2012	80	156	266

[1] Excludes graduate assistants, post doctoral fellows, student hourly and temporary non-student hourly employees and temporary and special faculty.

Source: Colorado Mesa University, Office of the Vice President for Finance and Administration

All non-student employees of the University are enrolled in either a University sponsored "defined contribution" retirement plan or a statutory State wide "defined benefit" retirement plan. According to the University's Audit for the Fiscal Year ended June 30, 2011, in Fiscal Year 2010, the University's contribution to the defined benefit retirement plan was $1,455,233 and in 2011 the University's contribution was $1,352,073 and for 2011 $1,527,139. For FY 2010 the defined benefit retirement plan was at 12.95% of covered payroll from July 1, 2009 to December 31, 2009 and 13.85% from January 1, 2010 to June 30, 2010. FY 2011 contributions were 11.35% from July 1, 2010 through December 31, 2010 and 12.25% from January 1, 2011 through June 30, 2011. FY 2012 contributions were 12.25% from July 1, 2011 through December 31, 2011 and 13.15% from January 1, 2012 through June 30, 2012. In FY 2010 the University's contribution on behalf of participants in the defined contribution retirement plan was $1,770,034 at 11.4% of covered payroll. In FY 2011 the contribution was $1,853,168 at 11.4% of covered payroll. In FY 2012 the contribution was $2,075,201 at 11.4% of covered payroll. Student employees not qualified as exempt based on a course load and level of employment are enrolled in a separate mandatory student employee defined contribution plan. The University does not match any contributions in that plan.

Student Body and Enrollment

Eight-six percent of the students attending the University in Academic Year Fall 2012 were Colorado residents, based on an FTE basis. The following table shows the University's FTE enrollment statistics for academic years 2007-2008 through 2012-2013.

FTE Enrollment Statistics [1]

	Undergraduate		Graduate		
Academic Year	**Resident**	**Non-Resident**	**Resident**	**Non-Resident**	**Total FTE**
2007-2008	4,413.0	506.5	72.8	1.1	4,993.4
2008-2009	4,510.4	515.4	71.1	1.9	5,098.8
2009-2010	5,248.8	613.1	81.2	0.9	5,944.0
2010-2011	5,883.2	834.0	63.0	1.7	6,781.9
2011-2012	6,353.8	946.6	50.0	0.6	7,351.0
2012-2013 [2]	6,564.1	1,038.7	53.6	1.3	7,657.7

[1] FTE Enrollment Statistics are calculated on a full year basis and based on the total number of credit hours for all students divided by 30.
[2] 2012-13 Preliminary Data.
Source: Colorado Mesa University, Office of Institutional Research and Assessment

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The following table reflects the University's admissions statistics for undergraduate students for academic years 2008-2009 through 2012-2013.

Undergraduate Application and Admissions

Academic Year	Applied	Admitted	% Admitted	Matriculated	% Matriculated
2008-2009	6,574	5,120	77.9	3,073	60.0
2009-2010	7,987	6,302	78.9	3,720	59.0
2010-2011	9,668	7,415	76.7	4,089	55.1
2011-2012	10,201	7,886	77.3	4,390	55.7
2012-2013[1]	10,493	8,169	77.9	4,471	54.7

Source: Colorado Mesa University, Office of Institutional Research and Assessment
[1] Preliminary Data

The following table reflects the University's admission statistics for graduate students for academic years 2008-2009 through 2012-2013.

Graduate Application and Admissions [1]

Academic Year	Applied	Admitted	% Admitted	Matriculated	% Matriculated
2008-2009	121	89	73.6	84	94.4
2009-2010	149	126	84.6	101	80.2
2010-2011	129	101	78.3	82	81.2
2011-2012	110	82	78.6	66	80.2
2012-2013[2]	120	103	85.8	80	93.2

[1] Graduate Application and Admissions data is calculated on a full year basis.
[2.] Preliminary Data
Source: Colorado Mesa University, Office of Institutional Research and Assessment

The following table reflects the University's fall semester headcounts for years 2008 through 2012.

Fall Semester Headcounts

Fall Term [1]	Undergraduates	Graduates	Total Headcount	% Increase
2008	6,167	94	6,261	1.00%
2009	6,944	99	7,043	12.49
2010	8,046	84	8,130	15.50
2011	8,930	75	9,005	10.80
2012	9,367	66	9,433	4.75

[1] All terms are based on end of term data.
Source: Colorado Mesa University, Office of Institutional Research and Assessment

Academic Programs

The University grants the Master of Business Administration, Master of Arts in Education, Master of Science in Nursing, and the following six baccalaureate degrees: Bachelor of Arts, Bachelor of Fine Arts, Bachelor of Applied Science, Bachelor of Business Administration, Bachelor of Science and Bachelor of Science in Nursing. Two-year degrees include the Associate of Arts, Associate of Science and the Associate of Applied Science degrees; technical certificates also are awarded in select vocational and career education programs.

The University is accredited by the Higher Learning Commission and is a member of the North Central Association of Colleges and Schools, 30 North LaSalle Street, Chicago, Illinois 60602 (Telephone: (800) 621-7440 or (312) 263-0456; or website: www.ncahigherlearningcommission.org). Accreditation by this Association places credits earned at the University on a par with those earned at other similarly accredited institutions throughout the United States. In addition, a number of academic programs at the University have achieved approval from state and national professional associations and licensing agencies, including the following:

(a) Athletic Training: Athletic Training Education Program—Commission on Accreditation of Athletic Training Educators;

(b) Kinesiology: National Association for Sport and Physical Education ("NASPE");

(c) Music: National Association of Schools of Music;

(d) Nursing: Colorado Board of Nursing, Commission on Collegiate Nursing Education, and American Association of Colleges of Nursing;

(e) Radiologic Technology: Joint Review Committee on Education in Radiologic Technology; and

(f) Teacher Education: National Council for Accreditation of Teacher Education. Program approved by the Colorado Commission on Higher Education and the Colorado Department of Education.

The University has also entered into a Mechanical Engineering program partnership with the University of Colorado. Students enrolled in the program will be dual enrolled at both Colorado Mesa University and the engineering school at the University of Colorado. All course work will be completed on the campus of Colorado Mesa University; however, the degree in Mechanical Engineering will be conferred by both the University of Colorado and Colorado Mesa University. Complementing this partnership is a Construction Management program that was offered for the first time in Fall 2008. Both of these initiatives were developed by the University in response to regional demands for graduates qualified in mechanical engineering and construction management.

The University has submitted for approval to the Higher Learning Commission, five additional degree programs that are ready for delivery via distance, reflecting continuing support for use of the via distance technologies in meeting regional educational needs. The University and relevant academic departments are committed to the use of distance technologies in response to identified demand, including regional and state workforce needs, student interest and/or access which requires the distance technology format. The five additional degree programs are: (1) Bachelor of Applied Science in Public

Administration/Public Safety, (2) Bachelor of Applied Science in Radiologic Technology, (3) Bachelor of Science in Sport Management, (4) Associate of Arts and (5) Technical Certificate in Business.

The University is also designated as Baccalaureate—Arts and Sciences as part of the Carnegie Classification of higher education institutions.

The University currently follows the academic semester system, under which the academic year is divided into two 16-week primary instructional terms, a January term and a summer session. The regular academic year traditionally begins in late August and concludes in mid-May, with breaks between fall and spring semesters and in the summer. Students may enroll at the beginning of any term.

Competition for Students

Colorado Mesa University competes with many other colleges and universities for qualified applicants. The University believes that decisions of students to apply and enroll at the University are based primarily on the perceived quality of the academic programs offered, the related cost, the reputation of the institution and the availability of financial assistance. The University's ability to compete for students also is influenced by requirements and restrictions imposed on it by the State. See "CERTAIN FINANCIAL INFORMATION—State Related Funding."

In cases of overlapping acceptances, the University believes that its most significant competitors for mutually accepted candidates, when the cost factor alone is considered, are Colorado State University, the University of Northern Colorado, and the University of Colorado at Boulder. The following table reflects the reported average total charges for undergraduate tuition and general fees at each of those institutions for the academic year 2011-2012.

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Tuition and Fees at Colorado Mesa University
and Other Competitive Institutions in Colorado

FY2012-2013

Institution	Tuition	Fees	Total Tuition and Fees	Rank [1]
Colorado School of Mines	$13,590	$2,064	$15,654	1
CU Boulder Business	12,646	1,426	14,072	2
CU Boulder Engineering	11,048	1,426	12,474	
UCCS Jr./Sr. Beth-El Nrs/Health	10,110	1,230	11,340	3
CU Denver Nursing	10,200	287	10,487	4
CSU Ft. Collins Business & Engineering (Level III)	8,675	1,774	10,448	5
CSU Ft. Collins High Cost Programs-High	8,675	1,774	10,448	
CSU Ft. Collins Computer Science	8,225	1,774	9,998	
UCCS Jr./Sr. College Bus or Eng	8,670	1,230	9,900	
CU Boulder Journalism/Music	8,348	1,426	9,774	
CSU Ft. Collins Upper Division & High Cost Low	7,775	1,774	9,548	
CU Denver Upper Level New Student*	8,580	960	9,540	
CU Boulder A&S Other	8,056	1,426	9,482	
CU Denver Lower Level New Student*	7,980	960	8,940	
CU Denver Upper Level Returning Student	7,926	960	8,886	
UCCS Jr./Sr. College Ltr/A&S Education Cert	7,590	1,230	8,820	
UNC Nursing	7,384	1,381	8,765	6
CSU Ft. Collins Resident	6,875	1,774	8,648	
CU Denver Lower Level Returning Student	7,386	960	8,346	
UCCS Freshmen or Sophomore	7,050	1,230	8,280	
CSU Pueblo Differential - Business, Nursing, CIS, Engineering	6,244	1,833	8,077	7
UNC Business	6,664	1,381	8,045	
UNC Performing and Visual Arts	6,544	1,381	7,925	
UNC Sciences/SES/Art	6,004	1,381	7,385	
CSU Pueblo Base	5,494	1,833	7,327	
Colorado Mesa University	**6,102**	**768**	**6,870**	**8**
UNC Liberal arts and Non Differential	5,464	1,381	6,845	
Western State College	4,627	2,132	6,759	9
Ft. Lewis College	4,800	1,662	6,462	10
Adams State College	3,804	2,630	6,434	11
Metro State College	4,304	1,037	5,341	12

[1] Rankings are based on institutions' highest tuition differential.
* New tuition category FY13
Source: Colorado Commission on Higher Education Tuition and Fees Report FY2011-12

Student Financial Assistance

Financial aid at the University is generally awarded in the form of a "package" consisting of grants (need-based), loans, scholarships (merit-based), work study and campus employment. During the 2011-2012 academic year, the University received $72,877,772 in aid from all sources (federal, state, institutional and private) which was distributed to 7,515 students. This yielded an average award of $9,686. Approximately 65% percent of the students (75% of full-time students) received need and non-need based financial aid from one or more sources. It is not uncommon for the same student to receive aid from more than one source. No assurance can be given that the level of aid available in the past will continue. The following table illustrates the sources of financial aid at the University and the number of students receiving such aid.

Need based financial aid is defined as financial assistance to students who cannot otherwise afford to attend college. A need-based situation occurs when an Expected Family Contribution ("EFC") is less than the Financial Aid Budget Cost of Attendance ("COA"). The EFC is defined in both federal and state student financial aid policies and regulation. Generally, EFC is a function of the ability of the student and in some cases the student's parents to pay the COA.

Financial Aid is reported in compliance with GASB on the University's audited financial statements. The financial statements, due to timing differences between the end of the fiscal year and the financial aid awarding period, may not include all the financial aid that has been awarded for a particular Academic Year. The following table and chart presents the volume and type of financial aid that the University awarded during Academic Year 2011-2012.

Colorado Mesa University
Student Financial Aid 2011-2012

Total students receiving financial aid	7,515
Number of students in each category: [1]	
State of Colorado aid	3,947
Federal aid	6,805
Institutional aid	1,698
Private scholarships and other	2,171
Amount of each category:	
Amount of State aid	$ 3,715,479
Amount of Federal aid	63,007,375
Amount of institutional aid	9,084,763
Amount of private aid	1,954,038
Total Amount awarded	$77,761,655
Average award	$ 10,348

[1] Each student receiving financial aid may qualify for more than one category.
Source: Colorado Mesa University Financial Aid and FAS Office

CERTAIN FINANCIAL INFORMATION

While the obligation of the Board to pay the principal of and interest on the Series 2013 Bonds is limited to the Net Revenues received by the Board annually (see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS" and "NET REVENUES"), it is important for prospective purchasers to analyze the financial and overall status of the University and the ability of the University to maintain and support the Auxiliary Facilities System. This section and the previous section have been included to provide prospective purchasers with information relating to such matters.

The operating revenues for the University are derived from certain state related funding, as well as revenues received from sales and services of auxiliary operations, tuition and fees, self-funded activities, government grants and contracts, and private gifts, grants and contracts.

Budget Process

The University operates on an annual budget with a fiscal year ("Fiscal Year") beginning on July 1 of each year. However, the budget and resource allocation process is a multi-year activity which assures that funding from all sources is continuously consistent with long-range University policies, programmatic goals and specific campus roles and objectives. The budget process is driven by the goals identified in the University's strategic plan. Final approval of the University budget rests with the Board. An explicit and integral relationship exists among all facets of the resource allocation process including necessary revisions to current year budgets, the development of budgets for the subsequent fiscal year and the formulation of future budget requests (which will be funded approximately 18 months later). The budget and resource allocation process permits consideration of each campus' needs within the context of total University priorities and resources available, affords opportunities for explicit review and elimination of redundant activities and provides a mechanism for shared benefits from revenue surpluses, whether generated at a single campus or as a result of University-wide earnings.

All budget activities are conducted under the direction of the Office of the President through the Vice President for Finance and Administration. This provides consistency in policy, planning and economic assumptions, and comprehensive analysis and review. Current year operating budgets may be revised in August to reflect incorporation of cash carry forwards, and in November and April to recognize changing or unforeseen circumstances, such as additional revenue generation or unforeseen expenditure needs. Internal activities to identify parameters for the next year's budget begin in August and are refined in late spring, based on year-end estimates and final appropriation decisions of the State legislature.

Accounting Policies

The University accounts for its financial resources in accordance with generally accepted accounting principles for public colleges and universities. For financial reporting purposes, the University is considered a special purpose government engaged only in business type activities. Accordingly, the University's financial activity is accounted for and reported using the economic resources management focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

To facilitate financial management and adherence with the external restrictions associated with certain financial resources, the University's internal accounting processes utilize the principles of fund accounting. Under these principles, the University's resources are recorded and maintained through the use of separate accounts, known as funds. The fund groups that the University uses are current funds, student loan funds, plant funds and agency funds.

Current funds account for the general resources of the University and are divided into two subgroups—unrestricted (state appropriated, auxiliary and self-funded) and restricted. While unrestricted current funds can be utilized for any University purpose not accounted for in another fund, the utilization of restricted current funds is limited by the donor or grantor to specific purposes, programs, departments, or schools.

Student loan funds account for the University's resources that are loaned to qualified students who need additional funds to pay for their educational expenses. Payments of principal and interest on these loans are subsequently reloaned as new loans.

Endowment funds account for resources received and restricted by donors so that only the earnings generated from the principal of the gift may be used. In addition, endowment funds account for resources designated by the Board to act like endowments.

Plant funds account for the University's capital assets and related activities and consist of three subgroups—unexpended plant funds, retirement of indebtedness, and investment in plant. Unexpended plant funds account for resources restricted by donors or designated by the Board for the acquisition, construction, replacement, or renovation of capital assets. Retirement of indebtedness funds account for resources for payments related to indebtedness. Investment in plant funds account for the total of the University's capital assets and the related liabilities. The University's capital assets are stated at cost or estimated cost and depreciated using the straight line method over the estimated useful lives.

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Selected Financial Information

Set forth below is a five year comparative summary of the revenues, expenses and changes in net assets for the University and cash flows of the University.

Colorado Mesa University
Comparative Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30,

	2012	**2011**	**2010**	**2009**	**2008**
Operating Revenues:					
Tuition & fees	$63,575,100	$56,315,580	$43,543,704	$37,121,715	$35,518,218
Less Scholarship Allowance	(20,502,876)	(17,861,146)	(14,147,978)	(10,124,998)	(8,194,045)
Department Fee for Service Revenue	7,037,933	10,711,935	5,199,060	10,704,417	10,675,047
Federal, state and private grants and contracts	5,410,786	5,551,047	6,564,630	5,915,313	11,183,266
Gifts	531,879	509,665	333,528	295,094	468,038
Auxiliary enterprises	24,483,560	20,920,916	18,778,906	15,529,852	15,051,476
Other operating revenues	566,015	762,385	420,438	556,164	393,437
Total Operating Revenues	$81,102,397	$76,910,382	$60,692,288	$59,997,557	$64,375,437
Operating Expenses:					
Instruction	26,821,517	$23,956,473	$22,828,560	$21,700,902	$19,558,359
Research	386,408	414,574	355,579	723,897	694,849
Public Service	444,702	512,292	689,282	468,709	536,419
Academic Support	5,423,640	4,830,148	4,451,322	4,303,092	3,744,762
Student Services	7,050,321	5,917,135	5,387,797	5,435,934	4,051,349
Institutional Support	4,888,936	3,755,421	3,581,352	3,485,408	3,084,472
Operation and Maintenance of Plant	8,177,331	10,747,751	10,401,432	8,726,299	6,093,447
Scholarships and Fellowships (net of scholarship allowances)	3,453,678	3,226,986	2,410,294	2,078,911	1,579,835
Auxiliary Enterprises	19,109,308	17,118,999	15,801,471	14,137,547	12,902,589
Depreciation	8,855,426	7,644,228	5,635,846	4,393,322	3,435,981
Total Operating Expenses	$74,611,267	$78,124,007	$71,542,935	$65,454,021	$55,682,062
Operating Income (Loss)	$(3,508,870)	$(1,213,625)	$(10,850,647)	$(5,456,464)	$ 8,693,375
Non Operating Revenues (Expenses):					
State Appropriations	$ 0	$ 0	$ 0	$ 0	$ 0
Gifts	257,313	131,945	1,180,219	509,338	1,651,414
Non-operating Grants	17,069,021	15,576,923	22,143,258	9,644,950	--
Investment and Interest Income	575,377	1,497,390	1,811,329	1,274,413	1,747,026
Interest Expense on Capital Debt	(7,410,645)	(5,407,886)	(3,218,087)	(1,483,241)	(1,376,304)
Other Non Operating Revenues (Expenses)	28,399	632,920	395,078	(16,831)	(53,206)
Gain or (Loss) on Disposal of Assets	(34,010)	(48,753)	(744,483)	(2,190,539)	(2,444,342)
Net Non Operating Revenues (Expenses)	$ 10,485,455	$ 12,382,539	$ 22,311,797	$ 9,928,629	$ 1,968,930
Income (Loss) Before Other Revenues or Expenses	$ 6,976,585	$ 11,168,914	$ 11,461,150	$ 4,472,165	$ 10,662,305
Other Revenues, Expenses, Gains, Losses or Transfers:					
State Appropriations, Capital	$ 31,688	$ 182,677	$ 4,487,587	$ 17,925,215	$ 12,559,062
Capital Contributions and Donations	4,810,267	2,844,107	18,843,806	6,228,186	--
Transfers (To) From Governing Boards or Other Institutions	(5,678,497)	(5,638,696)	(1,696,181)	(703,045)	(332,716)
Increase (Decrease) in Net Assets	$ 6,140,043	$ 8,557,002	$ 32,351,879	$ 25,731,982	$ 20,444,309
Net Assets					
Net Assets – Beginning of Year	$161,186,594	$152,629,592	$120,277,713	$ 94,545,730	$ 74,101,421
Net Assets – End of Year	$167,326,637	$161,186,594	$152,629,592	$120,277,712	$ 94,545,730

Source: Audited Financial Statements of the University

Colorado Mesa University
Comparative Statement of Cash Flows
For the Years ended June 30,

	2012	2011	2010	2009	2008
Cash Flows From Operating Activities:					
Cash Received:					
Tuition and Fees	$ 62,220,290	$ 56,095,214	$ 43,139,151	$ 36,714,344	$ 35,106,950
Sales of Service	21,997,770	23,057,232	14,774,631	18,850,526	18,947,982
Sales of Product	9,735,547	8,922,113	9,105,551	7,592,658	7,248,796
Grants, Contracts and Gifts	5,896,953	6,017,415	6,282,545	6,735,884	11,737,717
Student Loans Collected	162,673	230,745	105,399	85,754	115,001
Other Operating Receipts	566,015	762,385	420,438	607,943	389,392
Cash Payments:					
Payments to or for Employees	(44,298,074)	(40,127,349)	(37,843,303)	(35,198,553)	(31,941,134)
Payments to Suppliers	(27,529,603)	(26,146,216)	(25,473,660)	(19,972,780)	(17,528,856)
Scholarships Disbursed	(24,198,487)	(21,300,728)	(16,936,212)	(12,378,386)	(10,708,969)
Student Loans Disbursed	(177,037)	(177,100)	(245,533)	(187,173)	(164,842)
Other Operating Payments	-	-	-	(15,687)	(24,297)
Net Cash Provided (Used) by Operating Activities	$ 4,376,049	$ 7,333,710	$ (6,670,993)	$ 2,834,530	$ 13,177,740
Cash Flows From Non-Capital Financing Activities:					
Gifts/Grants for Other than Capital Purposes	$ 17,326,334	$ 15,800,600	$ 22,678,055	$ 4,645,222	139,070
Other Agency Inflows	100,996,993	90,121,978	67,057,313	55,681,670	54,710,884
Other Agency Outflows	(100,945,720)	(86,845,071)	(66,883,171)	(56,083,132)	(54,163,903)
Transfers From (To) Other Campuses, Board or Institution	(5,656,306)	(2,672,806)	(1,739,678)	(2,126,095)	(332,716)
Net Cash Provided (Used) by Non-Capital Financing Activities	$ 11,721,301	$ 16,404,701	$ 21,112,519	$ 7,645,040	$ 353,335
Cash Flows From Capital & Related Financing Activities:					
State Appropriations, Capital	$ -	$ 208,364	$ 4,461,900	$ 17,925,215	$ 12,202,136
Capital, Grants, Contracts and Gifts	256,947	529,467	13,819,475	3,562,065	989,101
Acquisition and Construction of Capital Assets	(24,056,656)	(43,875,345)	(66,714,065)	(61,943,135)	(32,131,013)
Proceeds from Capital Debt	22,332,426	-	61,710,000	28,445,000	2,056,278
Bond Discounts Paid		-	(374,696)	(517,089)	-
Bond Issuance Costs Paid	(266,529)	-	(233,710)	(139,455)	-
Proceeds from Capital Asset Sales		-	-	571,015	-
Principal paid on Capital Debt	(3,631,048)	(3,145,868)	(2,334,015)	(1,896,007)	(1,186,147)
Interest on Capital Debt	(7,004,817)	(5,464,793)	(2,414,602)	(1,195,950)	(1,325,672)
Net Cash Provided (Used) by Capital & Related Financing Activities	$ (12,369,677)	$ (51,748,174)	$ (7,920,287)	$ (15,188,341)	$ (19,395,317)
Cash Flows From Investing Activities:					
Purchase of Investments	$ (97,144)	$ (290,608)	$ (5,049,280)	$ -	$ -
Investment Earnings (Interest/Dividends)	778,799	672,949	1,913,844	1,307,866	1,770,103
Net Cash Provided (Used) by Investing Activities	$ 681,655	$ 382,341	$ (3,135,436)	$ 1,307,866	$ 1,770,103
Net Increase (Decrease) in Cash and Cash Equivalents	4,409,328	(27,627,422)	19,226,377	(3,400,905)	(4,094,139)
Cash and Cash Equivalents – Beginning of the Year	29,271,913	56,899,335	37,672,958	41,073,863	45,168,002
Cash and Cash Equivalents – End of the Year	$ 33,681,241	$ 29,271,914	$ 56,899,335	$ 37,672,958	$ 41,073,863
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	$ (3,508,870)	$ (1,213,624)	$ (10,850,647)	$ (5,456,103)	$ 8,693,375
Adjustments to Reconcile:					
Depreciation Expense	8,855,426	7,644,228	5,635,846	4,393,322	3,435,981
Provision for Uncollectible Accounts	811,294	309,861	370,538	278,411	(276,999)
Decrease (increase) in Assets	(1,684,258)	(183,015)	(2,033,230)	(678,803)	868,341
Increase (decrease) in Liabilities	(97,543)	776,261	206,500	4,297,702	482,568
Other Reconciling Items	-	-	-	-	(25,526)
Net Cash Provided (Used) by Operating Activities	$ 4,376,049	$ 7,333,710	$ (6,670,992)	$ 2,834,529	$ 13,177,740
Supplemental Disclosure of Noncash Investing and Financing Activities:					
Donation of capital assets received from Colorado Mesa University Foundation	$ 4,141,717	$ 2,241,108	$ 2,014,789	$ -	$ -
Additions to construction in progress included in accounts payable and accrued liabilities	1,648,942	3,856,192	2,540,399	6,320,624	2,485,180
Reacquisition costs of bond refunding	(30,390,872)	-	(33,280,416)	-	-
Land acquired from Foundation with long-term note payable	1,132,567	-	-	1,037,209	522,766
Amortization of bond issuance costs	36,512	54,150	48,345	35,064	39,722
Capital lease funded with receivables	-	-	-	3,652,294	-
Capital assets purchased with capital leases and noncash transfers	-	(2,999,254)	361,844	6,705,727	-
Capital assets donated to Real Estate Foundation		-	-	20,755	-

Source: Audited Financial Statements

Financial Statements

The most recent audited financial statements of the University for the Fiscal Year ended June 30, 2012 are included as Appendix A hereto and should be read in their entirety. The audited financial statements included in Appendix A have been examined by the Office of State Auditor. The State Auditor is responsible for auditing the financial statements of state institutions including the University, pursuant to Article V, Section 49 of the State Constitution. The State Auditor's staff may conduct the audit or contract with an independent auditing firm to audit the University's financial statements. Chadwick, Steinkirchner, Davis & Co., P.C., conducted the audit of the University's financial statements for the Fiscal Year ended June 30, 2012 in accordance with generally accepted auditing standards and Government Auditing Standards issued by the United States Comptroller General.

Funding of State Institutions of Higher Education

Generally. Fiscal Year 2006 signified major changes in the funding mechanism for higher education through the implementation of fee-for-service contracts ("Fee for Service Contracts") and The College Opportunity Fund (the "Fund"). Legislation under Senate Bill 04-189 (now codified at Section 23-18-101 et seq. C.R.S.), shifted state support for undergraduate education from the institution to the student. The Fund redirected state support to the University by awarding resident undergraduate students a stipend that can be applied by the University for tuition assistance. The revenue generated from both the Fee for Service Contracts and the Fund is reflected in the University's financial statements.

State appropriations had represented the primary state support to the University prior to Fiscal Year 2006 when funding transitioned to the Fund and Fee for Service Contracts. Following are percentages of the state funding to the total operating revenues for the University for the most recent five Fiscal Years:

State Funding Amounts and Percentage of Total Revenues

Fiscal Year (Ended June 30)	College Opportunity Fund	Fee for Service Contracts	ARRA Stimulus	Total State Funding	Percent of Total Revenues
2008	$11,840,511	$10,675,047		$22,515,558	35%
2009	9,183,975	10,704,417	$ 4,117,215	24,005,607	30
2010	6,900,238	5,199,060	11,906,309	24,005,607	27
2011	10,656,130	10,711,935	718,987	22,087,052	23
2012	11,462,642	7,037,933	--	18,500,575	18
2013 [1]	11,615,917	7,037,933	--	18,630,850	18

[1] Preliminary data.

Source: Colorado Mesa University Financial and Compliance Audit for the Fiscal Years ended June 30, 2008-2012, and the University

In Fiscal Year 2009, the State experienced a dramatic decrease in revenues due to a downturn of the economy. In an effort to stabilize the budget, funding from higher education was cut from Fiscal Year 2008-2009 original appropriated levels back to Fiscal Year 2005-2006 levels, a reduction of over $150,000,000. The University's share of the reduction was $4,117,215 for a 17.1% cut in State funding.

On March 10, 2011 the Joint Budget Committee approved a $36 million dollar reduction to higher education funding for Fiscal Year 2011-12. The resulting $519 million higher education budget has been incorporated into the statewide appropriations bill. The resulting Fiscal Year 2012 funding for the University is $18.5 million, including both stipends and fee-for-service as discussed in the next section.

On March 5, 2012, the Joint Budget Committee approved a funding model for Higher Education based on the methodology submitted by the Colorado Commission on Higher Education (CCHE) and supported unanimously by all institutions. The methodology factored in three elements in calculating the cuts per institution: (1) the total revenues an institution receives, (2) the total state support an institution receives, and (3) a modest offset to the reduction to recognize enrollment growth. Colorado Mesa University (CMU) received the lowest reduction of all four year institutions with only the Colorado Community College System (CCCS) receiving a lower overall percentage reduction. Ultimately, the reduction was further reduced to $9.3 million. As a result of the funding model agreed upon by all institutions, the University's appropriation was increased by over $130,000. Due to growing enrollments, the University was one of only two institutions that did not receive a reduction in State support.

In anticipation of additional reductions in State funding, the University undertook a comprehensive budget reduction exercise. All programs, academic and administrative, were reviewed for "value added" (both quantitatively and qualitatively) relative to their cost. Every contract for goods and services were also examined and competitively re-bid where appropriate. In the end, the University identified over $2.4 million in budget reductions without compromising the quality of programs and services to students. These budget reductions, when combined with growing enrollments (the budget was based on a 1.5% increase in enrollment) have allowed the University to maintain its high operating margins.

The FY 2014 revenue forecast for State funding for higher education remains very positive. Both the Office of Legislative Council and the Department of State Planning and Budget (OSPB) are projecting a significant increase in State revenues. As a result, the governor's FY 2014 budget request includes a $30 million increase for higher education. In addition, in early January the Legislative Joint Budget Committee supported supplanting the $9.3 million FY 2013 reduction. If included in the State's FY 2014 budget, these changes could add an additional $1.5 million to the University's base State appropriation.

SB04-189. Commencing July 1, 2005, Section 23-18-101 et seq., Colorado Revised Statutes (the "College Opportunity Fund Act") and amendments to Article 5, Title 23, Colorado Revised Statutes, pursuant to Senate Bill 04-189 ("SB04-189"), which was signed into law by the Governor of the State on May 10, 2004, have been in place. SB04-189 eliminates direct appropriations of State General Fund moneys to the governing boards of institutions of higher education in favor of a per student stipend system for undergraduate education ("Student Stipends") and appropriation of funds to the Department that are to be expended under Fee for Service Contracts with institutions of higher education to obtain certain educational services.

Under The College Opportunity Fund Act, state appropriations for undergraduate education will be made to the Fund, to be established within the Department. The Fund will be administered by the Colorado Student Loan Program (the "CSLP") and will be a trust fund consisting of a stipend for each eligible undergraduate student. An eligible student is defined as either (a) an undergraduate student who is enrolled at a State institution of higher education and who is classified as an in-state student for tuition purposes; or (b) an undergraduate student enrolled in a participating private institution and (i) is classified as in-state for tuition purposes; (ii) is a graduate of a Colorado high school; (iii) demonstrates financial need; and (iv) meets other eligibility requirements established by the Department. "Stipend" is defined as the amount of money per credit hour held in trust for and paid on behalf of an eligible undergraduate student. The stipend is a fixed rate per credit hour set annually by the General Assembly. Undergraduate students may receive the stipend for a lifetime maximum of 145 credit hours, but may apply for a waiver of this limitation.

The College Opportunity Fund Act further provides that, commencing July 1, 2005, the General Assembly makes an annual appropriation to the Fund reflecting the number of undergraduate students who have applied for and are eligible for the stipend. The General Assembly also is required to appropriate spending authority to each governing board for the cash funds estimated to be received by each governing board as stipends. This spending authority is calculated by multiplying the amount to applicable per-credit-hour stipend by the number of eligible undergraduate students estimated to be enrolled at the associated institution. After an eligible student has enrolled in a state institution or participating private institution, and upon receipt of the student's authorizing signature, the institution requests a stipend payment from the Fund on the student's behalf. The Department is responsible for annually estimating the number of eligible students and reporting the number during each annual budget cycle. Under this legislation, the Department is required to annually request that the General Assembly adjust the amount appropriated for the stipends to reflect at least inflation and enrollment growth. Each year, from July 1, 2006 to July 1, 2009, the Department will submit to the Senate and House Education Committees and the JBC, annual reports on the Student Stipend program's status. On July 1, 2010, the Department will submit a final report on the Student Stipend program's implementation.

Under Section 23-1-109.7, Colorado Revised Statutes, the Department is statutorily directed to arrange for the provision of specific post-secondary educational services to the State. Such services include, but are not limited to, rural educational services, basic skills courses, services associated with providing education to high school students under the Fast Track Program (codified in Section 22-34-101 of Colorado Revised Statutes, as amended) and Post-Secondary Enrollment Options Act (codified in Section 22-35-101 et seq. of Colorado Revised Statutes, as amended), services associated with reciprocal tuition arrangements, graduate school services, continuing education services, and specialized and professional educational services such as dentistry, medicine, veterinary medicine, nursing, law, forestry and engineering. The Department is further directed under Section 23-1-109.7 to enter into Fee for Service Contracts to obtain such services on behalf of the Department. The Department will make a recommendation to the State General Assembly and Governor annually as to the amount of funding necessary to provide these services. The General Assembly will make an annual appropriation of State General Fund moneys to the Department for the costs funded under the Fee for Service Contracts. The Board and the Department have entered into a Fee for Service Contract with respect to the University.

Institutional Enterprise Designation. SB04-252 (codified at Sections 23-5-101.7, 23-5-102, 23-5-103, 23-5-104 and 23-5-105, Colorado Revised Statutes, as amended) (collectively the "Institutional Enterprise Statute") permits the designation of an institution of higher education as an enterprise for the purposes of TABOR. Under this provision, enterprises are defined as government owned businesses that are authorized to issue their own revenue bonds and receive less than 10% of annual revenues in grants from state and local governments combined. As an enterprise, a qualifying institution of higher education is exempt from the revenue, spending and debt limitations that are imposed by TABOR. See "INVESTMENT CONSIDERATIONS—TABOR Amendment" and "TABOR." The institution may pledge internal revenues for the repayment of revenue bonds issued on its behalf only if the institution is accounted for separately in institutional financial records and engages in the type of activities that are commonly carried on for profit outside the public sector. The Institutional Enterprise Statute also permits an institution that has been designated as an enterprise to pledge up to 10% of its tuition revenues to certain of its revenue bonds. Finally, the Institutional Enterprise Statute authorizes an institution that has been designated as an enterprise to impose upon its students, and pledge to certain of its revenue bonds, a facility construction fee.

In 2005, the Board designated the University, as a whole, as an enterprise. In Fiscal Year 2008 and Fiscal Year 2009, the University did not qualify as an enterprise because it received more than 10% of its revenues from the State. For the prior Fiscal Year, the University was designated as an enterprise and expects to be designated as an enterprise for the current Fiscal Year.

Other Legislation Affecting Funding of State Institutions of Higher Education

Senate Bill 09-290. Enacted during the 2009 legislative session, Senate Bill 09-290 provides flexibility to institutions constructing cash funded projects that are less than $2 million. The bill changes the review process for cash-funded capital construction projects at State institutions of higher education. Each institution is required to annually submit two-year projections for all cash-funded capital construction projects in excess of $2 million to the CCHE, which is required to compile the projections into a unified list for review by the Capital Development Committee ("CDC"). The CCHE is required to present projections to the CDC with written comments from the Governor's Office of Planning and Budgeting ("OSPB"). The CDC is required to conduct hearings, and review and approve the projections annually. The bill sets procedures for an institution to amend its two-year projections.

Senate Bills 08-218, 08-233 and 08-245. Beginning in the Fiscal Year commencing July 1, 2008, the method of funding capital construction projects for state-supported institutions of higher education was substantially modified by Senate Bill 08 233 ("SB 08-233"), Senate Bill 08-218 ("SB08-218") and Senate Bill 08 245 "SB08-245").

Allocation of Federal Mineral Lease Revenues. SB08-218 allocates a portion of federal mineral lease revenues to a new higher education federal mineral lease revenues fund (the "Revenues Fund"), if any such revenues remain after allocation to other funds, and specifies the circumstances in which Revenues Fund moneys may be spent for specified higher education purposes.

The General Assembly may annually appropriate moneys in the Revenues Fund to directly pay for or pay the costs of financing capital construction projects at Institutions. A prioritized list of such projects is established under SB08-233, as discussed below. The General Assembly may also appropriate Revenues Fund moneys to the Department of Education (the "Department") for distribution by the Department or any board or division within the Department to school districts for capital construction projects at area vocational schools. In both instances priority consideration is given to institutions located in communities that are substantially impacted by energy production or conversion activities. Only projects that will be used exclusively or primarily for academic purposes are eligible for this form of funding.

SB08-218 also requires that fifty percent of federal mineral lease bonus payment revenues be transferred to a new higher education maintenance and reserve fund (the "Maintenance and Reserve Fund") and specifies the circumstances in which and purposes for which moneys in the Maintenance and Reserve Fund may be used. Bonus payments consist of compensation paid by the federal government as consideration for the granting of a federal mineral lease that is a fixed, certain amount, payable regardless of the use of the mineral lease.

The principal of the Maintenance and Reserve Fund will remain therein, except that in limited circumstances the principal may be expended to offset shortages in appropriations for operating expenses of Institutions that result from insufficient amounts of total State general fund revenues. The interest and investment income of the Maintenance and Reserve Fund may be appropriated for controlled maintenance projects in the public higher education system as selected through a legislative process.

The lesser of the first fifty million dollars of the total amount of moneys required to be transferred to the Revenues Fund and the Maintenance and Reserve Fund, or all of such money will be transferred to the Revenues Fund and the remainder of such moneys shall be transferred to the Maintenance and Reserve Fund.

SB08-233 Capital Construction Projects. SB08-233 (codified in part by Sections 23-1-106.3, 23-19.9-102 and 34-63-102, Colorado Revised Statutes, as amended) (the "Lease Purchase Act") directs the Colorado Commission on Higher Education (the "Commission") to submit, after consultation with the governing boards of Institutions, a prioritized list of capital construction projects to be constructed using lease purchase agreements funded through the Revenues Fund. The Lease Purchase Act provides the procedures for adoption by the General Assembly of a resolution containing a listing of the maximum amount of principal to be raised through lease purchase agreements paid from the Revenues Fund, the minimum amount of principal to be contributed by an Institution and the total anticipated cost of the projects to be funded. The anticipated annual state funded lease purchase payments for the principal and interest components of amounts payable under all lease purchase agreements on the projects entered into during the fiscal year commencing July 1, 2008, shall not exceed an average of $16,200,000 per year for the first 10 years of payments and $16,800,000 per year during the second 10 years of payments.

The lease-purchase agreements may be entered into with any for-profit or nonprofit corporation, trust or commercial bank as a trustee, as lessor. Each lease-purchase agreement will specifically authorize the State or the Institution to receive fee title to all real and personal property that is the subject of said agreement on or prior to the expiration of the agreement's terms.

On or before August 15 each year, the State Treasurer will notify the Commission, as well as other government entities, whether there are sufficient moneys in the Revenues Fund to enter into additional lease-purchase agreements to be funded from the Revenues Fund.

On November 6, 2008 the State issued an initial series of certificates of participation under the Lease Purchase Act and Mineral Revenues Act, the State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008 (the "Series 2008 Certificates"). The Series 2008 Certificates evidence undivided interests in the right to certain payments by the State under an annually renewable Series 2008 Lease Purchase Agreement dated as of November 6, 2008 (the "2008 Lease"). Pursuant to the Lease Purchase Act and the Mineral Revenues Act, the State will pay rent under the 2008 Lease, subject to the terms of the 2008 Lease, from moneys in the Revenues Fund and the Higher Education Institutions Lease Purchase Cash Fund. In accordance with the Lease Purchase Act and the Mineral Revenues Act, the Revenues Fund will be funded from revenues received by the State from the leases of minerals on federal lands and, if the amount in the Revenues Fund is insufficient to pay the full amount of the payments due to be made under the 2008 Lease, moneys that the Colorado General Assembly transfers to the Revenues Fund from any other sources. The Higher Education Institutions Lease Purchase Cash Fund will be funded from amounts paid to the State by certain state supported institutions of higher education for which Projects are financed, pursuant to Section 23-1-106.3(4), Colorado Revised Statutes, as amended.

The University financed the Wubben Hall Expansion and Renovation with proceeds of the Series 2008 Certificates and certain investment earnings on such proceeds. The University's share of the Wubben Hall Expansion and Renovation is $3,675,000 (the "University Share"). The University has financed the University Share with the State pursuant to a Sublease, dated November 6, 2008 (the "Sublease"), by and between the State, acting through the State Treasurer, and the University. The University has agreed, subject to annual appropriation, to make semiannual payments to repay the State for the University Share commencing on April 26, 2009 through October 27, 2027.

SB08-245 State Intercept Program. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2013 BONDS—State Intercept Program."

Senate Bill 10-003 Tuition Flexibility. Senate Bill 10-003 ("S.B. 10-003") makes changes to several State statutes in order to provide flexibility to the State's colleges and universities in raising tuition rates and other matters. The bill allows institutions of higher education in the State to increase tuition rates for undergraduate students with "in-state classification" (*i.e.*, residents) each year up to 9% over the prior year. The tuition flexibility section of the bill will expire on July 1, 2016. Such institutions are permitted to increase undergraduate in-state tuition more than 9% upon submission to, and approval by, CCHE of a five-year financial and accountability plan. The University has submitted and received approval from CCHE for a five-year financial and accountability plan that would allow the University to increase in-state tuition more than 9% annually for the next five fiscal years if there are further decreases in State support.

House Bill 11-1301, Institutional Plans and Student Input Regarding the Imposition of Student Fees. During the 2011 legislative session, the General Assembly passed House Bill 11-1301 ("H.B. 11-1301") amending several State statutes concerning higher education in the State. The General Assembly recognized that, due to increasing financial restrictions, student fees are increasingly being used as sources of revenue for State institutions of higher education. H.B 1301 gave governing boards flexibility in managing student fees in the manner that is most effective for their respective institutions, but required governing boards to adopt institutional plans on or before July 1, 2012 concerning the definition, assessment, increase, and use of fees, and adopt processes for receiving and considering student input concerning the amount assessed in fees and the purposes for which the institution uses the revenues received. If a governing board uses revenues from a general student fee for the repayment of bonds or other debt obligations, the governing board must specify the portion of the general student fee that is actually applied to repayment of the bonds or other debt obligations, and that itemization shall appear on the student billing statement. When bonds or other debt obligations are fully repaid, the amount of the user fee assessed against persons using the auxiliary facility shall be reduced, if necessary, so as not to exceed 110% (or 120% if 10% is set aside in a reserve fund) of the costs incurred in operating and maintaining the auxiliary facility during the preceding year.

Senate Bill 11-052 ("SB11-052") Performance Funding. Senate Bill 11-052 ("SB11-052") was introduced early in the 2011 legislative session to implement a national trend towards performance based funding in the higher education arena. After much negotiation and discussion among the sponsors, the higher education institutions, the Governor's office and the Department of Higher Education SB11-052 passed. It will begin an 18-month process of creating a new higher education master plan and a new system of performance contracts negotiated between the CCHE and the colleges and universities. Performance funding will not go into effect until 2016-17 and the state general fund support has hit $706 million.

Gifts, Grants and Contracts

The University receives grants and contracts from federal, state and private sources for sponsored research and instruction, as well as gifts and grants for scholarships and fellowships. See "—Selected Financial Information" under this caption.

Other Financial Obligations of the University

Chevron Long-term Capital Lease. The University's other long-term obligation (other than the Outstanding Bonds) is a Guaranteed Performance Contract (Long-term Capital Lease) with Chevron Energy Solutions in the amount of $2,056,278, with final payment scheduled for August 9, 2024. This

Guaranteed Performance Contract provides for certain improvements to the University's infrastructure that are expected to result in energy savings in an amount sufficient to meet the annual capital lease payments relating thereto. Any savings greater than the minimum guarantee accrue to the University.

Land Purchase Agreement. In July 2011, the University contracted to purchase an adjacent piece of property for $1,704,000 by paying $480,000 cash and issuing a note payable for $1,224,000 due on July 15, 2014. The note has interest of 0% and is secured by a second Deed of Trust.

Colorado Mesa University Foundation

Generally. Since 1961, the Colorado Mesa University Foundation (the "Foundation") has played an important role in providing financial assistance to Colorado Mesa University students, and to otherwise assist the University to fulfill its mission. This is done through providing student scholarships, campus expansion, capital funds, and program support. Today, the Foundation continues to serve as a charitable 501(c)(3) non-profit organization and retains fiduciary responsibility for the investment of the funds entrusted to the Foundation. The following is the mission of the Foundation: "The mission of the Colorado Mesa University Foundation is to strengthen educational opportunities at Colorado Mesa University through the generation and distribution of all gift assets. The Foundation serves as the depository for all charitable gifts and acts in a fiduciary capacity as exclusive agent for donor activity." In Fiscal Year 2012, the Foundation saw its fourth consecutive year of increased revenues. The Foundation has increased the amount of contributions to an all-time high of approximately $8.4 million in FY 2012. For further information on the Foundation, see the audited financial statements of the University attached as Appendix A hereto.

Net Assets of the Foundation. The tables below illustrate the total net assets over the last five years. The negative unrestricted fund balance in FY 2009 to FY 2012 can be partially attributed to a line of credit used for purchasing properties that have already been given to the University. This line is secured by future conditional gifts that are not represented in the unconditional promises to give.

Colorado Mesa University Foundation
Net Assets

	FY 2012	**FY 2011**	**FY 2010**	**FY 2009**	**FY 2008**
Unrestricted	$ (748,179)	$(1,263,818)	$(2,648,220)	$(2,606,142)	$ 625,864
Temp. Restricted	4,727,244	4,654,957	4,596,318	6,993,492	5,542,104
Restricted	16,397,302	12,014,977	9,637,476	9,131,491	8,823,502
Total Net Assets	$20,736,030	$16,368,106	$11,585,574	$13,518,841	$14,991,470

Source: Audited Financial Statements of the University

LITIGATION AND SOVEREIGN IMMUNITY

As of the date hereof, no litigation challenging the validity or the issuance of the Series 2013 Bonds is pending or threatened. Upon the issuance of the Series 2013 Bonds, the Underwriter will receive a certificate, executed by representatives of the Board, to the effect that no such litigation is pending or, to their knowledge, threatened.

The Colorado Governmental Immunity Act, Article 10 of Title 24, Colorado Revised Statutes, as amended (the "Governmental Immunity Act"), provides, in part, that public entities shall be immune from liability, based on the principle of sovereign immunity, in all claims for injury which lie in tort or could lie in tort (regardless of the type of action or the form of relief chosen by the claimant), except for certain claims specifically excluded by the Governmental Immunity Act. The Governmental Immunity Act also limits the maximum amount that may be recovered in any single occurrence whether from one or more public entities or public employees to $150,000 for injury to one person (this limit shall increase to $300,000 as of July 1, 2013), and $600,000 (this limit shall increase to $990,000 as of July 1, 2013) for an injury to two or more persons. The Governmental Immunity Act also specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable either directly or by indemnification for punitive or exemplary damages or for damages for outrageous conduct, except as may be otherwise determined by a public entity pursuant to the Governmental Immunity Act. The Governmental Immunity Act may be changed through amendment by the State legislature at any time.

As of the date hereof, there were several pending tort actions, actions under the federal Constitution or statutes, contract, state constitutional or statutory, and common law actions involving the University, or one or more employees of the University. Based on an evaluation of the various actions, and in consideration of the statutory provisions referred to above, the administrations of the University and the Board do not believe that any of the actions, or any combination thereof, will result in a materially adverse effect with regard to the financial resources of the Board or the University, or the continuous operation thereof or the security for the Series 2013 Bonds.

TABOR

TABOR limits the ability of the State and local governments such as the Board to increase revenues, debt and spending and restricting property taxes, income taxes and other taxes. TABOR excepts from its restrictions the borrowings and fiscal operations of "enterprises," which term is defined to include government-owned businesses authorized to issue their own revenue bonds and receiving under 10% of their revenues in grants from all Colorado State and local governments combined. TABOR contemplates that qualification as an "enterprise" will be determined annually and that "enterprises" may be disqualified as such by receiving 10% or more of their revenues for any year in the form of state or local government grants. TABOR also contemplates that a disqualified "enterprise" may be re-qualified in the next or any future year. See "CERTAIN FINANCIAL INFORMATION—Funding of State Institutions of Higher Education—Institutional Enterprise Designation."

For Fiscal Year 2007, the Board designated the University as an "enterprise" within the meaning of TABOR pursuant to the Institutional Enterprise Statute. In Fiscal Years 2008 through 2010, the University received more than 10% of its revenues in the form of State and government grants, and, therefore, did not qualify as an enterprise. For Fiscal Years 2011 and 2012, the Board re-designated the University as an "enterprise" within the meaning of TABOR pursuant to the Institutional Enterprise Statute.

LEGAL MATTERS

Legal matters relating to the authorization and issuance of the Series 2013 Bonds are subject to the approving opinion of Kutak Rock LLP, as Bond Counsel to the Board, which will be delivered with the Series 2013 Bonds.

Kutak Rock LLP has also been engaged in connection with the preparation of this Official Statement as Special Counsel to the Board. Kutak Rock LLP has not participated in any independent verification of the information concerning the financial condition or capabilities of the Board or the University contained in this Official Statement.

RATINGS

As set forth on the cover page of this Official Statement, Moody's Investors Service, Inc. ("Moody's") has assigned the Series 2013 Bonds a municipal bond rating of "Aa2" with a stable outlook, based on the State Intercept Program. Moody's has also assigned the Series 2013 Bonds an underlying rating of "A2" with a stable outlook, reflecting the Board's underlying credit strength without giving effect to the State Intercept Program.

A rating reflects only the views of the rating agency assigning such rating, and an explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2013 Bonds. The Board, the University and the Underwriter have undertaken no responsibility to oppose any change or withdrawal of any such ratings.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

In General

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered at the time of original issuance of the Series 2013 Bonds, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2013 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The Board has made certain representations and covenanted to comply with requirements that must be satisfied in order for the interest on the Series 2013 Bonds to be excludible from gross income for federal tax purposes. The opinions set forth above are subject to the accuracy of such representations and continuing compliance by the Board and others with such covenants. Failure to comply with such requirements could cause interest on the Series 2013 Bonds to be included in gross income retroactive to the date of issue of such Series 2013 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Series 2013 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Series 2013 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2013 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2013 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2013 Bonds.

Tax Treatment of Original Issue Discount

The Series 2013 Bonds that have an original yield above their interest rate, as shown on the inside cover page of this Official Statement, are being sold at a discount (the "Discounted Obligations"). The difference between the initial public offering prices, as set forth on the inside cover page hereof, of the Discounted Obligations and their stated amounts to be paid at maturity, constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

In the case of an owner of a Discounted Obligation, the amount of original issue discount which is treated as having accrued with respect to such Discounted Obligation is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of a Discounted Obligation (including its sale, redemption or payment at maturity). Amounts received upon disposition of a Discounted Obligation which are attributable to accrued original issue discount will be treated as tax exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Obligation, on days which are determined by reference to the maturity date of such Discounted Obligation. The amount treated as original issue discount on a Discounted Obligation for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discounted Obligation (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discounted Obligation at the beginning of the particular accrual period if held by the original purchaser; (b) less the amount of any interest payable for such Discounted Obligation during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Obligation the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If a Discounted Obligation is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of a Discounted Obligation who purchase such Discounted Obligations after the initial offering. Owners of Discounted Obligations including purchasers of the Discounted Obligations in the secondary market should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such obligations as of any date and with respect to the state and local tax consequences of owning a Discounted Obligation.

Tax Treatment of Bond Premium

The Series 2013 Bonds that have an original yield below their interest rate, as shown on the inside cover page of this Official Statement, are being sold at a premium (collectively, the "Premium Obligations"). An amount equal to the excess of the issue price of a Premium Obligation over its stated redemption price at maturity constitutes premium on such Premium Obligation. An initial purchaser of such Premium Obligation must amortize any premium over such Premium Obligation's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Obligations callable prior to their maturity, by amortizing the premium to the call date, based upon the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, it offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Obligation is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Obligation prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. The same treatment is afforded to the Premium Obligations purchased at a premium in the secondary market. Purchasers of Premium Obligations should consult with their own tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning such Premium Obligations.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2013 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2013 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Exemption Under State Tax Law

In the further opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2013 Bonds is exempt from taxation for any state, county, school district, special district, municipal or other purpose in the State of Colorado.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2013 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2013 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2013 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2013 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2013 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

UNDERWRITING

Piper Jaffray & Co. (the “Underwriter”) has agreed to purchase the Series 2013 Bonds from the Board pursuant to a Bond Purchase Agreement between the Underwriter and the Board (the “Bond Purchase Agreement”), at a purchase price of $20,634,842.45 (equal to the principal amount of $19,900,000, less an Underwriter’s discount of $89,550.00, plus a net original issue premium of $824,392.45. The Underwriter is committed to take and pay for all of the Series 2013 Bonds if any are taken. The prices at which the Series 2013 Bonds are offered to the public (and the yields resulting therefrom) may vary from the initial public offering prices appearing on the inside cover page of this Official Statement. In addition, the Underwriter may allow commissions or discounts from such initial offering prices to dealers and others.

The Underwriter and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter, including the Series 2013 Bonds. Under the Agreement, the Underwriter will share with Pershing LLC a portion of the fee, discount or commission paid to the Underwriter.

CONTINUING DISCLOSURE UNDERTAKING

In connection with its issuance of the Series 2013 Bonds, the Board will execute a Continuing Disclosure Undertaking (the "Undertaking"), a form of which is attached hereto as Appendix D, wherein it will agree for the benefit of the owners and beneficial owners of the Series 2013 Bonds to provide certain annual financial information relating to the University and the Net Revenues by not later than 240 days, or earlier if publicly available, after the end of each Fiscal Year commencing with the Fiscal Year ended June 30, 2013, and to provide notices of occurrence of material events set forth in Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission. The Board has not failed to comply with any such previous Undertaking under the Rule.

MISCELLANEOUS

This Official Statement, and its distribution and use by the Underwriter, has been duly authorized and approved by the Board. This Official Statement has been executed and delivered by the President on behalf of the Board.

So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

Appendices A, B, C, D and E are an integral part of this Official Statement and must be read together with all other parts of this Official Statement.

BOARD OF TRUSTEES FOR
COLORADO MESA UNIVERSITY

By *<u>/s/ Dan Robinson</u>*
Chairperson

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF COLORADO MESA UNIVERSITY
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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COLORADO MESA UNIVERSITY

FINANCIAL AND COMPLIANCE AUDIT

Fiscal years ended June 30, 2012 and 2011

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LEGISLATIVE AUDIT COMMITTEE
2012 MEMBERS

Representative Cindy Acree
Chair

Representative Angela Williams
Vice-Chair

Senator Lucia Guzman
Representative Jim Kerr
Senator Steve King
Senator Scott Renfroe
Representative Su Ryden
Senator Lois Tochtrop

OFFICE OF THE STATE AUDITOR

Dianne E. Ray
State Auditor

Kerri Hunter
Deputy State Auditor

Marisa Neff
Legislative Audit Manager

Dalby, Wendland & Co., P.C.
Contractor Auditors

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COLORADO MESA UNIVERSITY

FINANCIAL AND COMPLIANCE AUDIT
REPORT SUMMARY

Fiscal years ended June 30, 2012 and 2011

Authority, Purpose and Scope

The audit of Colorado Mesa University was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all State agencies. The 2012 audit was conducted under contract with Dalby, Wendland & Co., P.C. The audit was performed in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Audit work was performed during June through October 2012.

The purposes and scope of the audit were to:

- Perform a financial and compliance audit of Colorado Mesa University for the year ended June 30, 2012 and to express an opinion on the financial statements. This included a review of internal control as required by auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

- Review of the University's compliance with state and federal laws and regulations and State Fiscal Rules that could have a material effect on the University's financial statements.

- Perform audit work to evaluate the University's progress in implementing prior audit recommendations, if any.

- Report on the University's compliance and internal control over financial reporting based on our audit of the financial statements performed in accordance with *Government Auditing Standards.*

Audit Results and Summary of Major Audit Findings

Dalby, Wendland & Co., P.C. expressed an unqualified opinion on the financial statements for the year ended June 30, 2012. The financial statements for the year ended June 30, 2011 were audited by another firm who expressed an unqualified opinion.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

The following is a summary of the findings contained in the report. The audit recommendation for this finding and associated University response is summarized in the Recommendation Locator, which follows the Summary.

During our testing we noted that the University did not have proper approval by an approving official for three (30 percent) procurement card transactions.

Recommendation and University Response

The recommendation for the finding summarized above is included in the Recommendation Locator included at the end of this summary. The Recommendation Locator also shows the University's response to the audit recommendation. A detailed description of the audit finding and recommendation is contained in the Findings and Recommendations Section of the report.

Summary of Progress in Implementing Prior Audit Findings

There were no recommendations made in the prior year audit.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	5	Colorado Mesa University should ensure that purchasing cardholders and approving authorities comply with the procurement card policy that all purchases recorded in order logs are approved by the 15th of the following month.	Disagree	

DESCRIPTION OF COLORADO MESA UNIVERSITY

House Bill 03-1093 authorized independent governance for Colorado Mesa University effective July 1, 2003 and a new Board of Trustees was appointed to govern the University.

The Board of Trustees of Colorado Mesa University is the governing board for Colorado Mesa University. The Board of Trustees has oversight and responsibility in the areas of finance, resources, academic programs, admissions, role and mission and personnel policies. The Board consists of nine voting and two non-voting members. The voting members are appointed by the Governor, confirmed by the Colorado State Senate and serve four-year terms. The University faculty and student body each elect one non-voting member to serve two- and one-year terms, respectively. The University president is appointed by the Board and is responsible for day-to-day management of the institution and its employees. The Board conducts its business at regular monthly meetings and special meetings, all of which are open to the public. The Colorado Commission on Higher Education is the policy and coordinating board for the state's higher education system, including Colorado Mesa University.

Colorado Mesa University is a liberal arts University with graduate programs in Teacher Education, Business, Nursing, and Art. Section 23-53-101, C.R.S., provides that Colorado Mesa University shall be a general baccalaureate institution with selective admission standards. Colorado Mesa University is a regional educational provider approved to offer limited professional programs. Colorado Mesa University shall also maintain a community college role and mission, including career and technical education programs.

Full-time equivalent (FTE) student, faculty, and staff reported by the University for the last three fiscal years were as follows:

	2010	2011	2012
Resident Students	5,330.0	5,946.2	6,403.8
Nonresident Students	614.0	835.7	947.2
Total Students	5,944.0	6,781.9	7,351.0
Faculty FTEs	279.7	300.7	336.8
Staff FTEs	258.8	282.4	300.9
Total Staff and Faculty FTEs	538.5	583.1	637.7

FINDINGS AND RECOMMENDATIONS

Procurement Card Transactions

Colorado Mesa University (University) participates in the State's purchasing card program to facilitate purchases of less than $5,000. The University's internal policies limit cardholders to a maximum of $1,000 per transaction for 10 months of the Fiscal Year before the current limit of $3,000 per transaction was established in May 2012 The goal of the program is to facilitate state employees' ability to acquire goods and services required for state business while providing timely payments to merchants and reducing the number of small-dollar payments issued by the State's vouchering system. During Fiscal Year 2012, the University spent almost $2.5 million through purchasing card usage.

What was the purpose of the audit work?

The purpose of the audit work was to test the University's compliance with its procurement card (P-card) policy.

What audit work was performed and how were results measured?

We reviewed a sample of 10 of the University's P-card transactions that were processed during Fiscal Year 2012. We reviewed the supporting documentation, such as invoices and receipts, for the sampled P-card transactions to assess the University's adherence to its policy. Specifically, we sought to verify whether the supporting documentation agreed to the payment amount, the transaction was for an eligible expense, the transaction was posted to the correct fund, and the correct approvals were made.

The University has established a policy regarding P-card purchases. This policy requires that each cardholder's P-card transactions be recorded in an order log with supporting documentation attached. The cardholder is responsible for submitting the log and supporting documentation to his or her respective approving official for review. The expenses contained in each cardholder's order log must be reviewed and approved by the appropriate approving official by the 15th of the following month for each statement. The approval should be documented on the P-card order log for each transaction. The order logs also provide information for the University to determine whether the transactions are eligible P-card purchases and whether the purchases have been posted to the correct fund on the University's accounting system.

What problem did the audit work identify?

Our testing found that three (30 percent) of the P-card transactions selected for testing were not approved by an approving official. Based on our subsequent review of the three transactions with University officials, all transactions were found to be for eligible University expenses.

Why did the problem occur?

P-card holders were not following the P-card policy regarding proper approval of the expenditures. The cardholders kept the order log listing all of the transactions for the billing period but did not have the approving official sign the order log before payment was made.

Why does this problem matter?

The University currently processes approximately $2.5 million through P-card purchases. Instances of staff not properly adhering to written policies for P-card purchases increase the risk that ineligible purchases and/or unauthorized transactions will occur. Since the State, not the cardholder, is ultimately liable for P-card transactions, the University should ensure that all P-card purchases are approved as stated in the University's policy.

(Classification of Finding: Significant Deficiency.)

Recommendation No. 1:

Colorado Mesa University should ensure that purchasing cardholders and approving authorities comply with the procurement card policy that all purchases recorded in order logs are approved by the 15th of the following month.

Colorado Mesa University Response:

Disagree.

The University respectfully disagrees that the finding is considered to be a significant internal control deficiency. The purpose of the P-card is so the University can make small-dollar purchases in an efficient manner – the average transaction was $198 and 56% of them were for $100 or less. Preventative controls over the P-card program include department supervisors' (approving officials) authorizing cardholders to make limited purchases on behalf of departments, comprehensive P-card training for all cardholders, and requiring cardholders to sign agreements to abide by all P-card policy and procedure requirements before cards are issued. The approving official review and approval is a detective control to verify monthly charges are reasonable and that documentation complies with the program. All audited transactions were valid, necessary and documented. We believe that our upfront preventative controls combined with other efforts to monitor the program that include random audits of cardholder activity and our stringent budgetary processes mitigates the condition to the extent that it does not reach the threshold level of a reportable significant deficiency. Notwithstanding our disagreement, the University considers the auditor's observations serious and as a result has strengthened controls over the program to include more random audits of cardholders, from about 25 cardholders per fiscal year to 36, and has also implemented a point system for violations that could include revocation based on the severity of infractions.

Auditor Addendum:

We have considered the University's response to this recommendation and the additional documentation provided and did make applicable modifications to the comment. We maintain that this recommendation remains valid.

FINANCIAL STATEMENTS SECTION

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DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors

Grand Junction
464 Main Street • P.O. Box 430 • Grand Junction, CO 81502
Phone: (970) 243-1921 • Fax: (970) 243-9214

INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee:

We have audited the accompanying financial statements of the business type activities of Colorado Mesa University (the University), as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the University as of and for the year ended June 30, 2011 were audited by other auditors whose report dated November 3, 2011 expressed an unqualified opinion. We did not audit the financial statements of the Colorado Mesa University Foundation and the Colorado Mesa University Real Estate Foundation (Foundations), discretely presented component units, discussed in note 1 to the basic financial statements, which represents 100 percent of total assets, total revenues, and net assets of the aggregate discretely presented component units as of and for the year ended June 30, 2012. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they related to the amounts included for the Foundation, are based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundations were not audited in accordance with the *Government Auditing Standards.* An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinion.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the discretely presented component unit of the University as of June 30, 2012, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

The financial statements include partial prior-year comparative information for the University, where the discretely presented component units information is not included. Such information does not include all of the information required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2011 from which such information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Revenues and Expenses for Enterprise Revenue Bonds is presented for purposes of additional analysis and is not a required part of the financial statements of the College. The Schedule of Revenues and Expenses for Enterprise Revenue Bonds is the responsibility of the College's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.

December 5, 2012

This section of Colorado Mesa University's annual financial report presents management's discussion and analysis of the financial performance of the University during the years ended June 30, 2012 and 2011. It is intended to make the University's financial statements easier to understand and communicate our financial position in an open and accountable manner. It presents an analysis of the University's position and operating results as of and for Fiscal Years 2012 and 2011, with comparative information for Fiscal Year 2010. This discussion focuses on current activities and known facts, and therefore should be read in conjunction with the accompanying financial statements and accompanying notes to the financial statements. University management is responsible for the completeness and fairness of this discussion and analysis, as well as the underlying systems of internal controls.

Understanding the Financial Statements

Financial highlights are presented in this discussion and analysis to help your assessment of the University's financial activities and because the information is reported in a summarized form, it should be read in conjunction with the financial statements, which include:

- **Independent Accountants' Report** presents an unqualified opinion on the fairness, in all material respects, of our financial statements.

- **Statements of Net Assets** report the assets, liabilities and net assets as of June 30, 2012 and 2011. The purpose is to present a financial snapshot of the University and assist readers in determining the assets available for operations, amounts owed to employees, vendors and other creditors and the net assets available for future on-going concerns of the University.

- **Statements of Revenues, Expenditures and Changes in Net Assets** present total revenues earned and expenses incurred for operating, non-operating and other activities during Fiscal Years 2012 and 2011. The purpose is to help the readers assess the University's operating and non-operating activities.

- **Statements of Cash Flows** report the University's cash receipts and cash disbursements during Fiscal Years 2012 and 2011. The purpose is to help the readers assess the University's ability to generate cash flows sufficient to meet obligations as they become due.

- **Notes to the Financial Statements** present additional information to support the financial statements. The purpose is to clarify and further explain information in the financial statements.

The University has two discretely presented component units included in its financial statements, which is a required presentation in accordance with generally accepted accounting principles. The Colorado Mesa University Foundation (Foundation) is a separate non-profit 501(c)(3) corporation formed to provide financial assistance to Colorado Mesa University students and to otherwise assist Colorado Mesa University in serving educational needs. The Foundation engages in activities that may be beyond the scope of the Colorado Mesa University Board of Trustees. The Foundation's records are maintained separately from the University. The Colorado Mesa University Real Estate Foundation (CMUREF) is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to acquire, manage, and dispose of properties in order to provide financial assistance to Colorado Mesa University.

CMUREF engages in activities that may be beyond the scope and control of the Colorado Mesa University Board of Trustees and its financial records are maintained separately from the University.

Financial Highlights

Colorado Mesa University's net assets continued to increase over the past three years, which is an indication of financial health. For Fiscal Years 2012, 2011, and 2010, University net assets have increased by $6.1 million, $8.6 million and $32.4 million respectively. Net assets have increased from $152.6 million (2010) to $161.2 million (2011) to $167.3 million (2012). Fiscal Year 2012 and Fiscal Year 2011 increases were primarily from net operating and non-operating revenues of $7.0 million and $11.2 million, respectively.

Throughout the University's growth – capital assets before depreciation increased from $282.7 million at June 30, 2010 to $350.0 million at June 30, 2012 – the University has maintained current ratios of 2.24 (2012) and 2.55 (2011). The current ratio (current assets/current liabilities adjusted for current liabilities paid by restricted (non-current) cash) demonstrates the liquidity of assets and the relative availability of working capital to fund current operations.

Combined net tuition and fee and auxiliary enterprises revenues increased by $8.2 million from Fiscal Year 2011 to Fiscal Year 2012, and are directly related to the continued enrollment increases over the past several years. Undergraduate enrollments on a student FTE basis at the University increased from 6,717.3 in Fiscal Year 2011 to 7,300.4 in Fiscal Year 2012 (8.7%). Graduate enrollment decreased from 64.7 in Fiscal Year 2011 to 50.6 in fiscal year 2012 (21.8%). All enrollments increased by 8.4% in fiscal year 2012 compared to fiscal year 2011.

Statements of Net Assets

The Condensed Statement of Net Assets shows the University has grown over the past three years. Increases or decreases in net assets are one indicator of the University's financial health when considered in conjunction with non-financial facts such as student enrollment and the condition of facilities. Analyses of the University's Capital Assets and the University's Debt are discussed below, while this section provides analysis of the University's non-capital assets and non-debt liabilities.

Condensed Statements of Net Assets as of June 30, 2012, 2011 and 2010 *(in thousands)*

				Increase (Decrease) 2012 vs 2011	
	2012	**2011**	**2010**	**Amount**	**Percent**
Assets					
Current Assets	$ 32,944	$ 32,620	$ 31,533	$ 324	1.0%
Other Non-capital Assets	14,761	10,074	41,569	4,687	46.5%
Net Capital Assets	291,203	273,751	239,273	17,452	6.4%
Total Assets	**$ 338,908**	**$ 316,445**	**$ 312,375**	**$ 22,463**	**7.1%**
Liabilities					
Non-debt Liabilities	$ 11,180	$ 13,532	$ 15,005	$ (2,352)	(17.4%)
Debt Liabilities	160,402	141,545	144,740	18,857	13.3%
Total Liabilities	**$ 171,582**	**$ 155,077**	**$ 159,745**	**16,505**	**10.6%**
Net Assets					
Invested In Capital Assets	$ 133,190	$ 134,407	$ 96,990	$ (1,217)	(0.9%)
Restricted	16,998	12,057	39,914	4,941	41.0%
Unrestricted	17,139	14,723	15,726	2,416	16.4%
Total Net Assets	**$ 167,327**	**$ 161,187**	**$ 152,630**	**$ 6,140**	**3.8%**

Unrestricted cash and investments of $27.1 million (2012) and $27.9 million (2011) and restricted cash of $12.6 million (2012) and $7.4 million (2011) make up 83.1% and 82.7% of the University's total non-capital assets as of June 30, 2012 and 2011, respectively.

Restricted cash primarily represents unspent bond proceeds of $11.3 million (2012) and $6.0 million (2011) to be used for capital construction activity; and $1.3 million (2012) and $1.4 million (2011) for debt service payments and required debt service reserves. The increase in other non-capital asset from Fiscal Year 2011 to Fiscal Year 2012 is comprised of a $7.4 million increase in unspent bond proceeds of $12.6 million (2012) and $5.2 million (2011), offset by a $500 thousand decrease in deferred charges of $1.3 million (2012) and $1.8 million (2011).

Non-debt liabilities of $11.2 million (2012) and $13.5 million (2011) make up 6.5% and 9.7% of total liabilities. The largest categories of non-debt liabilities include accrued payroll liabilities of $5.0 million (2012) and $4.6 million (2011), accounts payable and non-capital accrued liabilities of $2.4 million (2012) and $5.0 million (2011), deferred revenues of $1.5 million (2012) and $1.7 million (2011), and compensated absences liabilities of $1.4 million (2012 and 2011). The decrease in accounts payable and non-capital accruals is due to liquidating significant construction retainage and year-end construction accounts payable shown as liabilities at June 30, 2011.

At June 30, 2012, Colorado Mesa University's total net assets were $167.3 million compared to $161.2 million at June 30, 2011. The University's net assets are shown in three categories on the Statement of Net Assets:

- Invested in capital assets, net of related debt issued to fund the acquisition and construction of those assets, is the largest net asset category with $133.2 million (2012) and $134.4 million (2011). This category comprises 79.6% and 83.4% of total net assets for Fiscal Years 2012 and 2011 respectively and represents investments in campus facilities and equipment, net of related accumulated depreciation.

- Restricted net assets for capital projects, loans and other purposes were $17.0 million (2012) and $12.1 million (2011). This category of net assets represent amounts for specific purposes and allow the University to fully expend those funds in accordance with the purposes identified by the entities providing the funds. All of the University's restricted net assets are expendable.

- Unrestricted net assets were $17.1 million (2012) and $14.7 million (2011) and represent the amount available for spending for any lawful purpose, at management's discretion. In some instances, management of the board has placed internal designations on the use of these funds.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets reports the results of operations for the year. Activities are reported as operating, non-operating or other. Operating revenues and expenses generally result from providing goods and services for instruction, research, public service, and related support services to an individual or entity separate from the University. Non-operating revenues and expenses are those other than operating and include, but are not limited to, non-operating grants and contracts, investment income and expenses, and interest expense on capital debt. Other revenues, expenditures, gains and losses and transfers to other governing boards or institutions include state capital construction and controlled maintenance appropriations, transfers between funds and other organizations and agencies, and gains or losses from the disposal of assets.

Condensed Statements of Revenues, Expenses and Changes in Fund Balance for Years Ended June 30, 2012, 2011 and 2010 *(in thousands)*

				Increase (Decrease) 2012 vs 2011	
	2012	2011	2010	Amount	Percent
Operating revenues	$ 81,102	$ 76,910	$ 60,692	$ 4,192	5.5%
Operating expenses	84,611	78,124	71,542	6,487	8.3%
Operating Income (Loss)	(3,509)	(1,214)	(10,850)	(2,295)	189.0%
Net non-operating revenues	10,485	12,383	22,311	(1,898)	-15.3%
Income before Other Revenues	6,976	11,169	11,461	(4,193)	-37.5%
Other revenues, expenditures, gains, losses and transfers	(836)	(2,612)	20,891	1,790	67.3%
Increase in Net Assets	6,140	8,557	32,352	(2,417)	-28.2%
Net Assets at Beginning of Year	161,187	152,630	120,278	8,557	5.6%
Net Assets at End of Year	**$ 167,327**	**$ 161,187**	**$ 152,630**	**$ 6,140**	**43.8%**

The University's operating revenues increased by $4.2 million from $76.9 million (2011) to $81.1 million (2012), and total non-operating revenues increased by $91 thousand from $17.8 million to $17.9 million (2012).

Operating and Non-operating Revenues for Fiscal Years 2012, 2011 and 2010 *(in thousands)*

				Increase (Decrease) 2012 vs 2011	
	2012	2011	2010	Amount	Percent
Operating Revenues					
Tuition and Fees (net)	$ 43,072	$ 38,454	$ 29,396	$ 4,618	12.0%
DHE Fee for Service Revenues	7,038	10,712	5,199	(3,674)	-34.3%
Grants and Contracts	5,411	5,551	6,564	(140)	-2.5%
Auxiliary Enterprises (net)	24,484	20,921	18,779	3,563	17.0%
Other	1,098	1,272	754	(174)	-13.7%
Total Operating Revenues	**$ 81,103**	**$ 76,910**	**$ 60,692**	**$ 4,193**	**5.5%**
Non-Operating Revenues (Expenditures)					
State Fiscal Stabilization Funds	$ -	$ 719	$ 11,906	$ (719)	-100.0%
Pell and Other Non-operating Grants	17,069	14,858	10,237	2,211	14.9%
Interest Income	575	1,497	1,811	(922)	-61.6%
Other Non-Operating Revenues, net	286	765	1,575	(479)	-62.6%
Total Non-operating Revenues	**$ 17,930**	**$ 17,839**	**$ 25,529**	**$ 91**	**0.5%**
Total Operating and Non-operating Revenues	**$ 99,033**	**$ 94,749**	**$ 86,221**	**$ 4,284**	**4.5%**

Tuition and fee revenues are reported net of scholarship allowances of $20.5 million (2012) and $17.9 million (2011), and auxiliary enterprise revenues are reported net of scholarship allowances of $242 thousand (2012) and $212 thousand (2011), Scholarship allowances are defined as the financial aid awarded to students by the University and used to pay University charges. The increase in tuition and fees is due to an overall increase in enrollment of 8.4% and an increase in tuition and fees of 7%. The increase in auxiliary revenues is also due to the increased enrollments and to the opening of a 328 bed residence hall for the 2011 Fall term.

The state provides funding from the College Opportunity Fund (COF) via fee-for-service contracts with the Department of Higher Education and with stipends to qualified undergraduate students to pay a portion of tuition. The 34% decrease in fee-for-service revenue in Fiscal Year 2012 from Fiscal Year 2011 is the result of the overall State cuts in funding to higher education. The value of the stipend was $62 per credit hour in both Fiscal Year 2012 and 2011, and the University received $11.5 million (2012) and $10.7 million (2011).

Pell revenues were $15.6 million (2012) and $13.4 million (2011) and the increase is due to enrollment growth, including more students who are eligible for the maximum award amount of $5,500. Other non-operating grants were $1.5 million in both Fiscal Year 2012 and 2011 and were primarily comprised of Build America Bond interest subsidies of $1.3 million in both Fiscal Year 2012 and 2011. The University received its final Federal State Fiscal Stabilization funds of $719 thousand in Fiscal Year 2011.

Interest income was $575 thousand (2012) and $1.5 million (2011). The decrease is due primarily to less unspent bond proceeds earning interest with the State Treasury in Fiscal Year 2012 compared to Fiscal Year 2011. In Fiscal Year 2011, the University's beginning restricted cash balance was $35.8 million of unspent bond proceeds and debt service funds was earning interest at the State Treasury until the cash was spent. This compares to a Fiscal Year 2012 beginning restricted cash balance of $7.4 million. Also, the State Treasury's average rate of return paid to the University declined from 1.95% in Fiscal Year 2011 to 1.37% in Fiscal Year 2012.

Operating expenses totaled $84.6 million (2012) and $78.1 million (2011). The breakdown of expenses by reporting category is as follows:

Operating Expenses for Fiscal Years 2012, 2011 and 2010 *(in thousands)*

				Increase (Decrease) 2012 vs 2011	
	2012	**2011**	**2010**	**Amount**	**Percent**
Instruction	$ 26,822	$ 23,957	$ 22,829	$ 2,865	12.0%
Research	386	415	356	(29)	(7.0%)
Public service	445	512	689	(67)	(13.1%)
Academic support	5,424	4,830	4,451	594	12.3%
Student services	7,050	5,917	5,388	1,133	19.1%
Institutional support	4,889	3,755	3,581	1,134	30.2%
Operation and maintenance of plant	8,177	10,748	10,401	(2,571)	(23.9%)
Scholarships (net)	3,454	3,227	2,410	227	7.0%
Auxiliary enterprises	19,109	17,119	15,801	1,990	11.6%
Depreciation	8,855	7,644	5,636	1,211	15.8%
Total Operating Expenses	**$ 84,611**	**$ 78,124**	**$ 71,542**	**$ 6,487**	**8.3%**

Since Fiscal Year 2010, all enrollments have increased from 5,944.0 FTE to 7,351.0 FTE in Fiscal Year 2012 (23.7%). During the same period, combined tuition and fees and auxiliary enterprise revenues (net of scholarship allowance) increased from $48.2 million in Fiscal Year 2010 to $67.6 million in Fiscal Year 2012 (40.2%), while expenses for instruction, academic support, student services and auxiliary enterprises have gone up from $48.5 million in Fiscal Year 2010 to $58.4 million in Fiscal Year 2012 (20%). The increases in these functional expense categories over the past two years reflect the costs of providing more programs and services to more students.

Scholarship expenses are reported net of total scholarship allowances of $20.7 million (2012) and $18.1 million (2011), gross scholarship expense was $24.2 million (2012) and $21.3 million (2011). Note 13 to the financial statements reports non-workstudy scholarships from institutional sources increased from $4.8 million (2011) to $6.2 million (2012). This is a result of the University's concerted effort to provide additional funding to help students meet educational expenses. In total, non-loan student assistance from institutional sources was $9.1 million (2012) and $7.1 million (2011).

The decrease in operation and maintenance of plant expenses from Fiscal Year 2011 to Fiscal Year 2012 is explained, to a large degree, by non-capital costs associated with equipping the University Center, Houston Hall and the Bunting Avenue student housing project of $3.2 million compared to non-capital costs for those same projects of $1.3 million expensed in Fiscal Year 2012. Significant non-capital repair and replacement projects in Fiscal Year 2011 also included upgrading the student housing plumbing system ($1.0 million) and re-roofing the library ($259 thousand). The increase in depreciation expense is primarily due to taking a full year's expense on $64.8 million of projects completed in Fiscal Year 2011.

Other transfers to other governing boards or other institutions were $5.7 million (2012) and $5.6 million (2011). Fiscal Year 2012 transfers included a $1.6 million grant match to the Foundation and $4.1 million to the Foundation and CMUREF for property acquisitions. Fiscal Year 2011 transfers included transfers to the Foundation and CMUREF of $2.3 million to acquire property and a $2.9 million non-cash transfer to State Treasury related to the University's cash match portion of the Wubben Hall renovation that was funded by the State-issued Certificates of Participation that are described in Note 5 to the financial statements.

Capital Assets

At June 30, 2012, the College had $350.0 million invested in capital assets before total accumulated depreciation of $58.8 million. The projects completed during Fiscal Year 2012 are shown below and explain the decrease in construction in progress and the increase in buildings. Fiscal Year 2012 property acquisitions include $4.1 million in land and building contributions from the University's foundations. The University also acquired $1.6 million in land by issuing a note payable that is reported in Note 5 to the financial statements. The increase in equipment includes an addition to the Maverick Pavilion of $1.7 million.

Capital Asset Categories (before depreciation) as of June 30, 2012, 2011 and 2010 *(in thousands)*

				Increase (Decrease) 2012 vs 2011	
	2012	**2011**	**2010**	**Amount**	**Percent**
Land and Improvements	$ 23,876	$ 18,138	$ 16,273	$ 5,738	31.6%
Construction in Progress	1,821	29,308	56,200	(27,487)	(93.8%)
Land Improvements	26,383	24,974	18,240	1,409	5.6%
Buildings	273,459	230,220	171,306	43,239	18.8%
Equipment	13,307	10,883	10,287	2,424	22.3%
Library Materials	11,141	10,828	10,439	313	2.9%
Total Gross Capital Assets	**$ 349,987**	**$ 324,351**	**$ 282,745**	**$ 25,636**	**7.9%**

Significant capital additions completed in Fiscal Year 2012 and the resources funding the acquisitions includes the following:

Significant (over one million) Fiscal Year 2012 Additions *(in thousands)*

Project Description	Amount
Houston Hall, University funded	$ 14,572
Bunting Hall, University funded	14,255
Orchard Avenue Student Housing, University funded	10,434
Campus expansion land, University funded	4,415
University Center Expansion, University funded	1,541
Community Hospital land, University funded	1,603
Walker Field improvements, University funded	1,022
Blichman property, University funded	1,002
Total	**$ 48,844**

The following significant projects were in progress at June 30, 2012:

Project Description	Amount
Poma Phase III	$ 715
Montrose Campus remodel	302
Moss Performing Arts Center - phase I	289
MAV Pavilion remodel	183
Forensic/Lineman building	180
Campus expansion land	152
Total	**$ 1,821**

In addition to the operating and non-operating revenues discussed above, the University received capital revenues in the amounts shown below. Capital contributions from the State were for the Wubben Hall renovation funded by the State's issuance of Certificates of Participation that are described in Note 5 to the financial statements. Capital donations in Fiscal Years 2012 and 2011 are primarily cash and in-kind contributions from the University's foundations.

Capital Revenues for Fiscal Years 2012, 2011 and 2010 *(in thousands)*

				Increase (Decrease) 2012 vs 2011	
	2012	**2011**	**2010**	**Amount**	**Percent**
Capital Revenues					
State Appropriation, Capital	$ 32	$ 183	$ 4,488	$ (151)	(82.5%)
Capital Contributions from the State	-	74	14,469	(74)	(100.0%)
Capital Donations	4,810	2,770	4,375	2,040	73.6%
Total Capital Revenues	**$ 4,842**	**$ 3,027**	**$ 23,332**	**$ 1,815**	**60.0%**

Debt

The University had $158.8 million (2012), $140.4 million (2011) and $143.4 million (2010), detailed as follows. See Note 5 to the financial statements for detailed descriptions of the University's debt.

Capital Debt Categories as of June 30, 2012, 2011 and 2010 *(in thousands)*

				Increase (Decrease) 2012 vs 2011	
	2012	2011	2010	Amount	Percent
Bonds Payable	$ 152,334	$ 133,622	$ 135,230	$ 18,712	14.0%
Capital leases	5,159	6,593	7,977	(1,434)	(21.8%)
Notes payable	1,280	155	162	1,125	725.8%
Total Capital Debt	**$ 158,773**	**$ 140,370**	**$ 143,369**	**$ 18,403**	**13.1%**

Economic Outlook

After several years of declining state funding from fee-for-service contracts and College Opportunity Fund (COF) stipends, the Fiscal Year appropriation from those sources will hold steady compared to Fiscal Year 2012. The State appropriated $18.6 million of state support in Fiscal Year 2013 compared to $18.5 million actually received in Fiscal Year 2012. The COF stipend amount will remain at $62 per credit hour, the same amount as in Fiscal Year 2012. However, stability of state funding in the long-term is uncertain and the University continues to plan for the probability of this reduction and has accommodated it through a combination of enrollment growth, expense reductions and conservative budgeting. Notwithstanding potential reductions in state funding, the University is positioned to continue to provide quality instructional programs to all students.

With the passage of SB 11-265, Colorado Revised Statute (CRS) 23-53-102 was amended, effective August 10, 2011, to confer university status and re-name the institution Colorado Mesa University. The new name will more effectively communicate our geographic location as well as the breadth and depth of the University's program offerings. Colorado Mesa University has evolved into its role as a regional comprehensive institution that offers programs ranging from career and technical training to relevant graduate programs including a recently approved Doctor of Nurse Practitioner program in the Health Sciences Department.

To achieve the vision statement of being the first choice institution for students, faculty, and staff, Colorado Mesa University will leverage:

- An adaptable, flexible approach to learning that allows students to choose from multiple and potentially integrated pathways to achieve certification, associates, bachelors, and graduate degrees.
- A highly qualified faculty that excels in teaching and interacting with students.
- A curriculum, often bridging liberal education and professional programs, that successfully prepares students for the 21st century in the areas of personal and social responsibility, civic engagement, ethics, and intercultural/ global learning.
- Continued investment in facilities and technology that expand, expedite, and enhance learning for every student.
- Community support from businesses, industries, alumni, and residents of the region.
- A wide array of academic programs that are improved on an on-going, continuous basis for quality and relevance to Western Colorado's needs in the context of an ever-changing world.
- An administration that uses human and natural resources wisely, embraces excellence, is committed to shared governance, and is focused on the future.

Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Controller at Colorado Mesa University.

STATE OF COLORADO
COLORADAO MESA UNIVERSITY
Statement of Net Assets

		June 30, 2012		June 30, 2011
Assets				
Current Assets				
Cash and cash equivalents	$	21,124,374	$	21,829,684
Investments		5,967,811		6,027,950
Student accounts receivable, net		2,687,434		2,390,493
Other accounts receivable, net		1,935,862		1,263,353
Student loans, net		247,743		356,679
Inventories		729,457		526,504
Prepaid expenses		251,700		225,000
Total Current Assets		**32,944,380**		**32,619,663**
Noncurrent Assets				
Noncapital Noncurrent Assets				
Restricted cash and cash equivalents		12,556,867		7,442,229
Student loans, net		900,136		823,312
Deferred charges and other noncurrent assets		1,303,989		1,809,246
Total Noncapital Noncurrent Assets		**14,760,992**		**10,074,787**
Non-depreciable Capital Assets, Net				
Land and Improvements		23,875,712		18,138,010
Construction in Progress		1,821,468		29,308,426
Total Non-depreciable Capital Assets		**25,697,180**		**47,446,436**
Depreciable Capital Assets, Net				
Land Improvements		21,380,861		21,068,710
Buildings		234,347,563		197,738,683
Equipment		7,020,659		4,652,613
Library Materials		2,756,820		2,844,555
Total Depreciable Capital Assets, Net		**265,505,903**		**226,304,561**
Total Non-current Assets		**305,964,076**		**283,825,784**
Total Assets	**$**	**338,908,456**	**$**	**316,445,447**
Liabilities				
Current Liabilities				
Accounts Payable	$	1,872,363	$	3,643,895
Accrued Liabilities		7,197,582		7,137,384
Deferred Revenues		1,493,405		1,686,359
Deposits Held For Others		370,315		390,579
Student Deposits		455,397		427,917
Bonds Payable, Current Portion		3,205,000		2,150,000
Capital Leases Payable - Current Portion		233,213		348,298
Notes Payable, Current Portion		222,191		7,490
Compensated Absence Liability, Current Portion		191,831		191,831
Total Current Liabilities		**15,241,298**		**15,983,753**
Non-current Liabilities				
Bonds Payable		149,128,904		131,471,904
Capital Leases Payable		4,926,261		6,244,734
Notes Payable		1,057,697		147,321
Compensated Absence		1,227,658		1,229,141
Total Non-current Liabilities		**156,340,520**		**139,093,100**
Total Liabilities	**$**	**171,581,818**	**$**	**155,076,853**
Net Assets				
Invested in Capital Assets, Net of Related Debt		133,190,149		134,406,795
Restricted for Expendable Purposes				
Capital Projects		11,264,662		6,001,959
Loans		1,210,331		1,233,407
Other Purposes		4,522,639		4,821,797
Unrestricted		17,138,857		14,722,636
Total Net Assets	**$**	**167,326,638**	**$**	**161,186,594**

The accompanying notes to the financial statements are an integral part of this statement.

COLORADO MESA UNIVERSITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

ASSETS	
Cash and Cash Equivalents	$ 1,039,706
Investments	16,400,355
Unconditional Promises to Give	1,690,087
Property & Equipment	2,139,556
Less: Accumulated Depreciation	(533,674)
TOTAL ASSETS	$ 20,736,030
LIABILITIES & NET ASSETS	
LIABILITIES	
Note Payable - Line of Credit - Bank	$ 359,663
NET ASSETS	
Unrestricted Net Assets	
Designated by the Board for Endowment Purposes	98,329
Undesignated	(846,508)
Total Unrestricted Net Assets	(748,179)
Temporarily Restricted Net Assets	4,727,244
Permanently Restricted Net Assets	16,397,302
TOTAL NET ASSETS	20,376,367
TOTAL LIABILITIES & NET ASSETS	$ 20,736,030

See accompanying notes.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

ASSETS		
CURRENT ASSETS		
Cash	$	389,077
Accounts Receivable		16,314
Prepaid Expense		326
Interest Receivable		-
Capital Lease Receivable - Current Portion		-
TOTAL CURRENT ASSETS		405,717
LONG-TERM ASSETS		
Capital Lease Receivable		-
Land Held for Investment		886,686
Other		599
TOTAL LONG-TERM ASSETS		887,285
TOTAL ASSETS	$	1,293,002
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$	93,825
Bond Interest Payable		-
Bonds Payable - Current Portion		-
TOTAL CURRENT LIABILITIES		93,825
NON-CURRENT LIABILITIES		
Tenant Deposits		17,340
Bonds Payable		-
TOTAL NON-CURRENT LIABILITIES		17,340
TOTAL LIABILITIES		111,165
NET ASSETS		
Unrestricted Net Assets		922,174
Temporarily Restricted Net Assets		259,663
TOTAL NET ASSETS		1,181,837
TOTAL LIABILITIES & NET ASSETS	$	1,293,002

See accompanying notes.

STATE OF COLORADO
COLORADO MESA UNIVERSITY
Comparative Statement of Revenues, Expenses, and Changes in Net Assets
For The Years Ended:

	June 30, 2012	June 30, 2011
Operating Revenues		
Tuition and Fees (including $10,608,318 (2012) and $9,585,257 (2011) pledged for bonds and net of scholarship allowances of $20,502,876 (2012) and $17,861,146 (2011))	$ 43,072,224	$ 38,454,434
Fee For Service Revenue	7,037,933	10,711,935
Federal, State, Private Grants and Contracts	5,410,786	5,551,047
Gifts	531,879	509,665
Auxiliary Enterprises (including $22,485,279 (2012) and $20,118,108 (2011) pledged for bonds and net of scholarship allowances of $241,932 (2012) and $212,345 (2011))	24,483,560	20,920,916
Other Operating Revenues (including $143,943 (2012) and $81,974 (2011) pledged for bonds)	566,015	762,385
Total Operating Revenues	**81,102,397**	**76,910,382**
Operating Expenses		
Instruction	26,821,517	23,956,473
Research	386,408	414,574
Public Service	444,702	512,292
Academic Support	5,423,640	4,830,148
Student Services	7,050,321	5,917,135
Institutional Support	4,888,936	3,755,421
Operation and Maintenance of Plant	8,177,331	10,747,751
Net Scholarships and Fellowships	3,453,678	3,226,986
Auxiliary Enterprises	19,109,308	17,118,999
Depreciation	8,855,426	7,644,228
Total Operating Expenses	**84,611,267**	**78,124,007**
Operating Income (Loss)	**(3,508,870)**	**(1,213,625)**
Non-operating Revenues (Expenses)		
State Fiscal Stabilization Funds	-	718,987
Federal Pell and Other Non-operating Grants	17,069,021	14,857,936
Gifts	257,313	131,945
Investment and Interest Income (including $414,824 (2012) and $465,787 (2011) pledged to bonds)	575,377	1,497,390
Interest Expense on Capital Debt	(7,410,645)	(5,407,886)
Other Non-operating Revenues	28,399	632,920
Gain or (Loss) on Disposal of Assets	(34,010)	(48,753)
Net Non-operating Revenues	**10,485,455**	**12,382,539**
Income (Loss) Before Other Revenues or Expenses	**6,976,585**	**11,168,914**
Other Revenues, Expenses, Gains, Losses, and Transfers		
State Appropriations, Capital	31,688	182,677
Capital Contributions from the State	-	73,894
Capital Donations	4,810,267	2,770,213
Transfers (To) From Governing Boards or Other Institutions	(5,678,497)	(5,638,696)
Increase (Decrease) in Net Assets	**6,140,043**	**8,557,002**
Net Assets		
Net Assets - Beginning of Year	161,186,594	152,629,592
Net Assets - End of Year	**$ 167,326,637**	**$ 161,186,594**

The accompanying notes to the financial statements are an integral part of this statement.

COLORADO MESA UNIVERSITY FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	$ 97	$ 2,385,785	$ 3,760,775	$ 6,146,657
Support from Colorado Mesa University	238,716	243,264	-	481,980
Special Events	129,402	50,155	-	179,557
Less: Costs of Direct Benefits to Donors	(97,971)	(13,643)	-	(111,614)
Investment Income	-	249,742	-	249,742
Realized Gain/Loss on Investments	-	194,077	-	194,077
Unrealized Gain/Loss on Investments	-	(802,079)	-	(802,079)
Colorado Mesa University Department & Club Collections	-	1,601,155	-	1,601,155
Other	1,746	108,958	-	110,704
Net Assets Released from Restrictions	3,323,577	(3,323,577)	-	-
Donor Imposed Classification Change	-	(621,550)	621,550	-
TOTAL REVENUE AND SUPPORT	3,595,567	72,287	4,382,325	8,050,179
EXPENSES				
Program Expenses				
Scholarships	621,287	-	-	621,287
Colorado Mesa University Building Projects & Expansion	1,140,271	-	-	1,140,271
Colorado Mesa University Department & Club Transfers	1,210,018	-	-	1,210,018
Community Sporting Events Promotion	9,082	-	-	9,082
Supporting Services				
Management & General	70,570	-	-	70,570
Fund-raising	28,700	-	-	28,700
TOTAL EXPENSES	3,079,928	-	-	3,079,928
CHANGE IN NET ASSETS	515,639	72,287	4,382,325	4,970,251
NET ASSETS (DEFICIT) - BEGINNING	(1,263,818)	4,654,957	12,014,977	15,406,116
NET ASSETS (DEFICIT) - ENDING	$ (748,179)	$ 4,727,244	$ 16,397,302	$ 20,376,367

See accompanying notes.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

UNRESTRICTED NET ASSETS

REVENUE AND SUPPORT	
Support from Colorado Mesa University	$ -
Real Estate Management Fee	23,126
Interest Income	18,342
TOTAL REVENUE AND SUPPORT	41,468
EXPENSES	
Program Expenses	
Support Colorado Mesa University	
Real Estate Management Expenses	21,662
Bond Interest Expense	18,342
Supporting Services	
Management & General	5,239
TOTAL EXPENSES	45,243
INCREASE IN UNRESTRICTED NET ASSETS	(3,775)

TEMPORARILY RESTRICTED NET ASSETS

REVENUE AND SUPPORT	
Support from Colorado Mesa University	4,181,701
EXPENSES	
Program Expenses	
Support Colorado Mesa University	
Purchase of Real Estate	3,922,038
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	259,663
INCREASE IN NET ASSETS	255,888
NET ASSETS - BEGINNING	925,949
NET ASSETS - ENDING	$ 1,181,837

See accompanying notes.

STATE OF COLORADO
COLORADO MESA UNIVERSITY
Comparative Statement of Cash Flows
For The Years Ended:

	June 30, 2012	June 30, 2011
Cash Flows from Operating Activities		
Tuition & Fees	$ 62,220,290	$ 56,095,214
Sales of Service	21,997,770	23,057,232
Sales of Product	9,735,547	8,922,113
Grants Contracts and Gifts	5,896,953	6,017,415
Student Loans Collected	162,673	230,745
Other Operating Receipts	566,015	762,385
Payments to or for Employees	(44,298,074)	(40,127,349)
Payments to Suppliers	(27,529,603)	(26,146,216)
Scholarships Disbursed	(24,198,487)	(21,300,728)
Student Loans Disbursed	(177,037)	(177,100)
Net Cash Provided by Operating Activities	**4,376,049**	**7,333,711**
Cash Flows from Non-capital Financing Activities		
Gifts/Grants for Other than Capital Purposes	17,326,334	15,800,600
Other Agency Inflows	100,996,993	90,121,978
Other Agency (Outflows)	(100,945,720)	(86,845,071)
Transfers from (to) Other Campuses, Board, or Institution	(5,656,306)	(2,672,806)
Net Cash Provided by Non-Capital Financing Activities	**11,721,301**	**16,404,701**
Cash Flows from Capital and Related Financing Activities		
State Appropriations, Capital	-	208,364
Capital Grants, Contracts, and Gifts	256,947	529,468
Acquisition and Construction of Capital Assets	(24,056,656)	(43,875,345)
Proceeds from Capital Debt	22,332,426	-
Bond Issuance Costs Paid	(266,529)	-
Principal Paid on Capital Debt	(3,631,048)	(3,145,868)
Interest on Capital Debt	(7,004,817)	(5,464,793)
Net Cash Used by Capital & Related Financing Activities	**(12,369,677)**	**(51,748,174)**
Cash Flows from Investing Activities		
Purchase of Investments	(97,144)	(290,608)
Investment Earnings (Interest/Dividends)	778,799	672,947
Net Cash Provided by Investing Activities	**681,655**	**382,339**
Net Increase (Decrease) in Cash & Cash Equivalents	4,409,328	(27,627,423)
Cash & Cash Equivalents - Beginning of the Year	29,271,913	56,899,336
Cash & Cash Equivalents - End of the Year	**$ 33,681,241**	**$ 29,271,913**

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF COLORADO
COLORADO MESA UNIVERSITY
Comparative Statement of Cash Flows (continued)
For The Years Ended:

	June 30, 2012	June 30, 2011
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Loss	$ (3,508,870)	$ (1,213,625)
Adjustments to Reconcile:		
Depreciation Expense	8,855,426	7,644,228
Provision for Uncollectible Accounts	811,294	309,861
Decrease (Increase) in Assets - Operating Portions	(1,684,258)	(183,015)
Increase (Decrease) in Liabilities - Operating Portions	(97,543)	776,261
Net Cash Provided by Operating Activities	**$ 4,376,049**	**$ 7,333,710**
Supplemental Disclosure of Noncash Investing and Financing Activates		
Additions to construction in progress included in accounts payable and accrued liabilities.	$ 1,648,942	$ 3,856,192
Land donated from Foundations	4,141,717	2,241,108
Reacquisition cost of bond refunding	(30,390,872)	-
Amortization of bond issuance costs	36,512	54,150
Capital assets purchased with capital leases and noncash transfers	-	(2,999,254)
Land acquired with note payable	1,132,567	-

The accompanying notes to the financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Institution Name Change

With the passage of SB 11-265, Colorado Revised Statute (CRS) 23-53-102 was amended, effective August 10, 2011, to confer university status and re-name the institution formerly known as Mesa State College to Colorado Mesa University. With the name change, formerly known as the Mesa State College Foundation and Mesa State College Real Estate Foundation (described below) have legally changed their names to the Colorado Mesa University Foundation and the Colorado Mesa University Real Estate Foundation.

Governance

The accompanying financial statements describe the financial activities of Colorado Mesa University (the University) for the fiscal years ended June 30, 2012 and 2011. Colorado Revised Statute (CRS) 23-53-102 established the Board of Trustees (Board) for Colorado Mesa University to serve as the University's governing board. Nine of the eleven trustees are appointed by the Governor with consent of the Senate. The remaining two members include a student representative elected by the student body, and a faculty member elected by other members of the faculty. Both of these members are non-voting members. The Board has full authority and responsibility for control and governance of the University, including such areas as finance, resources, academic programs, admissions, role and mission, personnel policies, *etc.* To assist them in meeting their responsibilities, the Board delegates to the President of the University the authority to interpret and administer its policies in all areas of operation.

Reporting Entity

The accompanying financial statements reflect the financial activities of Colorado Mesa University for the fiscal years ended June 30, 2012 and 2011. The University is an institution of higher education of the State of Colorado. For financial reporting purposes, the University is included as part of the State of Colorado's primary government. A copy of the state Comprehensive Annual Financial Report may be obtained from the Office of the State Controller, Department of Personnel and Administration (DPA), Denver Colorado.

GASB 39 Statement requires the inclusion of certain organizations as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support to the primary government or its other component units. If a separate entity is determined (by GASB 39 criteria) to be a component unit, its financial information should be discretely presented within the financial statements of the reporting entity.

Applying GASB 39 criteria, the University has identified Colorado Mesa University Foundation (Foundation) and the Colorado Mesa University Real Estate Foundation (CMUREF) as component units. Since the component units use a different reporting model (FASB Non-Profit), the required financial data is discretely presented on separate pages as allowed by GASB 39. The Foundation is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to provide financial assistance to Colorado Mesa University students and to otherwise assist the University in serving educational needs. The Foundation engages in activities that may be beyond the scope of the Colorado Mesa University Board of Trustees and its financial records are maintained separately from the University. The CMUREF is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to acquire, manage, and dispose of properties in order to provide financial assistance to the University. The CMUREF engages in activities that may be beyond the scope of the Colorado Mesa University Board of Trustees and its financial records are maintained separately from the University.

Basis of Accounting
For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred. All significant intra-agency transactions have been eliminated.

The University applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, regardless of issue date, as well as the following pronouncements issued on or before November 30, 1989: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with, or contradict, GASB pronouncements.

Cash and Cash Equivalents
For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the State Treasurer, including unrealized gains and losses, and all highly liquid investments with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents include restricted and unrestricted cash balances.

Investments
Investments are stated at fair value which is determined based on quoted market prices at fiscal year-end. Unrealized gains and losses on the carrying value of investments are reported as a component of interest income on the statement of revenues, expenditures and changes in net assets. The University had investments of $5,967,811, including an unrealized gain of $530,779 at June 30, 2012 and $6,027,950, including an unrealized gain of $688,062 at June 30, 2011.

Inventories
Inventories are stated at the lower of cost or market. The bookstore inventory includes instructional materials and soft goods held for resale. It is valued using the first-in-first-out method.

Capital Assets
Physical plant and equipment are recorded at cost at date of acquisition, or fair market value at date of donation in the case of gifts. A physical inventory of all plant assets is updated annually with appropriate adjustments made to the financial records. Annual revisions of statement of values for insurance purposes are performed.

The University uses a capitalization threshold of $50,000 for buildings and improvements other than buildings, and $5,000 for all other capital assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets with a half-year convention for asset additions. Estimated useful lives range from 25-40 years for buildings, 10-20 years for improvements other than buildings, and 3-20 years for equipment, collections, and library materials.

Assets under capital leases are recorded at the present value of the future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets being leased. Such amortization is included as depreciation expense in the accompanying financial statements.

Capital Lease Liabilities
In November 2008, the University entered into a lease-purchase contract with the State of Colorado under the Higher Education Capital Construction Lease-Purchase Financing Program Certificates of Participation, Series 2008 to renovate and expand the Wubben Hall Science Building.

In December 2008, the University entered into a lease-purchase agreement with the Colorado Mesa University Real Estate Foundation to finance the acquisition of property adjacent to the Western Community College of Colorado campus. The University made final payment on the lease in December 2011 and the property was transferred to the University.

In May 2008, the University entered into a capital lease-purchase contract for the acquisition of equipment that will result in guaranteed energy cost saving. The contract provides for any commitments beyond the current year be contingent upon funds being appropriated, budgeted and otherwise made available for that purpose. It is reasonably assured that sufficient funds will be available for the full term of the contract, and, therefore are treated as non-cancelable for financial reporting purposes.

Deferred Revenues
Deferred revenues represent unearned student tuition and fees, sports camp revenues and advances on grant and contracts for which the University has not yet provided the associated services.

Classification of Revenues and Expenses
The University has classified its revenues and expenses as operating, non-operating or other according to the following criteria:

- Operating revenues and expenses are derived from activities associated with providing goods and services for instruction, public service or related support services to an individual or entity separate from the University.
- Non-operating revenues and expenditures do not meet the definition of operating revenues. Non-operating revenues include state operating appropriations, Federal stimulus money grants and other non-operating grants, gifts, investment income, interest expense, and insurance reimbursements.
- Other revenues, expenses, gains, losses, and transfers include state capital and controlled maintenance appropriations, capital contributions, gains and losses from the disposal of assets and donations and transfers between governing boards and other institutions.

Scholarship Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance. The scholarship allowances on tuition and fees for the year ended June 30 were $20,502,876 (2012) and $17,861,146 (2011). Scholarship allowances for auxiliary charges for the year ended June 30 were $241,932 (2012) and $212,345 (2011).

Application of Restricted and Unrestricted Resources
The University's policy is to first apply an expense against restricted resources then towards unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

Financial Statement Presentation - Net Assets
Net assets are classified as either Unrestricted or Restricted. As of June 30, 2012, the University had no non-expendable restricted assets. Restricted expendable net assets are classified as expendable for loans, bonded auxiliaries and for capital projects. Colorado Revised Statutes, CRS 23-5-103 specifically restricts the residual funds of the bonded auxiliaries, in excess of those required for operations and current year debt service, for the direct benefit of the bonded auxiliaries. At June 30, the restricted net assets of the bonded auxiliary operations totaled $3,179,521 (2012) and $3,342,237 (2011). Restricted expendable net assets for capital projects were $11,264,662 (2012) and $6,001,959 (2011). Restricted expendable net assets also include net assets of its Perkins loan program. Program guidelines require that net assets fund new loans, are written off in accordance with program guidelines, or are refunded to the federal government. At June 30, the restricted net assets related to the Perkins loan program totaled $1,210,331 (2012) and $1,233,407 (2011).

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The University deposits cash with the Colorado State Treasurer as allowed by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities approved by CRS 24-75-601.1. The University reports its share of the Treasurer's unrealized gains and losses based on its participation in the State Treasurer's pool. All of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at June 30, 2012 and 2011. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment of income related to participation in the pool. The unrealized gains and losses included in "Investment Income" reflect only the change in fair value during the current fiscal year. Additional information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

At June 30 the University had $30,613,259 (2012) and $26,544,635 (2011), including unrealized gains of $416,234 (2012) and $394,952 (2011) on deposit with the State Treasurer. Of that amount, $11,264,662 (2012) and $6,001,959 (2011) was restricted for construction projects and not available for general operations. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Investments in the Treasurer's Pool are exposed to custodial credit risk if the securities are uninsured, are not registered in the state's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the state's name. As of June 30, 2012, none of the investments in the State Treasurer's Pool are subject to custodial credit risk.

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations. This risk is assessed by national rating agencies that assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not reported; however, credit quality ratings are reported for obligations of U.S. government agencies that are not explicitly guaranteed by the U.S. government. Based on these parameters, as of June 30, 2012, approximately 89.0 percent of investments of the Treasurer's Pool are subject to credit quality risk reporting. Except for $12,085,710 of corporate bonds rated lower medium, these investments are rated from upper medium to the highest quality, which indicates that the issuer has strong capacity to pay principal and interest when due.

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. In addition to statutory limitations on the types of investments, the State Treasurer's investment policy mitigates interest rate risk through the use of maturity limits set to meet the needs of the individual fund if the Treasurer is investing for a specific fund rather than the Pool. The Treasurer actively manages the time to maturity in reacting to changes in the yield curve, economic forecasts, and liquidity needs of the participating funds.

The Treasurer further limits investment risk by setting a minimum/maximum range for the percentage of investments subject to interest rate risk and by laddering maturities and credit ratings. As of June 30, 2012, the weighted average maturity of investments in the Treasurer's Pool is 0.090 years for Commercial Paper (2.1 percent of the Pool), 0.803 years for U.S. Government Securities (75.2 percent of the Pool), 2.379 years for Asset Backed Securities (3.253 percent of the Pool), and 3.133 years for Corporate Bonds (16.1 percent of the Pool).

The Treasurer's Pool was not subject to foreign currency risk or concentration of credit risk in fiscal year 2012 and 2011.

Additional information on investments of the State Treasurer's Pool may be obtained in the state's Comprehensive Annual Financial Report for the year ended June 30, 2012.

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government to deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

At year-end, cash on hand and in banks consisted of the following:

	Year-End	
	June 30, 2012	**June 30, 2011**
Cash on hand	$ 24,757	$ 20,505
Cash in checking accounts at bank	3,028,638	2,706,773
Total Cash on Hand and In Banks	**$ 3,053,395**	**$ 2,727,278**

The carrying amount of the University's cash on deposit was $3,028,638 (2012) and $2,704,668 (2011) and the bank balance was $3,313,626 (2012) and $3,604,599 (2011). Of this bank balance, $2,513,557 (2012) and $3,573,557 (2011) was covered by federal depository insurance and the balance was collateralized by PDPA as described above. The difference between the University's cash in banks and the amount reported by the various banks was $284,988 (2012) and $899,931 (2011) in the form of outstanding checks. Of the total cash on deposit with banks, $800,069 (2012) and $1,440,267 (2011) were in accounts restricted for debt service reserves and therefore unavailable for general operations.

Beginning July 1, 2008, 23-53-103.3, CRS authorized the Colorado Mesa University Board of Trustees (Board) to hold investments, unless externally restricted, in one or more consolidated funds in which the participation trusts or accounts have undivided interests. In accordance with the legislation, the Board of Trustees approved the Colorado Mesa University Investment Policy and established an Investment Advisory Committee (IAC). The IAC is responsible for developing investment guidelines in support of the 'prudent investor' standard, providing liquidity, safety and yield. In formulating investment guidelines the IAC shall take into account institutional cash flow analysis, diversification of investments, appropriate time horizons, and credit quality of investments to establish return benchmarks at acceptable levels of risk. Liquidity of assets invested shall at all times remain at a level sufficient to pay for all budgeted, outstanding operational obligations and expenses occurring within any fiscal year. The University's investments were $5,967,811 including an unrealized gain of $530,779 and included equity securities, fixed income investments and short-term money market funds (2012), and $6,027,950, including an unrealized gain of $688,072 and included equity securities, fixed income investments and short-term money market funds (2011). All of the University's investments are registered in the University's name.

Credit quality risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical ratings organization (NRSRO). To manage credit risk, the University's investment policy specifies investments of a single issuer, with the exception of the US Government and its agencies, may not exceed 5% of the total portfolio, and no more than 10% of the portfolio may be invested in corporate debt securities rated below investment grade.

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. To mitigate interest rate risk, the investment portfolio should have an average duration of less than seven years and the University does not invest in instruments with a maturity date longer than 15 years. Investments at June 30, 2012 consisted of the following:

	Fair Value		S&P Rating	Weighted Average Maturity	Duration (in years)
Debt Securities	$	855,652	AAA	3.99	2.867
U.S Government Securities		770,085	AA+ - BBB	5.391	3.476
Corporate Bonds		156,448	Average Rating B	4.3	5.35
Bond Mutual Funds		116,681	AA + - AA	10.87	8.266
Taxable Municipal Bonds					
Other Investments		2,242,815			
Corporate Equities		873,752			
International Equities		806,065			
Mutual Funds		146,313			
Total	**$**	**5,967,811**			

Investments at June 30, 2011 consisted of the following:

	Fair Value		S&P Rating	Weighted Average Maturity	Duration (in years)
Debt Securities					
U.S Government Agencies	$	796,496	AAA	7.5	4.24
Corporate Bonds		639,210	Aa2 - Baa2	4.45	2.94
Bond Mutual Funds		148,960	Average Rating B	3.86	3.01
Municipal Bonds		50,176	Aa2	9.72	7.86
Money Market Mutual Funds		41,250		30 days	-
Other Investments					
Corporate Equities		2,285,136			
International Equities		1,089,080			
Mutual Funds		977,642			
Total	**$**	**6,027,950**			

Investment income, gains and losses for fiscal year 2012 are as follows:

Beginning Investments - Cost	$	5,339,888
Net Interest Revenue		68,677
Dividend Income		61,727
Net Realized Loss		(10,014)
Investment Fees		(23,247)
Investments - Cost		**5,437,032**
Unrealized Gain		530,779
Investments - Market	**$**	**5,967,811**

The return on investments for fiscal year 2012 was -0.34% gross of fees and -0.73% net of fees.

Investment income, gains and losses for fiscal year 2011 are as follows:

Beginning Investments - Cost	$	5,049,280
Net Interest Revenue		78,197
Dividend Income		176,989
Net Realized Gain		57,820
Investment Fees		(22,398)
Investments - Cost		**5,339,888**
Unrealized Gain		688,062
Investments - Market	**$**	**6,027,950**

The return on investments for fiscal year 2011 was 22.5% gross of fees and 22.0% net of fees.

NOTE 3 - ACCOUNTS AND LOANS RECEIVABLE

The following schedule shows the status of accounts and loans receivable and related allowance for doubtful accounts at June 30, 2012 and June 30, 2011:

		June 30, 2012		**June 30, 2011**
Total Accounts and Loans Receivable	$	8,689,570	$	6,931,486
Less: Allowance for Doubtful Accounts		(2,918,396)		(2,097,648)
Net Accounts Receivable	**$**	**5,771,174**	**$**	**4,833,838**

Receivables reported on the statement of net assets may be aggregations of various components, such as balances due to or from students, vendors, other governments, and employees.

NOTE 4 - CAPITAL ASSETS

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Transfers	Disposals	Balance June 30, 2012
Non-depreciable Capital Assets					
Land	$ 18,138,010	$ 5,384,590	$ 353,113	$ -	23,875,713
Construction in Progress	29,308,426	1,544,919	(29,031,877)	-	1,821,468
Total Non-depreciable Capital Assets	**47,446,436**	**6,929,509**	**(28,678,764)**	**-**	**25,697,181**
Depreciable Capital Assets					
Land Improvements	24,973,735	754,902	801,127	(147,477)	26,382,287
Buildings	230,219,958	15,361,146	27,877,637	-	273,458,741
Equipment	10,883,348	2,983,005	-	(559,693)	13,306,660
Library Materials	10,828,018	312,961	-	-	11,140,979
Total Depreciable Capital Assets	**276,905,059**	**19,412,014**	**28,678,764**	**(707,170)**	**324,288,667**
Less: Accumulated Depreciation					
Land Improvements	(3,905,025)	(1,243,878)	-	147,477	(5,001,426)
Buildings	(32,481,275)	(6,629,902)	-	-	(39,111,177)
Equipment	(6,230,735)	(580,950)	-	525,683	(6,286,002)
Library Materials	(7,983,463)	(400,696)	-	-	(8,384,159)
Total Accumulated Depreciation	**(50,600,498)**	**(8,855,426)**	**-**	**673,160**	**(58,782,764)**
Net Depreciable Capital Assets	**226,304,561**	**10,556,588**	**28,678,764**	**(34,010)**	**265,505,903**
Capital Assets, net	**$ 273,750,997**	**$ 17,486,097**	**$ -**	**$ (34,010)**	**$ 291,203,084**

Additions to buildings and construction in progress for the year ended June 30, 2012 includes $350,019 in capitalized interest.

The following presents changes in capital assets and accumulated depreciation for the year ended June 30, 2011.

	Balance July 1, 2010	Additions	Transfers	Disposals	Balance June 30, 2011
Non-depreciable Capital Assets					
Land and Improvements	$ 16,273,344	$ 1,700,387	$ 164,279	$ -	18,138,010
Construction in Progress	56,200,247	27,414,118	(54,305,939)	-	29,308,426
Total Non-depreciable Capital Assets	**72,473,591**	**29,114,505**	**(54,141,660)**	**-**	**47,446,436**
Depreciable Capital Assets					
Land Improvements	18,240,426	4,099,834	2,633,475	-	24,973,735
Buildings	171,305,666	7,527,703	51,508,185	(121,596)	230,219,958
Equipment	10,287,039	1,040,077	-	(443,768)	10,883,348
Library Materials	10,439,552	388,466	-	-	10,828,018
Total Depreciable Capital Assets	**210,272,683**	**13,056,080**	**54,141,660**	**(565,364)**	**276,905,059**
Less: Accumulated Depreciation					
Land Improvements	(2,824,814)	(1,080,211)	-	-	(3,905,025)
Buildings	(27,360,655)	(5,196,618)	-	75,998	(32,481,275)
Equipment	(5,778,241)	(893,106)	-	440,613	(6,230,735)
Library Materials	(7,509,171)	(474,292)	-	-	(7,983,463)
Total Accumulated Depreciation	**(43,472,881)**	**(7,644,228)**	**-**	**516,611**	**(50,600,498)**
Net Depreciable Capital Assets	**166,799,802**	**5,411,852**	**54,141,660**	**(48,753)**	**226,304,561**
Capital Assets, net	**$ 239,273,393**	**$ 34,526,357**	**$ -**	**$ (48,753)**	**$ 273,750,997**

Additions to buildings and construction in progress for the year ended June 30, 2011 includes $2,492,680 in capitalized interest.

NOTE 5 LONG-TERM LIABILITIES

Changes in long-term debt for the year ended June 30, 2012 were as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Current Portion
Revenue bonds	$ 136,595,000	$ 51,035,000	$ 29,070,000	$ 158,560,000	$ 3,205,000
Plus unamortized bond premiums	2,684,486	435,382	750,940	2,368,928	-
Less unamortized bond discounts	(789,416)	-	(414,123)	(375,293)	-
Less deferred refunding loss	(4,868,166)	(3,632,687)	(281,122)	(8,219,731)	-
Total revenue bonds	133,621,904	47,837,695	29,125,695	152,333,904	3,205,000
Capital leases	6,593,032	-	1,433,559	5,159,473	233,213
Notes payable	154,811	1,132,567	7,490	1,279,888	222,191
Total Bonds, Notes and Leases Payable	**$ 140,369,747**	**$ 48,970,262**	**$ 30,566,744**	**$ 158,773,265**	**$ 3,660,404**

Changes in long-term debt for the year ended June 30, 2011 were as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Current Portion
Revenue bonds	$ 138,350,000	$ -	$ 1,755,000	$ 136,595,000	$ 2,150,000
Plus unamortized bond premiums	2,810,390	-	125,904	2,684,486	-
Less unamortized bond discounts	(839,397)	-	(49,981)	(789,416)	-
Less deferred refunding loss	(5,091,136)	-	(222,970)	(4,868,166)	-
Total revenue bonds	135,229,857	-	1,607,953	133,621,904	2,150,000
Capital leases	7,976,771	-	1,383,739	6,593,032	348,298
Notes payable	161,940	-	7,129	154,811	7,490
Total Bonds, Notes and Leases Payable	**$ 143,368,568**	**$ -**	**$ 2,998,821**	**$ 140,369,747**	**$ 2,505,788**

Revenue Bonds Payable

Series 2012B Bonds: In May 2012, the University issued tax-exempt Enterprise Revenue Bonds, Series 2012B for $14,000,000. Series 2012B bonds were issued to construct, improve and equip a new, approximately 200-bed student residence hall; pay capitalized interest through May 15, 2013; and pay the costs of issuance relating to the Series 2012B bonds. The Series 2012B bonds include a net premium of $240,124 that will be amortized over the life of the bonds. After issuance costs, $13,696,886 was deposited into the Series 2012B Project Fund and $491,900 was deposited into the Series 2012B Capitalized Interest Fund.

Series 2012B bonds require annual debt service ranging from $491,900 to $891,850, including coupon interest rates ranging from 2.00% to 4.25% affecting a net interest rate of 3.60%. Final payments are due in May of 2037. The bonds are secured by the pledge of certain net revenues which are pledged and assigned for equal and ratable payment of the bonds.

A Reserve Fund requirement was met by participating in the State Intercept Program, which was enacted for bonds issued by state-supported institutions of higher education on or after June 4, 2008. Under Section 23-5-139, CRS, as amended, if the University cannot meet a scheduled payment of principal and interest, the State Treasurer is required to forward the amount necessary to make the payment to the paying agent, and will recover such amounts by withholding funds from the University's fee-for-service contract with the Department of Higher Education.

Series 2012A Bonds: In March 2012, the University issued tax-exempt Enterprise Revenue Refunding Bonds, Series 2012A for $19,315,000. The Series 2012A bonds were issued to advance refund all of the Series 2005 bonds. Series 2012A bonds include a net premium of $163,688 that will be amortized over the life of the bonds. Series 2012A bonds require annual debt service payments ranging from $1,250,300 to $1,258,700, including coupon interest rates ranging from 2.005 to 4.00% affecting a net interest rate of 3.27%. Final payments are due in May 2034. The bonds are secured by the pledge of certain net revenues which are pledged and assigned for equal and ratable payment of the bonds.

A Reserve Fund requirement was met by participating in the State Intercept Program, which was enacted for bonds issued by state-supported institutions of higher education on or after June 4, 2008. Under Section 23-5-139, CRS, as amended, if the University cannot meet a scheduled payment of principal and interest, the State Treasurer is required to forward the amount necessary to make the payment to the paying agent, and will recover such amounts by withholding funds from the University's fee-for-service contract with the Department of Higher Education.

The University advance refunded the Series 2005 bonds by placing the bond proceeds and the Series 2005 debt service reserve in an irrevocable trust to provide for future debt service payments on the Series 2005 bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. At June 30, 2012 $17,645,000 is outstanding for the advance refunding that is considered defeased debt.

The defeasance resulted in an economic gain of $742,085 and a book loss of $2,253,389 that will be amortized as an adjustment to interest expense over the life of the Series 2012A bonds.

Series 2011BC Bonds: In November 2011, the University issued taxable Enterprise Revenue Bonds, Series 2011B for $7,775,000 and tax-exempt Enterprise Revenue Bonds, Series 2011C for $1,945,000. The Series 2011BC bonds were issued to advance refund all of the Mesa Auxiliary Facilities System Tax-Exempt Improvement and Refunding bonds, Series 2002B. Series 2011BC bonds include a net premium of $31,570 that will be amortized over the life of the bonds. Series 2011BC bonds require debt service payments ranging from $718,556 to $1,381,274, including coupon interest rates from 2.00% to 3.52% affecting a net interest rate of 2.82%. Final payments are due in May 2022. The bonds are secured by the pledge of certain net revenues which are pledged and assigned for equal and ratable payment of the bonds.

A Reserve Fund requirement was met by participating in the State Intercept Program, which was enacted for bonds issued by state-supported institutions of higher education on or after June 4, 2008. Under Section 23-5-139, CRS, as amended, if the University cannot meet a scheduled payment of principal and interest, the State Treasurer is required to forward the amount necessary to make the payment to the paying agent, and will recover such amounts by withholding funds from the University's fee-for-service contract with the Department of Higher Education.

The University advance refunded the Series 2002B bonds by placing the bond proceeds in an irrevocable trust to provide for future debt service payments on the Series 2005 bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. At June 30, 2012 $7,900,000 is outstanding for the advance refunding that is considered defeased debt.

The defeasance resulted in an economic gain of $371,643 and a book loss of $1,436,008 that will be amortized as an adjustment to interest expense over the life of the Series 2012A bonds.

Series 2011 Bond: In August 2011, the University issued tax-exempt Auxiliary Facilities System Enterprise Revenue Bond, Series 2011 for $8,000,000. The Series 2011 bond requires debt service payments ranging from $325,541 to $886,128. The Series 2011 bond was used to finance the costs of construction and equipping the Orchard Avenue Apartments; and to fund a deposit into the Series 2011 Debt Service Reserve Fund. After issuance costs, $7,164,000 was deposited into the Series 2011 Project Fund.

The Series 2011 bond matures in August 2021 with variable interest calculated as the product of (a) the Bank Qualified factor; and the sum of (i) the Five Year Treasury, Constant Maturity; plus (ii) 210 basis points. The initial rate is 2.49% and shall remain in effect for a five-year period. The bond will be recalculated in 2016 using the formula above. The Bond will recalculate each year using the above formula and the University may accept the recalculated rate for a period of five years or through the Series 2011 maturity date, whichever is shorter. The University is under no obligation to accept any recalculated rate. The bonds are secured by the pledge of certain net revenues which are pledged and assigned for equal and ratable payment of the bonds.

The Reserve Fund requirement was met by depositing $800,000 with the 2011 Bond trustee.

Series 2010 AB Bonds: In April 2010, the University issued tax-exempt Auxiliary Facilities System Enterprise Revenue Bonds, Series 2010A for $1,040,000 and Taxable Auxiliary Facilities System Enterprise Revenue Bonds (Build America Bonds – Direct Payment to Board), Series 2010B for $30,670,000. Series 2010 bonds were issued to finance the costs of construction, acquisition, renovation and equipping of certain housing, classroom, and other University facilities; and to fund a deposit to the Series 2010 Capitalized Interest Fund to pay a portion of the interest on the Series 2010 bonds through May 2011. The Series 2010 bonds include a net discount of $149,696 that will be amortized over the life of the bonds. After issuance costs, $30,000,000 was deposited into the Series 2010 Project Fund and $1,426,665 was deposited into the Series 2010 Capitalized Interest Fund.

Series 2010 Bonds require annual debt service payments ranging from $2,040,213 to $8,511,463, including coupon interest rates ranging from 3.00% to 6.75% affecting a net interest rate of 4.32%. The Series 2010B (Build America Bonds) average coupon rate of 6.60% is established at a higher rate than those prevalent in the tax-exempt market because the interest paid is taxable to the investor. The US Treasury, in turn, will rebate 35% of the interest paid over the life of the bonds to the University, and the net rate paid is 4.29% after the rebate.

A Reserve Fund requirement was met by participating in the State Intercept Program, which was enacted for bonds issued by state-supported institutions of higher education on or after June 4, 2008. Under Section 23-5-139, CRS, as amended, if the University cannot meet a scheduled payment of principal and interest, the State Treasurer is required to forward the amount necessary to make the payment to the paying agent, and will recover such amounts by withholding funds from the University's fee-for-service contract with the Department of Higher Education.

Series 2009 AB bonds: In October 2009, the University issued tax-exempt Auxiliary Facilities System Enterprise Revenue Refunding Bonds Series 2009A for $31,665,000 and Taxable Auxiliary Facilities System Enterprise Revenue Bonds (Build America Bonds – Direct Payment to Board) Series 2009B for $30,000,000.

Series 2009A bonds were used to advance refund all of the Series 2008 bonds. Series 2009B bonds were issued to finance the costs of construction, acquisition, renovation and equipping of certain housing, University Center, parking and other University facilities; and to fund a deposit to the Series 2009 Capitalized Interest Fund to pay a portion of the interest on the Series 2009 bonds through November 2010. Series 2009 bonds include a net premium of $1,553,007 that will be amortized over the life of the bonds. After issuance costs, $28,000,000 was deposited into the Series 2009 Project Fund and $1,670,000 was deposited into the Series 2009 Capitalized Interest Fund that was used to make interest payments during the construction of the University Center and University Center parking garage. The Project Fund was used to finance construction and equipping the new University Center and University Center parking garage.

Series 2009 bonds require annual debt service payments ranging from $1,927,344 to $6,865,680, including coupon interest rates ranging from 3.00% to 5.80% affecting an interest rate of 3.97%. Final payments are due in May of 2040. The Series 2009B (Build America Bonds) coupon rate of 5.80% is established at a higher rate than those prevalent in the tax-exempt market because the interest paid is taxable to the investor. The US Treasury, in turn, will rebate 35% of the interest paid over the life of the bonds to the University, and the net rate paid is 3.77% after the rebate.

A Reserve Fund requirement was met by participating in the State Intercept Program, which was enacted for bonds issued by state-supported institutions of higher education on or after June 4, 2008. Under Section 23-5-139, CRS, as amended, if the University cannot meet a scheduled payment of principal and interest, the State Treasurer is required to forward the amount necessary to make the payment to the paying agent, and will recover such amounts by withholding funds from the University's fee-for-service contract with the Department of Higher Education.

The University in-substance defeased the Series 2008 bonds by placing the proceeds of the Series 2009A in an irrevocable trust to provide for future debt service payments on the Series 2008 bonds. As such, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. At June 30, 2012 $28,445,000 is outstanding for the advance refunding that is considered defeased debt.

The defeasance resulted in an economic gain of $2,531,320 and a book loss of $5,276,944 that will be amortized as an adjustment to interest expense over the life of the Series 2009A bonds.

Series 2007 Bonds: The University issued College Enterprise Revenue Bonds Series 2007 in June 2007. The debt issue totaled $17,236,775, including a premium of $431,775 that will be amortized over the life of the bonds. After issuance costs, $16,975,000 was deposited into the Project Construction Fund. The Project Fund was used to pay a portion of the costs to expand and renovate the Saunders Field House, to construct a facilities services building, to pay for a portion of the Business and Information Technology Center, and for several other capital projects to improve, expand, and equip the University's facilities.

Series 2007 bonds require annual debt service payments ranging from $748,315 to $2,796,325, including coupon interest ranging from 4.75% to 5.125%, affecting a net interest rate of 4.96%. Final payments are due in May of 2037. The bonds are secured by the pledge of certain net revenues and other money in funds and accounts held by the Trustees of Colorado Mesa University which are pledged and assigned for equal and ratable payment of the bonds.

A Reserve Fund requirement was satisfied by the purchase of a surety bond in an amount equal to the Debt Service Reserve Requirement that is equal to the lesser of (i) the combined maximum annual principal and interest payments on all bonds outstanding, (ii) the combined average annual principal and interest payments on all bonds, or (iii) ten percent (10%) of the original principal of each issue of Bonds Outstanding. Because of downgrades of the bond insurer in February 2009, the surety bond for the Series 2007 bonds is no longer a "qualified surety bond" under the Bond Resolution requirements. In March 2010, the University obtained an irrevocable standby letter of credit in the amount of $1,276,045 to satisfy the reserve fund requirement for the Series 2007 bonds.

The following is a schedule of future minimum bond payments as of June 30, 2012:

Fiscal Year-End:	2007	2009AB	2010AB	2011A	2011BC	2012A	2012B	Total
2013	$ 844,494	$ 3,564,888	$ 2,339,001	$ 886,128	$ 1,381,274	$ 1,254,892	$ 491,900	$ 10,762,577
2014	844,494	3,612,137	2,343,651	883,510	1,332,974	1,255,600	886,900	11,159,266
2015	844,494	3,627,588	2,342,851	885,458	1,315,174	1,257,200	889,000	11,161,765
2016	844,494	3,622,137	2,339,480	881,970	1,322,275	1,253,500	891,850	11,155,706
2017	844,494	4,226,388	2,328,630	883,046	720,284	1,255,700	889,250	11,147,792
2018-2022	4,222,469	21,125,375	11,554,967	4,413,068	3,608,574	6,274,350	4,450,200	55,649,003
2023-2027	7,528,769	21,561,250	11,332,534	-	-	6,273,875	4,446,250	51,142,678
2028-2032	7,527,219	21,556,850	11,054,575	-	-	6,270,906	4,451,888	50,861,438
2033-2037	10,117,106	21,160,000	10,667,369	-	-	2,504,956	4,450,950	48,900,381
2038-2042	-	20,236,570	23,023,746	-	-	-	-	43,260,316
Subtotals	**33,618,033.00**	**124,293,183.00**	**79,326,804.00**	**8,833,180.00**	**9,680,555.00**	**27,600,979.00**	**21,848,188.00**	**305,200,922.00**
Less Interest Included Above	(16,813,033)	(63,573,183)	(47,951,804)	(1,008,180)	(1,160,555)	(8,285,979)	(7,848,188)	(146,640,922)
Total Principal Outstanding	**16,805,000**	**60,720,000**	**31,375,000**	**7,825,000**	**8,520,000**	**19,315,000**	**14,000,000**	**158,560,000**
Less Current Portion	-	(425,000)	(345,000)	(700,000)	(1,165,000)	(570,000)	-	(3,205,000)
Net Long Term Principal	**16,805,000**	**60,295,000**	**31,030,000**	**7,125,000**	**7,355,000**	**18,745,000**	**14,000,000**	**155,355,000**
Less Unamortized Disc/Premium	359,813	(3,284,262)	(156,064)	-	(1,315,970)	(2,067,069)	237,456	(6,226,096)
Bonds Payable Net	**$ 17,164,813**	**$ 57,010,738**	**$ 30,873,936**	**$ 7,125,000**	**$ 6,039,030**	**$ 16,677,931**	**$ 14,237,456**	**$ 149,128,904**

The following is a schedule of future minimum bond payments as of June 30, 2011:

Fiscal Year-End:	2002B	2005	2007	2009AB	2010AB	Total
2012	$ 1,340,200	$ 1,289,975	$ 844,494	$ 3,634,287	$ 2,339,051	$ 9,448,007
2013	1,409,150	1,289,750	844,494	3,564,887	2,339,001	9,447,282
2014	1,359,150	1,289,000	844,493	3,612,138	2,343,652	9,448,433
2015	1,344,150	1,290,400	844,493	3,627,588	2,342,852	9,449,483
2016	1,347,400	1,291,000	844,494	3,622,138	2,339,480	9,444,511
2017-2021	3,736,200	6,454,500	4,222,469	21,126,363	11,586,754	47,126,285
2022-2026	745,500	6,447,750	6,863,431	21,479,700	11,381,630	46,918,011
2027-2031	-	6,443,250	7,536,331	21,549,050	11,121,496	46,650,128
2032-2036	-	5,154,750	8,821,500	21,345,590	10,753,260	46,075,100
2037-2041	-	-	2,796,325	24,365,730	16,781,818	43,943,873
2042	-	-	-	-	8,336,863	8,336,863
Subtotals	11,281,750.00	30,950,375.00	34,462,524.18	127,927,470.00	81,665,856.20	286,287,975.38
Less Interest Included Above	(2,481,750)	(12,870,375)	(17,657,525)	(66,727,470)	(49,955,855)	(149,692,975)
Total Principal Outstanding	**8,800,000**	**18,080,000**	**16,804,999**	**61,200,000**	**31,710,001**	**136,595,000**
Less Current Portion	(900,000)	(435,000)	-	(480,000)	(335,000)	(2,150,000)
Net Long Term Principal	**7,900,000**	**17,645,000**	**16,804,999**	**60,720,000**	**31,375,001**	**134,445,000**
Less Unamortized Disc/Premium	(401,036)	646,411	374,205	(3,439,442)	(153,234)	(2,973,096)
Bonds Payable Net	**$ 7,498,964**	**$ 18,291,411**	**$ 17,179,204**	**$ 57,280,558**	**$ 31,221,767**	**$ 131,471,904**

Capital Leases

Equipment Lease: In Fiscal Year 2008, the University entered into a $2,162,375 capital lease-purchase contract with an interest rate of 4.32% for the acquisition of equipment that will result in energy cost savings guarantees. Rent payments began in September 2009 and continue through August 2024. The contract provides that any commitments beyond the current year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available. It is reasonably assured sufficient funds will be available for the full term of the contract, and, therefore are treated as non-cancelable for financial reporting purposes.

State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008: On November 6, 2008, the State Treasurer entered a lease-purchase agreement under which a Trustee issued $230,845,000 of State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008. The Certificates were issued at a net premium of $180,940 and were a combination of serial and term maturities with the final maturity in November 2027. The Certificates carry coupon rates ranging from 3.00 percent to 5.50 percent with a total interest cost of 5.38 percent.

The Certificates proceeds will be used to fund renovations, additions, and new construction at twelve state Institutions of Higher Education and are collateralized with existing properties at eleven of the twelve institutions. Legislation enacted in the 2008 session of the General Assembly authorized the lease purchase and limited the lease payments to average $16.2 million for the first ten years and $16.8 million for the second ten years.

The legislation envisions annual appropriations of Federal Mineral Lease Program (FML) revenues to fund the semi-annual lease payments required. Total lease payments anticipated from the FML source are $325.5 million, and three institutions will make $42.8 million of lease payments over the life of the Certificates to fund the portion of their required project match that they elected to finance through the Certificates.

Proceeds from the issuance of $18,427,477 were allocated to renovate and expand the Wubben Hall science building. Of that, $3,652,294 will be financed by the University through a sublease with the State Treasurer. The University will make rental payments from April 2009 through October 2027 totaling $5,870,719 including interest of $2,195,719. The University pledged the Fine Arts Building and the Tomlinson Library as collateral for the project.

Capital Lease-Purchase with the Colorado Mesa University Real Estate Foundation (CMUREF): On December 29, 2008, the Board of Trustees granted $1,187,500 to the CMUREF and entered into a lease-purchase agreement with the CMUREF to finance the acquisition of property adjacent to the University's Western Community College campus. CMUREF made an equity contribution of $1,187,500 and issued a lease revenue bond through the Colorado Educational and Cultural Facilities Authority for $3,562,500 with a fixed interest rate of 3.00% that matured on December 29, 2011. The term of the capital lease was for ten years at 3.00% with the final payment due on December 29, 2018. The University had the option to purchase the CMUREF's interest in the leased property by paying the CMUREF an amount which is sufficient to pay the outstanding principal and interest of the bond, and any other amounts due under the lease agreement. The University exercised its option to purchase the leased property by paying the purchase option price on December 29, 2011 and title to the property transferred to the University.

The following is a schedule of future minimum capital lease payments as of June 30, 2012:

Fiscal Year End	Principal	Interest	Total
2013	$ 233,213	$ 249,526	$ 482,739
2014	248,785	237,087	485,872
2015	264,961	228,168	493,129
2016	281,964	213,686	495,650
2017	300,137	198,032	498,169
2018-2022	1,830,921	761,491	2,592,412
2023-2027	1,710,911	285,885	1,996,795
2028	288,582	9,392	297,974
Total Future Minimum Payments	**$ 5,159,474**	**$ 2,183,267**	**$ 7,342,740**

The following is a schedule of future minimum capital lease payments as of June 30, 2011:

Fiscal Year End	Principal	Interest	Total
2012	$ 348,298	$ 292,833	$ 641,131
2013	374,846	282,084	656,930
2014	394,668	265,396	660,064
2015	415,220	252,101	667,321
2016	436,731	233,110	669,841
2017-2021	2,208,497	874,075	3,082,572
2022-2026	1,853,033	375,831	2,228,864
2027-2029	561,739	34,748	596,487
Total Future Minimum Payments	**$ 6,593,032**	**$ 2,610,178**	**$ 9,203,210**

Operating Lease

The University entered into an agreement to lease copier equipment in Fiscal Year 2012. The following is a schedule of future minimum rental payments under the lease:

Fiscal Year End	Amount
2013	$ 72,539
2014	72,539
2015	72,539
2016	72,539
Total	**$ 290,156**

Rent expense for Fiscal Year 2012 was $71,186.

Notes Payable

In August 2011, the University entered into a contract with the Colorado West Health Care System to acquire the Community Hospital property adjacent to the University's main campus. The University will acquire the property in four parcels using three notes payable that are secured by separate deed of trust.

In August 2011, the University acquired parcels two and three from the Colorado West Health Care System by paying $480,000 and issuing a note payable for $1,224,000 payable in five equal installments of $244,800 with the final payment due in August 2016. The note is interest-free and is discounted at the University's incremental borrowing rate of 2.49% as of the date of the agreement.

In August 2013, the University is scheduled to acquire parcel 4 of the property by paying $520,000 cash and issuing a note payable for $795,600 payable in three equal installments of $265,200 with final payment due in August 2016. The note is interest-free and is discounted at the University's incremental borrowing rate of 2.49% as of the date of the agreement. In August 2016, the University is scheduled to acquire parcel 1 of the property by paying $1,000,000 cash and issuing a note payable for $2,550,000 payable in five equal installments with final payment due in August 2020. The note is interest-free and is discounted at the University's incremental borrowing rate of 2.49% as of the date of the agreement. In the event Community Hospital does not vacate the property associated with parcel one at the time of closing in August 2016, Colorado West Care Health Systems will pay rent of $480,000 per year ($40,000 per month) to the University.

As part of its campus expansion program, the University acquired a property by issuing a 20 year note payable in Fiscal Year 2006. The principal balance was $190,000, payable in semi- annual payments at 5 percent interest.

The following is a schedule of payments of notes payable as of June 30, 2012:

Fiscal Year End	Total Payments
2013	$ 259,938
2014	259,938
2015	259,938
2016	259,938
2017	259,938
2018-2022	60,550
2023-2025	68,120
Total Principal and Interest Payments	**1,428,360**
Less: Interest Included Above	(148,472)
Total Principal Outstanding	**1,279,888**
Less: Current Portion	(222,191)
Net Long-term Principal	**$ 1,057,697**

The following is a schedule of payments of notes payable as of June 30, 2011:

Total Payments:	June 30, 2011
2012	$ 15,138
2013	15,138
2014	15,138
2015	15,138
2016	15,138
2017-2021	75,689
2022-2026	68,119
Total Principal and Interest Payments	**219,498**
Less: Interest Included Above	(64,687)
Total Principal Outstanding	**154,811**
Less: Current Portion	(7,490)
Net Long-term Principal	**$ 147,321**

Compensated Absences: Employees accrue annual and sick leave based on the length of service that are subject to certain limitations on amounts that will be paid upon termination and/or retirement. The estimated costs of compensated absences for which employees are vested for the years ended June 30, 2012 and June 30, 2011, are estimated as $1,419,489 (including the current portion of $191,831 listed in note 6 below) and $1,420,972 respectively. Expenses include a decrease of $1,483 (2012) and an increase of $131,062 (2011) for the estimated compensated absence liability.

NOTE 6 - SHORT-TERM LIABILITIES

Year-end payables were as follows:

	June 30, 2012	June 30, 2011
Accounts Payable, Vendors	$ 1,872,363	$ 3,643,895
Salaries and Benefits Payable	5,043,446	4,646,427
Capital Leases Payable, Current Portion	233,213	348,298
Capital Bonds Payable, Current Portion	3,205,000	2,150,000
Long-term Notes Payable, Current Portion	222,191	7,490
Compensated Absences, Current Portion	191,831	191,831
Retainage on Construction Contracts Payable	524,686	1,315,940
Accrued Interest Payable	1,629,450	1,175,017
Total Payables	**$ 12,922,180**	**$ 13,478,898**

NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES

In August 2013, the University is scheduled to acquire property from Community Hospital as described in Note 5 above by paying $520,000 cash and issuing a note payable for $795,600 payable in three equal installments of $265,200 with final payment due in August 2016. In August 2016, the University is scheduled to acquire parcel 1 of the property by paying $1,000,000 cash and issuing a note payable for $2,550,000 payable in five equal installments with final payment due in August 2020.

Amounts expended under the terms of certain grants and contracts are subject to audit and possible adjustment by governmental agencies. In management's opinion, adjustments, if required, will not have a material impact on the accompanying financial statements.

The University, in the course of conducting business, is a party to various litigation and other claims. Although the final outcome of these legal actions cannot be determined at this time, management does not believe the ultimate resolution of these matters will have a significant adverse effect on the financial position of the University.

NOTE 8 - PENSION PLAN OBLIGATIONS

On September 10, 1993 the Board of Trustees adopted an Optional Retirement Plan (ORP) for faculty and exempt-administrative staff, under the authority of Senate Bill 92-127. The implementation was May 1, 1994. On that date, eligible employees were offered the choice of remaining in the Public Employees' Retirement Association of Colorado (PERA) or participating in the ORP. New faculty and administrative staff members are required to enroll in the ORP unless they have one year or more of current service credit with PERA at the date of hire.

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

Classified employees, and some faculty and exempt professionals participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require an actuarial assessment and legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at P.O. Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting www.copera.org.

Non-higher education employees hired by the State after January 1, 2006 are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the State Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available, unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan. Community college employees hired after January 1, 2010, are required to become members of PERA and must elect either PERA's defined benefit or defined contribution plan within 60 days, unless they had been a PERA member within the prior twelve months. In that case, they are required to remain in the PERA plan in which they participated previously.

PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Plan members (except State troopers) are eligible to receive a monthly retirement benefit when they meet age and service requirements based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with any years of service.
- Hired between January 1, 2007 and December 31, 2010 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service. For members with less than five years of service credit as of January 1, 2011 age and service requirements increase to those required for members hired between January 1, 2007 and December 31, 2010.
- Hired between January 1, 2011 and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, age 65 with 5 years of service.
- Hired on or after January 1, 2017 – any age with 35 years of service, age 58 with 30 years of service, or age 65 with 5 years of service.

Members with five years of service credit at January 1, 2011, are also eligible for retirement benefits without a reduction for early retirement based on the original hire date, as follows:

- Hired before January 1, 2007 – age 55 and age plus years of service equals 80 or more.
- Hired on or after January 1, 2007– age 55 and age plus years of service equals 85 or more.
- Hired between January 1, 2011 and December 31, 2016 – age 58 and age plus years of service equals 88 or more.
- Hired on or after January 1, 2017 – age 60 and age plus years of service equals 90.

State troopers and judges comprise a small percentage of plan members but have higher contribution rates, and State troopers are eligible for retirement benefits at different ages and years of service.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods. For retirements after January 1, 2009, or persons hired on or after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are increased annually in July after one year of retirement based on the member's original hire date as follows:

- Hired before July 1, 2007 – the lesser of 2 percent or the average of the monthly Consumer Price Index.

- Hired on or after January 1, 2007 – the lesser of 2 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)
- The upper limits on benefits increase by one-quarter percentage point each year when the funded ratio of PERA equals or exceeds 103 percent and declines by one-quarter percentage point when the funded ratio drops below 90 percent after having exceeded 103 percent. The funded ratio increase does not apply for three years when a negative return on investment occurs.

Members who are disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their eligible children under the age of 18 (23 if a full time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse then financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

B. FUNDING POLICY

The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

Most employees contribute 8.0 percent (10.0 percent for state troopers) of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. Effective July 1, 2011 Senate Bill 11-076 extended the requirement for members in the State and Judicial Divisions to pay 2.5 percent additional member contributions through June 30, 2012. Employer contributions for members in these two divisions were reduced by 2.5 percent.

From July 1, 2011, to December 31, 2011, the State contributed 12.25 percent (14.95 percent for state troopers and 14.86 percent for the Judicial Branch) of the employee's salary. From January 1, 2012, through June 30, 2012, the state contributed 13.15 percent (15.85 percent for state troopers and 14.86 percent for the Judicial Branch). During all of Fiscal Year 2011-12, 1.02 percent of the employees' total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2011, the division of PERA in which the State participates has a funded ratio of 57.7 percent and a 56 year amortization period based on current contribution rates. The funded ratio on the market value of assets is slightly lower at 57.6 percent.

In the 2004 and 2010 legislative sessions, the General Assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary for calendar years 2006 and 2007, with subsequent year increases of 0.4 percent of salary through 2017, to a maximum of 5 percent (except for the Judicial Division whose AED contribution was frozen at the 2010 level).

In the 2006 and 2010 legislative sessions, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries, for calendar years 2008 through 2017, to a maximum of 5 percent (except for the Judicial Division whose SAED contribution was frozen at the 2010 level). The SAED will be deducted from the amount otherwise available to increase State employees' salaries.

At a 103 percent funding ratio, both the AED and the SAED will be reduced by one-half percentage point, and for subsequent declines to below 90 percent funded both the AED and SAED will be increased by one-half percentage point. For the Judicial Division, if the funding ratio reaches 90 percent and subsequently declines, the AED and SAED will be increased by one-half percentage point.

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required, that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The University's contributions to the Defined Benefit Plan and the Health Care Trust Fund for the Fiscal Years ended June 30, 2012, 2011, and 2010 were \$1,527,139, \$1,352,073, and \$1,455,233 respectively. These contributions met the contribution requirement for each year.

OPTIONAL RETIREMENT PLAN (ORP) Plan Description. The ORP is a defined contribution pension plan with three vendors (fund sponsors), Fidelity Investments, TIAA-CREF and VALIC, providing a range of investment accounts for participants. The University's contribution to the ORP is 11.4 percent of covered payroll and contributions by employees is 8 percent of covered payroll. All ORP contributions are immediately invested in the employee's account. Normal retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

Several exempt employees of the University elected to continue as members with the Public Employees' Retirement Association of Colorado (PERA); the remainder participate in the ORP.

Funding Policy: The University's contribution to the ORP for fiscal years ended June 30, 2012, 2011, and 2010 were \$2,075,201, \$1,853,168, and \$1,770,034 respectively. Employee contributions were 8 percent of covered payroll. Normal retirement for the ORP is age 65 with early retirement permitted at age 55. Benefits available to the employee at retirement are not guaranteed and are determined by contributions and the decisions made by participants for their individual investment accounts.

C. STUDENT RETIREMENT PLAN

Beginning in Fiscal Year 1993, in accordance with the provisions of CRS 24-54.6 and as provided in section 403 (b) of the Internal Revenue Code, the State of Colorado Department of Higher Education established the Colorado Student Employees Defined Contribution Plan. Student employees not currently attending classes are required to participate. The plan requires a 7.5 percent contribution on the employee's part with no employer contribution. Total payroll covered by the plan for fiscal years ended June 30, 2012 and 2011 were \$663,805 and \$759,027. Employee contributions were \$49,785 and \$56,927 for fiscal years ended June 30, 2012 and 2011, or 7.5 percent of covered payroll.

NOTE 9 - VOLUNTARY TAX-DEFERRED RETIREMENT PLANS

PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan. The State offers a 457 deferred compensation plan and certain agencies and institutions of the State offer 403(b) or 401(a) plans.

NOTE 10 - POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund; the Program was converted to a trust fund in 1999. The plan is a cost-sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at P.O. Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting http://www.copera.org.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum monthly subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitle to Medicare and $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employer's contributions as discussed above in Note 9B. Beginning July 1, 2004, the University is required to contribute 1.02 percent of gross covered wages to the Health Care Trust Fund. The University contributed $88,232, $83,034, and $92,680, as required by statute as of June 30, 2012, 2011 and 2010, respectively. In each year the amount contributed was 100 percent of the required contribution.

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third party vendors. As of December 31, 2011, there were 50,217 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2011, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.43 billion, a funded ratio of 16.5 percent, and a 49-year amortization period.

NOTE 11 - COMPONENT UNITS

GASB Statement 39 requires the inclusion of certain organizations as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support to the primary government or its other component units. If a separate entity is determined (by GASB 39 criteria) to be a component unit, its financial information should be discretely presented within the financial statements of the reporting entity.

Typically, discretely presented information is shown in a separate column on the same page as the information of the reporting entity. However, if a component unit uses a different GAAP reporting model (i.e., FASB Non-Profit) then GASB 39 states that the information "… need not be presented on the same page as the primary government, but may be presented on separate pages."

For Colorado institutions of higher education, either of these presentation options is acceptable if the component unit uses a different reporting model. Component Unit reporting must include a Statement of

Net Assets (or Financial Position) and a Statement of Revenues, Expenses, and Changes in Net Assets (or Statement of Activities). A Statement of Cash Flows is not required.

The University, using GASB 39 criteria, has identified the following entities as component units. Since the component units use a different reporting model (FASB Non-Profit), the required financial data is discretely presented on separate pages as allowed by GASB 39.

COLORADO MESA UNIVERSITY FOUNDATION

The Colorado Mesa University Foundation (the Foundation) is a separate non-profit corporation under Internal Revenue Code Section 501(c)(3) formed to provide financial assistance to Colorado Mesa University students and to otherwise assist the University in serving educational needs. The Foundation engages in activities that may be beyond the scope of the University Board of Trustees. The Foundation's financial records are maintained separately from the University.

The Foundation solicits and receives donations and other forms of support for the benefit of the University's intercollegiate athletic program as well as other programs and/or initiatives. Expenditures are primarily scholarships awarded. During Fiscal Year 2012, the Foundation awarded $573,001 in scholarship funds directly to Colorado Mesa University students. Since the funds were paid directly to students, the University did not record related revenue or expense. Accordingly, this amount is not included in the schedule of Student Financial Assistance provided in Note 13. The Foundation received donations to partially fund regular operations of various university departments. During Fiscal Year 2012 cash and in-kind donations totaled $1,324,691 and were recorded as revenue and expense in the appropriate funds.

The following is an excerpt from the Foundation's independent annual financial report. Note references for Fiscal Year 2012 follow those for Fiscal Year 2011.

FOUNDATION – INVESTMENTS – Fiscal Year 2012

Investments are stated at fair value from quoted market prices and consist of the following:

	Cost	Fair Value	Gain (Loss)
Cash & Money Markets	$ 1,323,537	$ 1,323,537	$ -
Bonds	2,594,857	2,701,025	106,168
Common Stock	9,358,120	9,755,200	397,080
Commodities	151,370	136,612	(14,758)
Mutual Funds	1,653,846	1,754,804	100,958
Real Estate	571,181	578,328	7,147
Other	156,582	150,849	(5,733)
	$15,809,493	$ 16,400,355	$ 590,862

The following schedule summarizes the investment return in the statement of activities for the year ended:

	Temporarily Restricted	Permanently Restricted	Total
Interest & Dividend Income	$ 346,142	$ -	$ 346,142
Investment Fees	(96,400)	-	(96,400)
Realized Fain (Losses)	194,077	-	194,077
Unrealized Gain (Losses)	(802,079)	-	(802,079)
	$ (358,260)	$ -	$ (358,260)

Fair value measurements for assets reported at fair value on a recurring basis were determined based on:

Description	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 2)
Long-Term Investments				
Cash & Money Markets	$ 1,323,537	$ 1,323,537	$ -	$ -
Bonds	2,701,025	-	2,701,025	-
Common Stock	9,755,200	9,755,200	-	-
Commodities	136,612	-	136,612	-
Mutual Funds	1,754,804	1,754,804	-	-
Real Estate	578,328	-	578,328	-
Other	150,849	-	150,849	-
Total Long-Term Investments	$ 16,400,355	$ 12,833,541	$ 3,566,814	$ -

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels for the year ended.

Long-term investments are reported at fair value, except real estate, on a recurring basis determined by reference to yield curves and quoted prices for similar assets. Real estate is determined using the market approach based primarily on current appraised values and other information for similar property.

FOUNDATION – INVESTMENTS – Fiscal Year 2011

Investments are stated at fair value from quoted market prices and consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
Cash & Money Markets	$ 1,246,824	$ 1,246,824	$ -
Bonds	2,471,024	2,604,441	133,417
Common Stock	3,881,567	4,555,014	673,447
Mutual Funds	3,899,697	4,596,793	697,096
Real Estate	508,000	508,000	-
Total	$ 12,007,112	$ 13,511,072	$ 1,503,960

The following schedule summarizes the investment return in the statement of activities for the year ended:

	Temporarily Restricted	Permanently Restricted	Total
Investment Income	$ 312,939	$ -	$ 312,939
Investment Fees	(98,842)	-	(98,842)
Realized Fain (Losses)	313,819	-	313,819
Unrealized Gain (Losses)	1,634,343	-	1,634,343
	$ 2,162,259	$ -	$ 2,162,259

FOUNDATION – ENDOWMENT – Fiscal Year 2012

The Foundation's endowment consists of 179 individual funds established for providing a future income stream for scholarships for Colorado Mesa University students. Its endowment includes only donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization, in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

The Organization has adopted investment and spending policies by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds, if possible.

The spending policy is to distribute 4% to 7% of the fair market value of the endowment accounts each year, with the caveat that the Foundation‘s Board shall have the discretion to adjust the distribution rate for a given year depending on short/long term needs of Colorado Mesa University and the anticipated near-term trends in inflation and investment returns, consistent with the Organization’s investment policy.

Endowment Net Asset Composition by Type of Fund at year end is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Net Assets
Donor-Restricted Endowment Funds	$ -	$ 848,852	$ 16,397,302	$ 17,246,154
Board-Designated Endowment Funds	98,329	-	-	98,329
Total	$ 98,329	$ 848,852	$ 16,397,302	$ 17,344,483
Endowment Net Assets - Beginning	$ -	$ 1,802,511	$ 12,014,977	$ 13,817,488
Contributions & Transfers	98,329	(22,398)	4,382,325	4,458,256
Investment Income	-	249,742	-	249,742
Net Appreciation (Depreciation)	-	(608,002)	-	(608,002)
Net Assets Released from Restrictions:				
Amounts Appropriated for Expenditure	-	(573,001)	-	(573,001)
Restore Net Assets to Donor Levels	-	-	-	-
Endowment Net Assets - Ending	$ 98,329	$ 848,852	$ 16,397,302	$ 17,344,483

FOUNDATION – ENDOWMENT – Fiscal Year 2011

The Foundation's endowment consists of 165 individual funds established for providing a future income stream for scholarships for Mesa State College students. Its endowment includes only donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization, in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

The Organization has adopted investment and spending policies by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds, if possible.

The spending policy is to distribute 4% to 7% of the fair market value of the endowment accounts each year, with the caveat that the Foundation's Board shall have the discretion to adjust the distribution rate for a given year depending on short/long term needs of Mesa State College and the anticipated near-term trends in inflation and investment returns, consistent with the Organization's investment policy.

Endowment Net Asset Composition by Type of Fund at year end is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Net Assets
Donor-Restricted Endowment Funds	$ -	$ -	$ 12,014,977	$ 12,014,977
Endowment Net Assets - Beginning	$ (433,466)	$ -	$ 9,637,476	$ 9,204,010
Contributions & Transfers	-	583,531	2,377,501	2,961,032
Investment Income	-	214,097	-	214,097
Net Appreciation (Depreciation)	-	1,948,162	-	1,948,162
Net Assets Released from Restrictions:				
Amounts Appropriated for Expenditure	-	(509,813)	-	(509,813)
Restore Net Assets to Donor Levels	433,466	(433,466)	-	-
Endowment Net Assets - Ending	$ -	$ 1,802,511	$ 12,014,977	$ 13,817,488

FOUNDATION – PROMISES TO GIVE – Fiscal Year 2012

Unconditional promises to give at year end consisted of the following:

Colorado Mesa University Building Projects	$ 260,650
Colorado Mesa University Campus Expansion	300,000
Scholarships - Endowments	569,550
Scholarships - Temporary	756,348
Subtotal	1,886,548
Less discounts to net present value - Discount rate 7%	(156,461)
Less allowance for uncollectible promises receivable	(40,000)
Total	$ 1,690,087
Receivable in less than one year	$ 644,068
Receivable in one to five years	1,046,019
	$ 1,690,087

FOUNDATION – PROMISES TO GIVE – Fiscal Year 2011

Unconditional promises to give at year end consisted of the following:

Colorado Mesa University Building Projects	$ 524,482
Colorado Mesa University Campus Expansion	400,000
Scholarships - Endowments	364,000
Scholarships - Temporary	743,038
Subtotal	2,031,520
Less discounts to net present value - Discount rate 7%	(196,490)
Less allowance for uncollectible promises receivable	(40,000)
Total	$ 1,795,030
Receivable in less than one year	$ 581,557
Receivable in one to five years	1,076,079
Receivables more than five years	137,394
	$ 1,795,030

FOUNDATION – PROPERTY AND EQUIPMENT – Fiscal Year 2012

Property and equipment consist of the following:

	Estimated Useful Life		
Building	20-30 years	$	550,581
Furniture and Fixtures	5-10 years		235,016
Memorial Alcove	10 years		7,400
Non-depreciable Property to be Donated to the University			1,346,559
			2,139,556
Less Accumulated Depreciation			(533,674)
Property and Equipment - net		$	1,605,882

FOUNDATION – PROPERTY AND EQUIPMENT – Fiscal Year 2011

Property and equipment consist of the following:

	Estimated Useful Life		
Building	20-30 years	$	550,580
Furniture and Fixtures	5-10 years		235,017
Memorial Alcove	10 years		7,400
			792,997
Less Accumulated Depreciation			(490,865)
Property and Equipment – net		$	302,132

FOUNDATION – LINE OF CREDIT – Fiscal Year 2012

Colorado Mesa University has plans to further expand the size of the college campus. The Foundation is assisting in the expansion by purchasing real estate needed for campus expansion. At the time of closing on real estate purchases, the Foundation quitclaims the real estate to Colorado Mesa University. $631,282 of real estate was purchased and quitclaimed to Colorado Mesa University during the last year.

To facilitate the purchase of real estate at the most advantageous prices and terms, the Foundation has a line of credit with a bank in the amount of $2,500,000 which matures June 2, 2017. The initial interest rate was 4% adjusted annually to a floating rate based on a Prime Rate; interest payments are due each month. At year end, the Foundation's balance on this loan was $359,663. The collateral for the loan is tangible and intangible real and personal property that the Foundation owns.

To fund the purchase of the real estate, the City of Grand Junction has committed to donating $500,000 per year and Mesa County has committed to donating $100,000 per year. Should the City or County in future years, decrease their annual funding levels, such that the Foundation were unable to repay the line of credit, Colorado Mesa University signed an agreement with the Foundation to deed over donated real estate or other real estate sufficient to pay-off the line of credit.

FOUNDATION – LINE OF CREDIT – Fiscal Year 2011

Colorado Mesa University has plans to further expand the size of the college campus. The Foundation is assisting in the expansion by purchasing real estate needed for campus expansion. At the time of closing on real estate purchases, the Foundation quitclaims the real estate to Colorado Mesa University. $1,341,887 of real estate was purchased and quitclaimed to Colorado Mesa University during the last year.

To facilitate the purchase of real estate at the most advantageous prices and terms, the Foundation has a line of credit with a bank in the amount of $2,500,000 which matures June 2, 2013. The initial interest rate was 4% adjusted annually to a floating rate based on a Prime Rate; interest payments are due each month. At year end, the Foundation's balance on this loan was $950,000. The collateral for the loan is tangible and intangible real and personal property that the Foundation owns.

To fund the purchase of the real estate, the City of Grand Junction has committed to donating $500,000 per year and Mesa County has committed to donating $100,000 per year. Should the City or County in future years, decrease their annual funding levels, such that the Foundation were unable to repay the line of credit, Colorado Mesa University signed an agreement with the Foundation to deed over donated real estate or other real estate sufficient to pay off the line of credit.

COLORADO MESA UNIVERSITY REAL ESTATE FOUNDATION

The Colorado Mesa University Real Estate Foundation (CMUREF) is a separate 501(c)(3) corporation that was organized to receive, hold, invest, and administer real and personal property, borrow money, and to make expenditures to or for the benefit of the College. CMUREF may receive gifts of real and personal property that persons and entities wish to donate for the benefit of the College in support and furtherance of the University's educational purposes. CMUREF may hold, maintain, improve, leverage, manage, and lease such donated property in a manner consistent with donor intent until such time as CMUREF deems it advisable to convey, transfer, or otherwise dispose of the property and then donate to support the College.

Under an operating agreement with the College, the parties generally intend to satisfy CMUREF's need for financial capital by allowing CMUREF to retain a portion of proceeds on an approximate 20% (CMUREF), 80% (College) sharing. In Fiscal Year 2009, the Board granted $1,187,500 to CMUREF and entered into a capital lease for the acquisition of property that is described in Note 5 above and CMUREF made a capital transfer of $1,192,962 back to the College. On December 29, 2011, the University exercised its option to purchase the CMUREF'S interest in the leased property by paying the CMUREF an amount sufficient to pay the outstanding principal and interest of the bond, and title to the property transferred to the University.

In Fiscal Year 2012, the College transferred $3,910,261 to CMUREF for property acquisitions as part of the University's expansion project and the Foundation made capital property transfers of $3,922,038 to the University.

The following are excerpts from the Fiscal Year 2012 and 2011 CMUREF independent annual financial report.

CMUREF – LAND HELD FOR INVESTMENT AND OTHER LONG-TERM ASSETS

Colorado Mesa University contributed a piece of land located in Mesa County in November of 2006. This land is to be developed in the future years by the CMUREF to benefit the College. CMUREF has capitalized all of the development costs. A building is on the investment land and is being depreciated over a 6 year life.

	2012	2011
Cost of land held for investment and developed costs	$ 879,236	$ 868,568
Building	22,352	22,352
Accumulated Depreciation	(14,902)	(11,176)
Total land held for investment	$ 886,686	$ 879,744

Other long-term assets include unamortized bond issue costs, landlord improvements and lease commissions.

CMUREF – CAPITAL LEASE RECEIVABLE FROM THE UNIVERSITY

On December 29, 2008, the Board of Trustees granted $1,187,500 to the CMUREF and entered into a lease-receivable agreement with the College to finance the acquisition of property adjacent to the University's Western Community College campus. CMUREF made an equity contribution of $1,187,500 and issued a lease revenue bond through the Colorado Educational and Cultural Facilities Authority for $3,562,500.

The College has the option to purchase the CMUREF's interest in the leased property by paying the CMUREF an amount which is sufficient to pay the outstanding principal and interest of the bond, and any other amounts due under the lease agreement. During the year ended June 30, 2012 the University paid the outstanding principal and interest of the bond, and all other amounts due under the lease agreement. It is CMUREF's intent to turn the title of the property to the University in their next Fiscal Year ending June 30, 2013.

CMUREF – OPERATING LEASE COMMITMENTS

CMUREF leases four commercial spaces in Grand Junction from Colorado Mesa University to tenants under non-cancelable operating leases with terms of five to ten years. CMUREF retains 20% of rental income as a management fee, and the other 80% is paid to the University. CMUREF also leases land and a building it owns in Grand Junction, to tenants under non-cancelable operating leases with terms of one to five years. CMUREF retains 20% of rental income as a management fee, and the other 80% is paid to the University. The rental income for the year was $115,630, of which CMUREF kept 20% ($23,126) as a management fee.

In Fiscal Year 2010, CMUREF entered into a master lease with the College to rent six commercial spaces in the North Avenue Student Housing complex (NASH). Under the terms of the lease CMUREF will remit 100% of the tenant rents to the University until the costs of tenant improvements and lease commission fees are recovered, after which CMUREF will retain, as a management fee, rental income over $15 per square foot. The balance to be recovered by the University at June 30, 2012 was $292,396. As of June 30, 2012, all six commercial properties were under CMUREF leases. Terms of the leases range from five to ten years and rents range from $17 to $20 per square foot.

Future minimum rentals and expected management fees to CMUREF are as follows:

	Minimum Rentals	Minimum Expected Management Fees
June 30, 2013	$ 377,701	$ 78,465
June 30, 2014	399,891	116,963
June 30, 2015	409,552	126,563
June 30, 2016	307,997	42,345
June 30, 2017	157,189	89,676
Thereafter	241,301	79,811
	$ 1,893,631	$ 533,823

CMUREF – BOND PAYABLE

In Fiscal Year 2009, CMUREF made an equity contribution of $1,187,500 and issued a lease revenue bond through the Colorado Educational and Cultural Facilities Authority for $3,562,500, in order to finance the acquisition of property adjacent to the Colorado Mesa University's Western Community College campus. The property is used as collateral for the bond payable. The bond had a fixed interest rate of 3.00% and matured and was paid off on December 29, 2011.

NOTE 12 - STUDENT FINANCIAL ASSISTANCE

The University receives funds from and administers student financial assistance programs for various federal and state agencies. In addition, the University dedicates institutional resources to fund scholarships and work-study programs for students. With the implementation of GASB 34 in 2002, the new financial statement format lacks the detail of student financial assistance available on pre-2002 financial statements since part of the revenues previously recorded are now properly netted against tuition and fees with a corresponding reduction in scholarship expense. The tables below reflect the student financial assistance activities that the University received resources for and expended on behalf of students in Fiscal Years 2012 and 2011. Student loans, external scholarships, grants, and other student financial assistance not recorded on the University's financial system are not included.

A schedule of non-loan student assistance for the year ended June 30, 2012 follows:

	Federal Sources	State Sources	Institutional Sources	Total All Sources
Colorado Student Grants	$ -	$ 3,051,400	$ -	$ 3,051,400
Pell Grants	15,539,364	-	-	15,539,364
General Institutional	-	-	4,234,810	4,234,810
Auxiliary	-	-	1,971,733	1,971,733
Other Federal Scholarships	128,629	-	-	128,629
Work Study **	165,506	664,079	2,839,671	3,669,256
SEOG	115,645	-	38,549	154,194
Total	**$ 15,949,144**	**$ 3,715,479**	**$9,084,763**	**$ 28,749,386**

**Includes CMU student assist work study - not based on financial need.

A schedule of non-loan student assistance for the year ended June 30, 2011 follows:

	Federal Sources	State Sources	Institutional Sources	Total All Sources
Colorado Student Grants	$ -	$ 2,540,381	$ -	$ 2,540,381
CLEAP	16,551	40,442	-	56,993
SLEAP	22,085	26,539	-	48,624
Pell Grants	13,361,535	-	-	13,361,535
General Institutional	-	-	3,822,749	3,822,749
Auxiliary	-	-	978,096	978,096
Other Federal Scholarships	328,277	-	-	328,277
Work Study **	159,589	689,572	2,226,700	3,075,861
SEOG	122,867	-	40,956	163,823
Total	**$ 14,010,904**	**$ 3,296,934**	**$7,068,501**	**$ 24,376,339**

**Includes CMU student assist work study - not based on financial need.

NOTE 13 - LEGISLATIVE APPROPRIATION

The Colorado Legislature establishes spending authority for the Trustees of Colorado Mesa University in its annual Long Appropriation Bill. The Long Bill appropriated funds include an amount from the State of Colorado's College Opportunity Fund. In prior years, and for fiscal years beginning on or after July 1, 2016, the general assembly annual appropriation of general fund moneys includes certain cash revenues from the student share of tuition and fees.

For the years ended June 30, 2012 and 2011, appropriated expenses were within spending authority. For the years ended June 30, 2012 and 2011, the University had a total appropriation $18,753,652 and $58,321,872 respectively. For the years ended June 30, 2012 and 2011, appropriated funds included $11,462,642 and $10,656,130, respectively, received from students that qualified for stipends from the College Opportunity Fund and $7,037,933 and $10,711,935, respectively, as fee-for-service contract revenue; $235,077 and $197,324 from limited gaming tax revenues; and $36,756,483 from the students' share of tuition and fees in the year ended June 30, 2011. All other revenues represent non-appropriated funds and are excluded from the annual appropriations bill. Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues and other revenue sources. Appropriated expenses were $18,735,652 and $58,321,872, respectively, in Fiscal Years ended June 30, 2012 and June 30, 2011.

In Fiscal Year 2010, the Colorado Legislature appropriated $355,332 for the Tomlinson Library roof repair and in Fiscal Year 2009, the Colorado Legislature appropriated $18,400,687 for Saunders Field House Addition and for controlled maintenance projects from the State Capital Construction fund. Of that, $31,688 (2012) and $182,677 (2011) was spent and realized as capital construction appropriated revenue.

NOTE 14 - TABOR ENTERPRISE STATUS

In November 1992, the Colorado voters passed Section 20, Article X of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to all local governments and to the State of Colorado, including Colorado Mesa University. On August 10, 2005, the Colorado State Auditor issued an opinion that Colorado Mesa University, along with nine other state colleges and universities, meet the TABOR requirements, and recommended that the Legislative Audit Committee approve them as TABOR-exempt enterprises.

To qualify as a TABOR-exempt enterprise, a higher education institution needs to be a government-owned business authorized to issue its own revenue bonds and receiving less than 10 percent of its revenue grants from all Colorado state and local governments combined. Designation will be reviewed at the end of each year to determine that the colleges and universities continue to meet TABOR-exempt criteria. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any of the provisions of TABOR.

The schedule below shows the TABOR Enterprise State support calculation for Fiscal Year 2012.

State Grants		
Capital Appropriations	$	31,688
State Share - Certificates of Participation		908,896
Total State Grants		940,584
Total Revenues (gross operating, non-operating and other revenues)	$	103,098,783
Ratio of State Grants to Total Revenues		0.91%

NOTE 15 - RISK FINANCING AND INSURANCE-RELATED ACTIVITIES

The University is subject to risks of loss from liability for accident, property damage and personal injury. To mitigate these risks the University has purchased the following insurance:

Coverage	Company	Limit $	Deductible
General liability	Philadelphia	$ 3,000,000	$ -
Professional liability	Philadelphia	1,000,000	1,000
Directors' and officers' liability	Philadelphia	2,000,000	$25,000 retention
Automobile liability	Philadelphia	1,000,000	-
Employment practices liability	Philadelphia	2,000,000	$50,000 retention
Employee dishonesty (Fidelity)	Travelers	300,000	10,000
Errors and omissions coverage	Philadelphia	1,000,000	-
Sexual/physical abuse	Philadelphia	2,000,000	-
Commercial excess liability	Philadelphia	2,000,000	10,000
Workers compensation	Pinnacol	1,000,000	5,000
Boiler machinery breakdown	Travelers	150,000,000	10,000
Property – building	Philadelphia	297,726,323	25,000
Property - personal property	Philadelphia	94,739,635	25,000

The University became fully insured through several insurance companies in 2012 and is insured for everything above its reserve and deductible. The coverage in fiscal year 2012 is consistent with previous years and there have been no significant reductions in coverage or settlements exceeding coverage.

NOTE 16 - CHANGE IN FINANCIAL STATEMENT PRESENTATION

Certain reclassifications were made to the Fiscal Year 2011 financial statement presentation in order to conform to the Fiscal Year 2012 financial statement presentation. Deferred charges and other noncurrent assets included the unamortized loss from refinancing the Series 2008 bond of $4,868,167 that was reclassified as bonds payable. Fiscal Year 2011 net assets were reclassified to present restricted net assets for capital projects and for other purposes related to unspent bond proceeds as of June 30, 2011.

SUPPLEMENTAL INFORMATION

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COLORADO MESA UNIVERSITY
Enterprise Revenue Bonds
Schedule of Revenues and Expenditures
For the Year Ended:

	June 30, 2012	June 30, 2011
Operating Revenues		
Pledged Tuition Revenue	$ 5,743,910	$ 5,117,276
Residence Halls and Apartments	10,029,089	8,694,692
Food Services	6,704,556	5,343,486
University Center	2,928,730	2,696,037
Bookstore	4,190,605	4,479,220
Recreation Center	1,886,034	1,810,474
Campus Parking	545,449	489,275
Central Services	530,197	496,791
Student Fee Revenue	1,093,792	1,123,877
Total Revenue	**33,652,362**	**30,251,128**
Operating Expenses		
Residence Halls and Apartments	4,460,088	4,073,927
Food Services	4,076,243	3,576,050
College Center	773,728	551,475
Bookstore	4,211,008	4,041,601
Recreation Center	1,492,694	1,446,565
Campus Parking	260,436	222,874
Central Services	293,730	330,454
Total Operating Expenditures	**15,567,927**	**14,242,946**
Net Revenue Before Transfers	**18,084,435**	**16,008,182**
Transfers		
Mandatory Transfers	(7,594,837)	(6,498,366)
Net Non-mandatory Transfers	(4,462,279)	(4,179,921)
Total Transfers	**(12,057,116)**	**(10,678,287)**
Increase in Fund Balance	**$ 6,027,320**	**$ 5,329,895**
Debt Service Coverage		
Net Operating Revenue	$ 18,084,435	$ 16,008,182
Bond Principal and Interest	7,594,837	6,498,366
Excess of Net Operating Revenue Over Debt Service	**$ 10,489,599**	**$ 9,509,816**
Debt Service Coverage Ratio	**238%**	**246%**

DALBY, WENDLAND & CO., P.C.

CPAs and Business Advisors

Grand Junction

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Legislative Audit Committee:

We have audited the basic financial statements of Colorado Mesa University (the University) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 5, 2012. The financial statements of the University as of and for the year ended June 30, 2011 were audited by other auditors whose report dated November 3, 2011 expressed an unqualified opinion. The financial statements of Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation, discretely presented component units of the University, as of and for the year ended June 30, 2012 were also audited by other auditors whose reports dated September 24, 2012 expressed an unqualified opinion. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component units, Colorado Mesa University Foundation and Colorado Mesa University Real Estate Foundation, were not audited in accordance with the *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and preforming our audit, we considered the University's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the Findings and Recommendations Section to be a significant deficiency: Recommendation 1.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses.

<u>Compliance and Other Matters</u>

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of management, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record upon release by the Legislative Audit Committee.

Dalby, Wendland & Co, P.C.

DALBY, WENDLAND & CO., P.C.

December 5, 2012

DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors

Grand Junction
464 Main Street • P.O. Box 430 • Grand Junction, CO 81502
Phone: (970) 243-1921 • Fax: (970) 243-9214

Members of the Legislative Audit Committee:

We have audited the financial statements of the business-type activities of Colorado Mesa University (the University), for the year ended June 30, 2012, and have issued our report thereon dated December 5, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in the engagement letter to you dated May 10, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the University are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the collectability of student accounts receivable and student loans is based on historical analysis. We evaluated the key factors and assumptions used to develop the allowance for bad debts in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

There were no adjusting journal entries proposed during the audit and there were no known differences that were not adjusted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We had a disagreement with management concerning the severity of an internal control deficiency identified during the audit process. The internal control deficiency was classified as a significant deficiency as required under Auditing Standards Codification (AU-C) Section 265, formerly SAS 115, "*a significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance*". Management did not agree with the classification.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Legislative Audit Committee, Board of Trustees and management of Colorado Mesa University and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record upon release by the Legislative Audit Committee.

Sincerely,

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.

December 5, 2012

The electronic version of this report is available on the Web site of the Office of the State Auditor
www.state.co.us/auditor

A bound report may be obtained by calling the
Office of the State Auditor
303-869-2800

Please refer to the Report Control Number below when requesting this report.

Report Control Number: 2092-12

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

This Appendix includes some of the defined terms used in the Official Statement and the Bond Resolution and summaries of certain provisions of the Bond Resolution that are not described elsewhere in this Official Statement. Whenever particular provisions of the Bond Resolution are referred to, such provisions, together with related definitions and provisions, are incorporated by reference as part of the statements made, and the statements made are qualified in their entirety by such reference. Reference is made to the Bond Resolution for a full and complete statement of its provisions. Copies of the Bond Resolution are available as provided in "INTRODUCTION—Other Information."

Definitions

Set forth below are certain of the defined terms used in this Official Statement and the Bond Resolution. References are made to the actual Bond Resolution for a complete recital of the defined terms used in the Bond Resolution.

"*Additional Bonds*" means any bonds, notes, certificates, debentures or other evidences of indebtedness issued by the Board pursuant to the Bond Resolution or which are otherwise secured in any respect by the Bond Resolution.

"*Auxiliary Enterprise Act*" means Article 5 of Title 23, Colorado Revised Statutes, as amended.

"*Auxiliary Facilities System*" or "*Mesa Auxiliary Facilities System*" means (a) the auxiliary facilities described in Appendix B to the 2013 Supplemental Resolution; (b) all other auxiliary facilities that may be hereafter added to the Mesa Auxiliary Facilities System; (c) all auxiliary facilities in addition to the facilities set forth in clauses (a) and (b) which are financed by Additional Bonds while any of the Series 2013 Bonds or Additional Bonds remain outstanding, except that such additional auxiliary facilities will not be added to the Mesa Auxiliary Facilities System if (i) such auxiliary facility financed by Additional Bonds is an intercollegiate athletic facility or activity; or (ii) an authorized officer of the University or the Board makes a determination, at the time such proceeds of Additional Bonds are used to so finance such auxiliary facilities, that the addition of such facilities to the Mesa Auxiliary Facilities System would result in an adverse impact on the level of Net System Revenues derived therefrom; and (d) all improvements, extensions, enlargements or betterments to, or replacement of, the foregoing. The determination in clause (c) will not be made in connection with auxiliary facilities set forth in clause (a) or clause (b) which are financed with Additional Bonds.

"*Available Moneys*" means any moneys on deposit with a trustee for the benefit of bondholders which are (a) bond proceeds; (b) amounts on deposit for a period of 124 consecutive days during which no petition in bankruptcy under the U.S. Bankruptcy Code has been filed by or against the entity, instituted under state insolvency or other laws affecting creditors' rights generally; or (c) any moneys with respect to which an unqualified opinion from nationally recognized counsel had been received stating that such payments to bondholders would not constitute voidable preferences under Section 547 of the U.S. Bankruptcy Code, or similar state or federal laws with voidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code, or similar state or federal laws with voidable preference provisions by or against the entity from whom the money is received.

"*Available Revenues*" means, for purposes of the issuance of Additional Bonds as set forth in the Bond Resolution, unrestricted current fund revenues less unrestricted current fund expenditures and mandatory transfers, except for debt service on all then Outstanding Bonds and proposed Additional Bonds.

"*Board*" means the Board of Trustees for Colorado Mesa University.

"*Bond Counsel*" means (a) as of the date of issuance of the Series 2013 Bonds, Kutak Rock LLP; and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by the Board with nationally recognized expertise in the issuance of municipal bonds.

"*Bond Fund*" means the fund created in the Bond Resolution.

"*Bondholder*," "*Owner*" or "*Owner of Bonds*" means the Registered Owner of any Bond.

"*Bond Purchase Agreement*" means the bond purchase agreement between the Board and the Series 2013 Underwriter dated prior to the date of issuance of the Series 2013 Bonds.

"*Bond Resolution*" or "*Resolution*" means a bond resolution adopted by the Board and dated as of March 11, 1994, as amended and supplemented by a bond resolution dated as of June 21, 1996, a bond resolution dated as of December 6, 2002, a bond resolution dated August 17, 2005, a bond resolution dated June 26, 2007, a bond resolution dated May 29, 2008, a bond resolution dated June 22, 2009, a bond resolution dated March 17, 2010, a bond resolution dated June 20, 2011, a bond resolution dated October 16, 2011, a bond resolution dated January 27, 2012, a bond resolution dated March 22, 2012, and the 2013 Supplemental Resolution, and as further amended and supplemented by any subsequent resolution adopted in accordance with the requirements of the Bond Resolution.

"*Bond Year*" for purposes of the Bond Resolution means the twelve month period commencing on the fifteenth day of May of any calendar year and ending on the fourteenth day of May of the next succeeding calendar year.

"*Bonds*" means, collectively, the Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2011A Bonds, the Series 2011 Bonds, the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013 Bonds and any Additional Bonds.

"*Business Day*" means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed in the city in which the Trustee has its principal corporate trust office.

"*Chief Financial Officer*" means the person designated from time-to-time by the Board to perform the function of Chief Financial Officer of the Board for the purpose of the Bond Resolution. Initially, the title of such official designated to perform such duties and functions is that of Vice President for Administration and Finance.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*College Enterprise*" means the designation of the University as a whole, as an enterprise by the Board under the provisions of the Institutional Enterprise Statute.

"*Current Expenses*" means all necessary and reasonable expenses, paid or accrued, of maintaining, repairing and operating the Mesa Auxiliary Facilities System, including all necessary operating expenses, utilities, current maintenance charges, expenses of reasonable upkeep and repairs, a properly allocated share of charges for insurance, legal and incidental expenses of the various administrative departments directly or indirectly related and reasonably allocable to the administration of the Mesa Auxiliary Facilities System, the reasonable charges of any Trustee, registrar or depository bank, contractual services, professional services required by the Bond Resolution, salaries and administrative expenses, labor, the costs incurred by the Board in the collection of Revenues and all other expenses incidental to the operation of the Mesa Auxiliary Facilities System; but will exclude depreciation, any costs of reconstruction, improvement, extension or betterment, any accumulation of reserves for capital replacements, any allowance for the redemption of any bond or other security evidencing a loan or the payment of any interest thereon, any legal liability not based on contract and any required payments to be made into the Repair and Replacement Fund.

"*Debt Service Requirement*" means the aggregate amount of the principal of, premium, if any, and interest coming due on all of the Outstanding Bonds during any Fiscal Year, whether by maturity, mandatory redemption, acceleration or otherwise.

"*Debt Service Reserve Fund*" or "*Reserve Fund*" means the fund created in the Bond Resolution.

"*Default*" and "*Event of Default*" means with respect to any default or event of default under the Bond Resolution any occurrence or event specified and defined therein.

"*Facilities Construction Fees*" means such campus building fees or charges relating to academic campus projects as may be authorized by the Board from time-to-time and included in Revenues, as provided by a Supplemental Resolution.

"*Facility Fees*" or "*Student Auxiliary Fees*" means (a) the facility construction/capital equipment fees which the University as heretofore and will hereafter impose against and collect from each student enrolled for the designated minimum number of credit hours per academic term at the University; (b) all housing or dormitory rates, fees, tolls and charges with respect to the Mesa Auxiliary Facilities System; and (c) all other rates, fees, tolls and charges levied or imposed with respect to any other portion of the Mesa Auxiliary Facilities System. The amount of Facility Fees to be assessed against students attending the University will be fixed from time-to-time by the University and approved by the Board, all as required under the provisions of the Bond Resolution. Facility Fees do not include rates, fees, tolls or charges assessed in connection with buildings or facilities not included in the Mesa Auxiliary Facilities System.

"*Fiscal Year*" means the twelve month period used by the University for its general accounting purposes, as the same may be changed from time-to-time.

"*General Resolution*" means the resolution adopted by the State Colleges Board, as the former governing authority of the University, on March 11, 1994 as supplemented and amended by a Series A 1996 Bond Resolution, dated as of June 21, 1996.

"*Governmental Obligation*" means direct general obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

"*Institutional Enterprise Statute*" means Section 23-5-101.7, Colorado Revised Statutes, as amended.

"*Master Resolution*" means a bond resolution adopted by the Board and dated as of March 11, 1994, as amended and supplemented by a bond resolution dated as of June 21, 1996, a bond resolution dated as of December 6, 2002, a bond resolution dated as of August 17, 2005, a bond resolution dated as of June 26, 2007, a bond resolution dated as of May 29, 2008, a bond resolution dated as of July 16, 2009, a bond resolution dated as of March 17, 2010, a bond resolution dated as of June 20, 2011, a bond resolution dated as of October 16, 2011, a bond resolution dated as of January 27, 2012, and a bond resolution dated as of March 22, 2012.

"*Maximum Annual Principal and Interest Payments*" as of any date, means the maximum of future outstanding principal and interest to become due on an issue of Bonds in any Fiscal Year in which principal of such issue is to mature, in accordance with the scheduled maturities thereof. The "Combined Maximum Annual Principal and Interest Payments" on all Bonds and other Additional Bonds proposed to be issued, as of any date will be computed by determining the aggregate of the "Maximum Annual Principal and Interest Payments" for each separate series of issues of Bonds.

"*Net Revenues*" means the Revenues remaining after provision has been made for the payment of the Current Expenses from Revenues other than the Tuition/FCF Revenues.

"*Net System Revenues*" means Net Revenues less Tuition/FCF Revenues (as defined in the definition of Revenues).

"*Outstanding*" or "*Bonds Outstanding*" means any Bonds which have been authenticated and delivered by the Trustee under the Bond Resolution, except:

(a) Bonds canceled by the University or by the Trustee or otherwise on the Board's and College's behalf after purchase in the open market or because of payment at redemption prior to maturity pursuant to the provisions of the Bond Resolution;

(b) Bonds paid or deemed to be paid pursuant to the provisions of the Bond Resolution; and

(c) Bonds in lieu of which others have been authenticated under the Bond Resolution.

"*Paying Agent*" means Wells Fargo Bank, National Association, Denver, Colorado, acting as agent of the Board for the payment of the principal of, premium, if any, and interest on the Series 2013 Bonds, and any successor thereto.

"*Rebate Account*" means the fund created in the Bond Resolution.

"*Registered Owner*" means the person or persons in whose name or names a Bond will be registered on the books of the Board kept for that purpose in accordance with provisions of the Bond Resolution.

"*Repair and Replacement Fund*" means the fund created in the Bond Resolution.

"*Sale Certificate*" means a certificate executed by the Sale Delegate under the authority delegated pursuant to the 2013 Supplemental Resolution, dated on or before the date of delivery of the Series 2013 Bonds, setting forth the rate of interest on the Series 2013 Bonds, the dates on which the Series 2013 Bonds may be called for redemption, the redemption price or prices of the Series 2013 Bonds, the price or prices at which the Series 2013 Bonds will be sold, the total principal amount of the Series 2013 Bonds the amount of principal maturing on each date and the use of proceeds of the Series 2013 Bonds, all subject to parameters and restrictions contained in the Series 2013 Parameter Resolution.

"*Sale Delegate*" means the Chairperson of the Board, the President of the University or the Vice President for Administration and Finance of the University.

"Series 2007 Bonds" means the "Board of Trustees for Mesa State College, College Enterprise Revenue Bonds, Series 2007."

"*Series 2009 Bonds*" means, collectively, the "Board of Trustees for Mesa State College, Auxiliary Facilities System Enterprise Revenue Refunding Bonds, Series 2009A" and "The Board of Trustees for Mesa State College, Auxiliary Facilities System Enterprise Revenue Bonds (Build America Bonds—Direct Payment to the Board), Series 2009B."

"*Series 2010 Bonds*" means, collectively, the "Board of Trustees for Mesa State College, (Grand Junction, Colorado), Auxiliary Facilities System Enterprise Revenue Bonds, Series 2010A" and "The Board of Trustees for Mesa State College, (Grand Junction, Colorado) Taxable Auxiliary Facilities System Enterprise Revenue Bonds (Build America Bonds—Direct Payment to the Board), Series 2010B."

"*Series 2011 Bonds*" means, collectively, the "Board of Trustees for Colorado Mesa University Taxable Auxiliary Facilities System Enterprise Revenue Refunding Bonds, Series 2011B (the "Series 2011B Bonds") and the "Board of Trustees for Colorado Mesa University Auxiliary Facilities System Enterprise Revenue Refunding Bonds, Series 2011C."

"*Series 2011A Bonds*" means the "Board of Trustees for Mesa State College Auxiliary Facilities System Enterprise Revenue Bonds, Series 2011."

"*Series 2012A Bonds*" means, the "Board of Trustees for Colorado Mesa University Auxiliary Facilities System Enterprise Revenue Refunding Bonds, Series 2012A."

"*Series 2012B Bonds*" means the "Board of Trustees for Colorado Mesa University, Enterprise Revenue Bonds, Series 2012B."

"*Series 2013 Bonds*" means, collectively, the "Board of Trustees for Colorado Mesa University, Enterprise Revenue Bonds, Series 2013."

"*Series 2013 Improvements Project*" means constructing and equipping a new academic classroom building on the University's campus and making such additional capital improvements to the campus as may be designated by the Board.

"*Series 2013 Project Account*" means the account created in the 2013 Supplemental Resolution.

"*Series 2013 Rebate Account*" means the account created in the 2013 Supplemental Resolution.

"*Series 2013 Tax Certificate*" means, collectively, the certificate concerning certain federal income tax matters, executed by the Board concerning the Series 2013 Bonds that are Tax-Exempt Obligations.

"*Series 2013 Underwriter*" means Piper Jaffray & Co.

"*State*" means the State of Colorado.

"*State Colleges Board*" means the Board of Trustees of the State Colleges in Colorado.

"*State Intercept Act*" means Section 23-5-139, Colorado Revised Statutes, as amended.

"*State Intercept Program*" means the Higher Education Revenue Bond Intercept Program established pursuant to the State Intercept Act, as amended.

"*Student Auxiliary Fees*" for purposes of the Official Statement, means Facility Fees.

"*Supplemental Public Securities Act*" means Sections 11-57-201 et seq., Colorado Revised Statutes, as amended.

"*System Revenue Accounts*" means the accounts created in the Bond Resolution.

"*Trustee*" and "*Registrar*" means Wells Fargo Bank, National Association, its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor at the time serving as successor Trustee hereunder.

"*Tuition/FCF Revenues*" means, collectively, 10% of the Tuition Revenues derived by the University and all revenues derived by the University from any Facilities Construction Fees.

"*Tuition Revenues*" means charges to students for the provision of general instruction by the University, whether collected or accrued, representing the student tuition component included in the "Tuition and Fees" line item on the Statement of Cash Flows in the University's audited financial statements.

"*University*" means Colorado Mesa University.

"*2013 Parameter Resolution*" means Parameter Resolution, a form of which was adopted by the Board on January 22, 2013, relating to the issuance of the Series 2013 Bonds.

"*2013 Supplemental Resolution*" means an authorizing parameters resolution adopted by the Board on January 22, 2013, which, among other things, authorized the issuance of the Series 2013 Bonds pursuant to its terms and the terms of the 2013 Supplemental Resolution, authorized the execution and delivery of the agreements and documents in connection with the issuance of the Series 2013 Bonds and delegates to the Sale Delegate the making of final determinations with respect to the terms of the Series 2013 Bonds and related documents.

Bond Resolution Constitutes Contract

After the Series 2013 Bonds are issued, the Bond Resolution will constitute an irrevocable contract between the Board and the owners (the "Registered Owners") of the Series 2013 Bonds; and the pledge made in the 2013 Supplemental Resolution and the covenants and agreements therein set forth to be performed by or on behalf of the Board will be for the equal benefit, protection and security of the Registered Owners of any and all of the Series 2013 Bonds all of which, regardless of the time or times of their authentication and delivery or maturity, will be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by the 2013 Supplemental Resolution.

Series 2013 Bonds Constitute Special Obligations

The Series 2013 Bonds, together with interest thereon and premiums, if any, will be payable and collectible solely out of the Net System Revenues and other moneys in funds and accounts held by the Trustee under the Bond Resolution, all of which are pledged and assigned for the equal and ratable payment of the Bonds. The Net System Revenues will be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in the Bond Resolution. The issuance of the Series 2013 Bonds will not, directly, indirectly or contingently, obligate the State or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, other than under the State Intercept Program.

Certain Representations and Covenants

The Board is issuing the Series 2013 Bonds under the authority granted to the Board under the provisions of the Master Resolution, the Auxiliary Enterprise Act, the Institutional Enterprise Statute, the Supplemental Public Securities Act and other laws thereunto enabling. It is the intention of the Board, in the issuance of the Series 2013 Bonds, that the Series 2013 Bonds will be issued in full compliance with law, including without limitation, the provisions of TABOR. In furtherance thereof, the Board represents and warrants for the benefit of the Registered Owners of the Series 2013 Bonds from time-to-time Outstanding, that the statements set forth in the recitals of the 2013 Supplemental Resolution are and will remain true and correct. In particular, and without limiting the generality of the foregoing, the Board covenants, to the maximum extent permissible by law, to comply with and to continue to comply with provisions of the Auxiliary Enterprise Act and the Institutional Enterprise Statute, in all respects which may relate to the validity, enforceability, authorization and security for the prompt payment of the Series 2013 Bonds and any other Bonds. In addition, the Board further covenants, to the maximum extent permissible by law, to comply with any final, nonappealable judicial interpretation under TABOR, or of the provisions of the Auxiliary Enterprise Act and the Institutional Enterprise Statute, and to take such other action as may be necessary in order to insure the continued validity, enforceability, authorization and security for the prompt payment of the Series 2013 Bonds, or any other Bonds, in the manner contemplated by the 2013 Supplemental Resolution.

Delivery of the Series 2013 Bonds

Upon the execution and delivery of the 2013 Supplemental Resolution, the Board will execute and deliver to the Trustee, and the Trustee will authenticate and deliver the Series 2013 Bonds in accordance with the Bond Purchase Agreement. The following documents and agreements have been filed with the Trustee:

(a) the 2013 Supplemental Resolution, which constitutes a supplement to the Master Resolution, creating the Series 2013 Bonds as an issue of Additional Bonds, specifying the terms thereof and providing for the disposition of the proceeds of the sale thereof;

(b) for any new money bonds, a certificate of the Chief Financial Officer certifying that the building, buildings, facility or facilities to be acquired, purchased, constructed, improved, remodeled or extended with the proceeds of the Series 2013 Bonds, are made a part of the Mesa Auxiliary Facilities System for all purposes of the Resolution, including the addition of the income, revenues and fees thereof to the Revenues derived from the remainder of the Mesa Auxiliary Facilities System for purposes of the Resolution, except that such facilities will not be added to the Mesa Auxiliary Facilities System in those cases when (i) the auxiliary facility financed with Additional Bonds is an intercollegiate athletic activity or facility; or (ii) an authorized officer of the University or the Board makes a determination, at the time such proceeds of Additional Bonds are used to so finance such auxiliary facilities, that the addition of such facilities to the Mesa Auxiliary Facilities System would result in an adverse impact on the level of Net Revenues derived therefrom;

(c) a certificate of the Chief Financial Officer certifying that the Board and the University are each in full compliance with all of the covenants and undertakings in connection with all Bonds Outstanding and payable from the Revenues of the Mesa Auxiliary Facilities System as so created in the Resolution; provided that the full amounts required to be accumulated under the Resolution in the Bond Fund and the Debt Service Reserve Fund need not have been accumulated at the time of the issuance of the Series 2013 Bonds, as authorized in the Resolution; provided further that all required payments have been made and deposits accumulated therein;

(d) a certificate of the Chief Financial Officer, approved by the Board, based upon the appropriate audited or unaudited annual financial reports of the University, to the effect that the average annual Available Revenues (defined as unrestricted current fund revenues less unrestricted current fund expenditures and mandatory transfers, except for debt service on all currently Outstanding Bonds and the proposed Series 2013 Bonds), during any 12 consecutive months occurring during the 18 months preceding issuance of the Series 2013 Bonds for which audited annual financial reports are available, were equal to at least 125% of Maximum Annual Principal and Interest Payments on all Outstanding Bonds, and the Series 2013 Bonds proposed to be issued, during such Fiscal Year; provided, that if the Series 2013 Bonds are proposed to be issued at any time during any Fiscal Year when the audited financial report of the University for the preceding Fiscal Year is not available, then Available Revenues for the previous Fiscal Year will be calculated based upon the unaudited statement of revenue and expenses for any 12 successive calendar months in the 15 months immediately preceding the date of issuance of the Series 2013 Bonds proposed to be issued, prepared by the administrative staff of the University in accordance with Generally Accepted Accounting Principles; and provided further, however, that if at the time of such issuance the Board will have approved an increase in Facility Fees, or approved the construction or acquisition of additions or expansions to the Mesa Auxiliary Facilities System, such calculation will be made on the assumption that such increase will have been in effect, or that the projected revenues and expenditures associated with such additions or expansions when placed in service and operating will be included in the calculation, during the period of such computation; and provided further, that accumulated fund balances from prior Fiscal Years have not been counted for purposes of such calculations;

(e) a copy, certified by the Secretary of the Board, of the 2013 Supplemental Resolution which constitutes a supplemental Resolution authorizing the issuance of Additional Bonds and which provides that (i) the amount of each semiannual deposit into the Bond Fund required by the Master Resolution will be increased by a sum equal to the interest which will be payable on the Series 2013 Bonds on the next succeeding interest payment date, and the amount of each semiannual deposit into the Bond Fund required will be increased by a sum equal to the requirements of principal, if any, becoming due (whether at maturity or by mandatory redemption) on the Series 2013 Bonds on the next succeeding principal payment date for the Series 2013 Bonds in order that the funds on deposit in the Bond Fund are sufficient to meet the interest on the Outstanding Bonds due on the next interest payment date and the principal thereof payable from the Bond Fund on the next principal payment date; (ii) the Board has determined that the amount in the Debt Service Reserve Fund is sufficient for purposes of calculating the Debt Service Reserve Requirement and will not be increased as the amendments to the Master Resolution set forth in the supplemental resolution for the Series 2005 Bonds are in full force and effect;

(f) a written request of the Board to the Trustee to authenticate and deliver the Series 2013 Bonds; and

(g) an opinion of nationally recognized municipal Bond Counsel to the effect that all requirements for the issuance of the Series 2013 Bonds have been met and the issuance of the Series 2013 Bonds will not result in the interest on any Bonds Outstanding becoming subject to federal income taxes.

Application of Revenues

The Bond Resolution creates and orders established with the Board special accounts in the name of the Board to be designated "System Revenue Accounts—Board of Trustees of the State College in Colorado, Auxiliary Facilities System" (the "System Revenue Accounts").

The Bond Resolution provides that all Revenues will be accounted for and maintained by the Board in the System Revenue Accounts, which will be maintained in the custody of the Chief Financial Officer or the designee of the Board at the University, and used by the Board in the manner and order of priority specified below:

(a) As a first charge and lien on the Revenues, the Board will cause to be paid from the System Revenue Accounts from time-to-time as the Board will determine, Current Expenses of the Auxiliary Facilities System as the same become due and payable, and thereupon such expenses will be promptly paid.

(b) As a second charge and lien on the Revenues, i.e., from the Net System Revenues, the Board will, not later than 15 calendar days prior to each principal and interest payment date for the Bonds, transfer and deposit into the Bond Fund, from the System Revenue Accounts, sums which will be sufficient, when added to the existing balance in the Bond Fund, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such payment date as the same become due and payable, including mandatory sinking fund payments of principal of the Bonds.

(c) As a third charge and lien on the Revenues, the Board will first reimburse the Bond Insurer pursuant to the Financial Guaranty Agreement for any previously unreimbursed drawings on the Surety Bond, and then will deposit to the Reserve Fund any amounts necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement, or, upon the issuance of Additional Bonds, the amount required to be on deposit therein, if any. If funds will have been withdrawn from the Reserve Fund to pay debt service or mandatory sinking fund requirements, the Board will deposit Revenues in the Reserve Fund sufficient in amount to restore such moneys so withdrawn within one year.

(d) As a fourth charge and lien on the Revenues, the Board will deposit in the Bond Fund such amount as will be necessary, if any, to supplement Revenues otherwise projected by the Chief Financial Officer to be received for the purpose of paying principal, premium, if any, and interest on Bonds in succeeding Fiscal Years.

(e) As a fifth charge and lien on the Revenues, the Board will deposit all remaining Net Revenues into the Repair and Replacement Fund to the extent set forth in this paragraph. In the event that the amount on deposit in the Repair and Replacement Fund will ever be less than the amount required by the Bond Resolution to be on deposit therein, from time-to-time, the Board will deposit to the Repair and Replacement Fund by June 30 of the year following the year in which such deficiency arises, from System Revenue Accounts and other available revenues and after payments required by paragraphs (a), (b), (c) and (d) of this Section have been made, moneys equal to not less than the difference between the balance then on deposit in the Repair and Replacement Fund and the amount required by the 2013 Supplemental Resolution, until there is on deposit in the Repair and Replacement Fund the amount required by the 2013 Supplemental Resolution to be on deposit therein. Subject to the provisions of the following paragraph (f), this provision is not intended to limit, and will not limit, the right of the Board to deposit additional moneys in the Repair and Replacement Fund from time-to-time as the Board may determine.

(f) Subject to making the foregoing deposits, the Board may use any moneys on deposit in the Repair and Replacement Fund in excess of the Repair and Replacement Reserve Requirement for (i) redemption or open market purchase of Outstanding Bonds for cancellation prior to maturity; (ii) refinancing, refunding or advance refunding of any Outstanding Bonds; (iii) to apply to, or to accumulate a reserve for the purpose of applying toward the costs of acquiring, constructing, equipping or furnishing additional facilities to the Auxiliary Facilities System or improving, replacing, restoring, equipping or furnishing any existing facilities; or (iv) for any other lawful purpose.

Bond Fund

The Bond Resolution creates the Bond Fund which is held in the custody of the Trustee. Moneys on deposit in the Bond Fund are to be used to pay principal of, interest on and redemption premiums, if any, with respect to the Bonds. See "—Application of Revenues" above.

Debt Service Reserve Fund

The Bond Resolution creates the Debt Service Reserve Fund which is held in the custody of the Trustee. Funds on deposit in the Debt Service Reserve Fund will be used only to prevent deficiencies in the payment of the principal of or interest on Outstanding Bonds which are secured by the Debt Service Reserve Fund resulting from the failure to deposit into the Bond Fund sufficient funds to pay debt service and mandatory sinking fund requirements on such Bonds. The Debt Service Reserve Fund is to be maintained in an amount equal to the Debt Service Reserve Requirement and, if the amount on deposit therein will at any time be less than such requirement, the Board is to restore such amount within one year.

The Series 2013 Bonds, at the Board's election, will not be secured by the Debt Service Reserve Fund.

If a deficiency in the Bond Fund will occur, resulting in a drawing on the Debt Service Reserve Fund, moneys from the Debt Service Reserve Fund will be drawn upon in the same proportion as the aggregate unpaid debt service at the time due with respect to the Series 2011A Bonds, but not the Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2011 Bonds, the Series 2012A Bonds, the Series 2012B Bonds and the Series 2013 Bonds. The Series 2007 Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Series 2011 Bonds, the Series 2012A Bonds, the Series 2012B Bonds and the Series 2013 Bonds are not secured by the Debt Service Reserve Fund.

For any Additional Bonds that are issued pursuant to Bond Resolution, so long as the provisions of the State Intercept Program apply to such Additional Bonds, the Board may, but is not required to, establish the Debt Service Reserve Requirement for such Additional Bonds. If the State Intercept Program does not apply to such Additional Bonds, the Board will establish the Debt Service Reserve Requirement for such series of Additional Bonds. If the Debt Service Reserve Requirement is required to be established for such series of Additional Bonds, the Debt Service Reserve Requirement may be funded with cash or a qualified surety bond, or a combination of both.

Series 2013 Project Account

The Series 2013 Project Account will be held by the Board and moneys therein will be expended on the Series 2013 Improvements Project.

Series 2013 Rebate Account

The Series 2013 Rebate Account will be expended in accordance with the provisions of the 2013 Supplemental Resolution and the Series 2013 Tax Certificate, and will be utilized to pay amounts, if any, required by the Code to be rebated to the United States of America due to the investment of proceeds of the Series 2013 Bonds.

Investment of Funds

Each of the special accounts and funds designated in the 2013 Supplemental Resolution will be held, maintained, invested and reinvested in accordance with the provisions of the General Resolution; provided, however, that any proceeds of the Series 2013 Bonds, as appropriate will be invested and reinvested in Permitted Investments pursuant to written direction of the Vice President for Finance and Administration, and provided further that the interest and any profit realized from the investment of moneys on deposit in such funds and accounts will be credited to such fund or account, and any loss resulting from such investment will be charged to such fund or account. "Permitted Investments" for purposes of the 2013 Supplemental Resolution will be any of the following investments to the extent permitted under the laws of the State, as amended from time-to-time, as may be further limited by resolutions of the University, certified copies of which may be delivered to the Trustee from time-to-time; (a) any guaranteed investment contract, guaranteed interest contract, annuity contract, investment agreement, or funding agreement if, at the time the contract or agreement is entered into, the long term credit rating, financial obligations rating, claims paying ability rating, or financial strength rating of the party, or of the guarantor of the party, with whom the University enters the contract or agreement is, at the time of issuance, rated in one of the two highest rating categories by two or more nationally recognized securities rating agencies that regularly issue such ratings; (b) cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, Inc. or Aaa by Moody's (or any combination of the foregoing); (c) repurchase agreements in accordance with the provisions and limitations of Section 24-75-601.1, Colorado Revised Statutes; (d) other investments permitted under State law; and (e) investments with the Treasurer of the State.

State Intercept Program

The payment of the principal of and interest on the Series 2013 Bonds is secured pursuant to the State Intercept Program. The Board represents that the Series 2013 Bonds qualify for the State Intercept Program because the Series 2013 Bonds satisfy the following provisions of the State Intercept Program:

(i) the Board has: (i) a credit rating in one of the three highest categories, without regard to modifiers within a category, from at least one nationally recognized statistical rating organization and, if more than one such organization has rated an institution, no credit rating that is in a category below the three highest categories, without regard to modifiers within a category; and (ii) a debt service coverage ratio of at least one and one-half to one, measured by dividing the net revenues available for annual debt service over the total amount of annual debt service subject to the State Intercept Program and the annual debt service to be issued pursuant to the State Intercept Program; and

(ii) the pledged revenues for the Series 2013 Bonds include not less than:

(A) the net revenues of auxiliaries;

(B) ten percent (10%) of tuition if the institution is an enterprise, as defined in Section 24-77-102(3), Colorado Revised statutes, as amended;

(C) indirect cost recovery revenues, if any;

(D) facility construction fees designated for bond repayment, if any; and

(E) student fees and ancillary revenues currently pledged to existing bondholders.

In accordance with the State Intercept Program, whenever the Paying Agent has not received a payment on the Series 2013 Bonds on the Business Day immediately prior to the date on which such payment is due, the Paying Agent is required to notify the State Treasurer and the University. The State Treasurer is then required to contact the University to determine whether the University will make the payment by the date on which it is due. If the University indicates to the State Treasurer that it will not make the payment on the Series 2013 Bonds by the date on which it is due, or if the State Treasurer cannot contact the University, the State Treasurer is required to forward to the Paying Agent, in immediately available funds of the State, the amount necessary to make the payment of the principal of and interest on the Series 2013 Bonds.

If the State Treasurer makes a payment on Series 2013 Bonds under the State Intercept Act, he or she is to recover the amount forwarded by withholding amounts from the University's payments of the State's fee-for-service contract with the University, from any other state support for the University and from any unpledged tuition moneys collected by the University. The total amount withheld in a month cannot exceed 1/12 of the annual amount due from the State's fee-for-service contract with the University for each occasion on which the State Treasurer forwards money to the Paying Agent. With respect to each payment on Series 2013 Bonds made by the State Treasurer, the State Treasurer cannot withhold for more than twelve consecutive months for each occasion on which the State Treasurer forwards amounts pursuant to the State Intercept Act. While the withholding of fee-for-service payments is limited to twelve consecutive months, the State Intercept Act does not correspondingly limit the State's contingent obligation to pay the Series 2013 Bonds. The University has the option of making early repayment of all or any portion of an amount forwarded by the State Treasurer for payment on the Series 2013 Bonds.

The State Treasurer is required to notify the State's Department of Higher Education and General Assembly of amounts withheld and payments made pursuant to the State Intercept Act. If the University has a debt service payment forwarded to the Paying Agent by the State Treasurer, the University will not request a supplemental general fund appropriation or budget amendment for the amount forwarded in order to replace withheld fee-for-service revenue.

If the State Treasurer is required to make a payment on the Series 2013 Bonds of the University, the State Department of Education is required to initiate an audit of the University to determine the reason for the nonpayment of the Series 2013 Bonds and to assist the University, if necessary, in developing and implementing measures to ensure that future payments will be made when due.

The State has covenanted that it will not repeal, revoke or rescind the provisions of the State Intercept Act or modify or amend the State Intercept Act so as to limit or impair the rights and remedies granted under the State Intercept Act to the purchasers of Series 2013 Bonds. The State Intercept Act provides, however, that it will not be deemed or construed to require the State to continue the payment of State assistance to any State college or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State assistance to State colleges or the manner of payment or the timing thereof. The State Intercept Act further provides that it will not be deemed or construed to create a debt of the State with respect to any Series 2013 Bonds within the meaning of any State constitutional provision or to create any liability except to the extent provided in the State Intercept Act.

The Board may adopt a resolution stating that it will not accept on behalf of the University payment of principal and interest as provided in the State Intercept Act. If the Board adopts such a resolution, it must be adopted prior to issuance or incurrence of the bonds to which it applies. Following adoption of such a resolution, the Board is to provide written notice to the State Treasurer of its refusal to accept payment. The Board may rescind its refusal to accept payment by written notice of such rescission to the State Treasurer.

The Board has not adopted a resolution stating that it will not accept payment from the State Treasurer under the State Intercept Program with respect to the Series 2013 Bonds; consequently, the State Intercept Program applies to the payment of the Series 2013 Bonds and the State Treasurer will make payment of the principal of and interest on the Series 2013 Bonds, if necessary, as described above.

The Board is directed to file with the State Treasurer a copy of the 2013 Supplemental Resolution, a copy of the Official Statement and the name, address and telephone number of the Paying Agent.

Application of Excess Revenues

In the event that payments of the principal of and interest on the Series 2013 Bonds are made by the State Treasurer pursuant to the provisions of the State Intercept Program, the Board agrees that, to the extent such amounts paid by the State Treasurer have not been recovered by the State Treasurer from the sources set forth in Section 23-5-139(3) of the State Intercept Act, the Board will, solely from Net Revenues remaining in the Revenue Fund, as described in Section 5.05 of the Master Resolution that the Board has determined are available for such purpose, pay to the State Treasurer an amount equal to the principal and interest payments made by the State Treasurer, less any such amounts previously recovered by or paid to the State Treasurer.

Rate Covenant

The Board covenants that while the Bonds are Outstanding, subject to the limitations imposed by the applicable State or federal law, the Board will establish and maintain such rules and such fees, rental rates and charges for the use of the buildings and facilities of the Auxiliary Facilities System as will be necessary to assure maximum occupancy and use of the same and the services afforded thereby and as will provide and generate sufficient Revenues for payment of Current Expenses of the Auxiliary Facilities System, for payment of the debt service on the Bonds, to maintain the Reserve Fund and the Repair and Replacement Fund in the required amounts, and to make all other payments and charges as are required under the Bond Resolution. In particular, the Board agrees to establish and maintain such fees, rental rates and charges for the use of the buildings and facilities of the Auxiliary Facilities System, which, together with Student Auxiliary Fees and other Revenues, will be at least sufficient to pay in each Fiscal Year (a) an amount equal to the annual Current Expenses for such Fiscal Year; (b) an amount equal to 125% of both the principal of (whether at maturity or by mandatory redemption) and the interest on the

Bonds payable from the Net System Revenues in the corresponding Bond Year (reduced by any reserves therefore and amounts on deposit in the Bond Fund); and (c) any amounts required to meet then existing deficiencies or requirements pertaining to any fund or account created under the Bond Resolution and relating to the Revenues and the application thereof or any securities payable therefrom.

The Board also covenants that it will not permit any waiver of collection of any fees, rates or charges pertaining to the Student Auxiliary Fees or the Auxiliary Facilities System which would adversely affect the security for the Bonds.

Issuance of Additional Bonds

The Board is authorized to issue one or more series of Additional Bonds so long as no Event of Default has occurred or is continuing. Additional Bonds may be issued for one of the following purposes (a) to refund or advance refund entirely any one or more series of Bonds Outstanding, or (b) financing the acquisition, purchase, construction, improvement, remodeling or extension of buildings, additions to buildings and facilities to add housing, dining, parking and additional auxiliary facilities for proprietary activities to the Mesa Auxiliary Facilities System.

Upon the issuance of Additional Bonds, the University will provide a certificate of the Chief Financial Officer based upon the appropriate audited or unaudited annual financial reports of the University, to the effect that the average annual Available Revenues (defined as unrestricted current fund revenues less unrestricted current fund expenditures and mandatory transfers, except for debt service on all currently Outstanding Bonds and the proposed Additional Bonds), during any twelve (12) consecutive months occurring during the eighteen (18) months preceding issuance of the Additional Bonds for which audited annual financial reports are available, were equal to at least 125% of Maximum Annual Principal and Interest Payments on all Outstanding Bonds, and the Additional Bonds proposed to be issued, during such Fiscal Year; provided, that if the Additional Bonds are proposed to be issued at any time during any Fiscal Year when the audited financial report of the University for the preceding Fiscal Year is not available, then Available Revenues for the previous Fiscal Year will be calculated based upon the unaudited statement of revenue and expenses for any twelve (12) successive calendar months in the fifteen (15) months immediately preceding the date of issuance of the Additional Bonds proposed to be issued, prepared by the administrative staff of the University in accordance with Generally Accepted Accounting Principles; and provided further, however, that if at the time of such issuance the Board will have approved an increase in Facility Fees, or approved the construction or acquisition of additions or expansions to the Auxiliary Facilities System, such calculation will be made on the assumption that such increase will have been in effect, or that the projected revenues and expenditures associated with such additions or expansions when placed in service and operating will be included in the calculation, during the period of such computation; and provided further, that accumulated fund balances from prior Fiscal Years have not been counted for purposes of such calculations.

The Master Resolution sets forth additional criteria that must be fulfilled prior to the authentication and delivery of any Additional Bonds. This additional criteria includes the requirement that each supplemental resolution, authorizing the issuance of Additional Bonds, must include provisions ensuring that the amount in the Debt Service Reserve Fund will be adjusted to an amount not less than the Debt Service Reserve Requirement as calculated (a) for such series of Bonds Outstanding that are secured by the Debt Service Reserve Fund and (b) for the Additional Bonds proposed to be issued which, at the option of the Board as set forth in Section 5.2 of the Master Resolution, may be secured by the Debt Service Reserve Fund, with such additional requirements for such reserve to be accumulated in the manner provided therein and in any supplemental resolution.

Federal Tax Law Matters

The Series 2013 Bonds will be issued as Tax Exempt Obligations. For purposes of ensuring that the interest on the Tax Exempt Obligations is and remains excluded from gross income for federal income tax purposes, the Board makes the covenants set forth below.

The Board will not use or permit the use of any proceeds of the Tax Exempt Obligations or any other funds of the Board from whatever source derived, directly or indirectly, to acquire any securities or obligations and will not take or permit to be taken any other action or actions, which would cause any Tax Exempt Obligations to be an "arbitrage bond" within the meaning of Section 148 of the Code, or would otherwise cause the interest on any Tax Exempt Obligations to be includible in gross income for federal income tax purposes.

The Board will at all times do and perform all acts permitted by law that are necessary in order to assure that interest paid by the Board on the Tax Exempt Obligations will not be includible in gross income for federal income tax purposes under the Code or any other valid provision of law. In particular, but without limitation, the Board represents, warrants and covenants to comply with the following rules unless it receives an opinion of Bond Counsel stating that such compliance is not necessary: (i) gross proceeds of the Tax Exempt Obligations will not be used in a manner that will cause the Series 2013 Bonds to be considered "private activity bonds" within the meaning of the Code; (ii) the Tax Exempt Obligations are not and will not become directly or indirectly "federally guaranteed"; and (iii) the Board will timely file Internal Revenue Form 8038-G which will contain the information required to be filed pursuant to Section 149(e) of the Code with respect to the Tax Exempt Obligations.

The Board will comply with the Series 2013 Tax Certificate delivered to it on the date of issuance of the Series 2013 Bonds, including but not limited by the provisions of the Series 2013 Tax Certificate regarding the application and investment of proceeds of such Series 2013 Bonds, the calculations, the deposits, the disbursements, the investments and the retention of records described in the Series 2013 Tax Certificate; provided that, in the event the original Series 2013 Tax Certificate is superseded or amended by a new Series 2013 Tax Certificate drafted by, and accompanied by an opinion of Bond Counsel stating that the use of the new Series 2013 Tax Certificate will not cause the interest on such Series 2013 Bonds to become includible in gross income for federal income tax purposes, the Board will thereafter comply with the new Series 2013 Tax Certificate.

Insurance

The Board covenants in the Bond Resolution that the buildings and facilities of the related Auxiliary Facilities System will be insured and at all times kept insured in the aggregate to the greater of (a) the principal amount of all Bonds from time-to-time Outstanding; or (b) full replacement value thereof, by a combination of self-insurance by the State and a policy or policies of insurance issued by a responsible insurance company or companies against physical loss or damage however caused with such exceptions as are ordinarily required by insurers carrying similar insurance until the Bonds secured by the Bond Resolution and the interest thereon will have been paid or provision for such payment will have been made. The proceeds of such insurance will be available for, and will to the extent necessary be applied to, the repair, replacement or reconstruction of the damaged or destroyed property, and such proceeds not required for such repair, replacement or reconstruction will be deposited with the Trustee to the credit of the Bond Fund.

Other Covenants

The Bond Resolution contains other covenants by the Board dealing with the Bonds. The Board covenants not to enter into any contract or take any action that would impair or diminish the rights of the Trustee or the Bondholders while any Bonds are Outstanding. These other covenants include provisions relating to, among other matters, reporting requirements, and continued operation and maintenance of the Auxiliary Facilities System. The Bond Resolution prohibits the Board from selling, abandoning, using for substantially different purpose or otherwise disposing of any buildings and facilities of the Auxiliary Facilities System unless, (a) the Board is in full compliance with all covenants and undertakings in connection with all Bonds then Outstanding; (b) the Board will apply the proceeds of such sale to either the purchase, defeasance or redemption of the Outstanding Bonds, or the replacement of the disposed facility by another facility the revenues of which will be incorporated into the Auxiliary Facilities System, and the Chief Financial Officer certifies that the estimated Net System Revenues to be derived from the operation of the Auxiliary Facilities System in the three full Fiscal Years next succeeding such disposition, change of use or abandonment, including the estimated Net Revenue of any facilities scheduled to be added to the Auxiliary Facilities System during such three Fiscal Years, will be equal to at least 125% of the estimated Maximum Annual Principal and Interest Payments on all Bonds to be Outstanding during such three full Fiscal Years, and no such event will adversely impact the collection of Student Auxiliary Fees. The Board will prepare annual audits of the books and accounts, covering the financial condition and operations of the Auxiliary Facilities System.

Events of Default; Remedies

Each of the following is an "Event of Default" under the terms of the Bond Resolution:

(a) if any interest payment on any of the Bonds is not paid when due and payable;

(b) if any principal payment or redemption premium on any of the Bonds is not paid when due and payable either at maturity or in advance of maturity due to redemption or failure to make payment to any required fund;

(c) if for any reason the Board or the University is rendered incapable of fulfilling their obligations under the Bond Resolution;

(d) if the Board consents to or acquiesces to any entry of an order or decree to appoint a receiver or custodian for any of the Revenues of the Board, to approve a reorganization petition filed against the Board or the University under federal bankruptcy laws or any similar federal or state law, or if such order or decree is entered without the consent or acquiescence of the Board or the University and is not vacated, discharged or stayed on appeal within 30 days after such entry;

(e) if the Board consents or acquiesces to any proceeding to effect a composition between its or their creditors or to adjust the claims of such creditors pursuant to any present or future federal or state statute if the claims are or may be payable from Revenues;

(f) if a court of competent jurisdiction adjudges the Board insolvent, or enters an order, judgment or decree to appoint a receiver, trustee or custodian without the consent of the Board, or if such adjudications, orders, judgments or decrees are not vacated, set aside or stayed within 60 days of entry;

(g) if the Board files a petition or answer seeking reorganization, relief or any arrangement under federal bankruptcy laws or any other applicable federal or state law or statute;

(h) if any court of competent jurisdiction assumes custody or control of the Board or the whole or any substantial part of its or their property under legal provisions to provide relief or aid to debtors and such custody or control is not terminated within 30 days from the date of such assumption; or

(i) if the Board defaults in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Bond Resolution or any supplemental resolution and if the Event of Default continues for 30 days after written notice specifying such Event of Default and requiring that it be remedied is given to the Board by the Trustee. The Trustee has discretion to issue such notice but must give such notice if Registered Owners of at least 10% in aggregate principal amount of the Bonds then Outstanding so request in writing.

Enforcement of Remedies

Upon the occurrence of an Event of Default, the Trustee may enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding or enforce any of the obligations of the Board and the University by any available remedy by suit at law or in equity. Should an Event of Default occur and should the Registered Owners of an aggregate of 25% of the principal amount of Bonds then Outstanding so request and indemnify the Trustee, the Trustee is obligated to exercise such one or more of the rights and powers conferred by the Bond Resolution, as the Trustee, being advised by counsel, will deem most expedient in the interest of the Bondholders. Such remedies will include acceleration of the principal amount of the Bonds either at the direction of the Bond Insurer or with the prior written consent of the Bond Insurer.

Upon the occurrence of an Event of Default, the Board will immediately transfer all Net Revenues to the Trustee for so long as such Event of Default will continue.

Except to enforce the covenants of the Board to pay the principal of, premium, if any, and interest on the Bonds, no Owner of any Bond has any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Bond Resolution or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless:

(a) a Default has occurred of which the Trustee has been notified or which it is deemed to have notice under the Bond Resolution;

(b) such Default has become an Event of Default;

(c) the holders of 25% in aggregate principal amount of Bonds then Outstanding will have made written request to the Trustee and will have offered the Trustee reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name, and have offered to the Trustee indemnity as provided under the Bond Resolution; and

(d) the Trustee will thereafter fail or refuse to exercise the powers granted to it under the Bond Resolution, or to institute such action, suit or proceeding in its, his or their own name or names.

No one or more Registered Owners of the Bonds will have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Bond Resolution by its, his or their action or to enforce any right thereunder except in the manner therein provided. All proceedings at law or in equity are required to be instituted, had and maintained for the equal benefit of the Registered Owners of all Bonds then Outstanding.

All rights of action (including the right to file proof of claims) under the Bond Resolution or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto, and any such suit or proceedings instituted by the Trustee may be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds. Any recovery of judgment will be for the equal benefit of the Registered Owners of the Outstanding Bonds.

The Trustee may in its discretion waive any Event of Default and its consequences and is required do so upon the written request of the Registered Owners of (a) a majority in aggregate principal amount of all the Bonds then Outstanding in respect of which Default in the payment of principal and/or premium, if any, and/or interest exist; or (b) a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other Default; provided, however, that the following Defaults may not be waived (i) any Event of Default in the payment of the principal of any Bonds at the date of maturity specified therein, or (ii) any Default in the payment when due of the interest on any such Bonds; unless prior to such waiver, all arrears of interest, principal and premium, if any, with interest (to the extent permitted by law) at the rate borne by the Bonds, and all expenses of the Trustee in connection with such Default will have been paid or provided for.

Supplemental Resolution Not Requiring Consent of Bondholders

The Board and Trustee may enter into supplemental resolutions without the consent of or notice to any of the Bondholders in order to issue Additional Bonds, to cure any ambiguity or formal defect or omission in the Bond Resolution, to grant to the Trustee any additional rights, remedies, powers or authority, to subject additional Revenues or other revenues, properties, collateral or security to the Bond Resolution, or to make any other change to the Bond Resolution which, in the judgment of the Trustee, is not prejudicial to the Bondholders, or Trustee's interests.

Supplemental Resolution Requiring Consent of Bondholders; Waivers and Consents by Bondholders

Except for those supplemental resolutions described above, the Registered Owners of 66-2/3% in aggregate principal amount of the Bonds then outstanding will have the right to:

(a) consent to and approve other resolutions or supplemental Resolution deemed necessary and desirable by the Board to modify, alter, amend, add to or rescind any of the terms or provisions in the Bond Resolution in any particular; or

(b) waive or consent to the taking of any action, or omission to take required action by the Board.

No supplemental Resolution will, however, permit or be construed as permitting (a) an extension of the stated maturity or reduction of the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond without the consent of the Registered Owner of such Bond; (b) a reduction in the amount or extension of the time of any payment required by any fund established under the Bond Resolution applicable to any Bonds without the consent of the Registered Owners of all the Bonds which would be affected by the action to be taken; (c) a reduction in the aggregate principal amount of Bonds, the Registered Owners of which are required to consent to any such waiver or supplemental resolution; (d) affect the rights of the holders of less than all Bonds then outstanding; or (e) any change in the funding or operation of the Reserve Fund or the Repair and Replacement Fund without the consent of the Registered Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken.

In addition, no supplement to the Bond Resolution will modify the rights, duties or immunities of the Trustee without the written consent of the Trustee.

Discharge of Resolution

If the Registered Owners of the Bonds are paid the principal of and interest due or to become due or provision for their payment is made or if the Board will pay or cause their payment to be made, the Bond Resolution and the estate and rights it grants will cease, terminate and be void. The Trustee will then cancel and discharge the lien and release, assign and deliver unto the Board any and all the estate, right, title and interest in and to any and all rights assigned or pledged to or held by the Trustee, except for moneys or securities held by the Trustee to pay the principal of and interest on the Bonds.

Any Bond will be deemed to be paid when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Bond Resolution, or otherwise), either (a) will have been made or caused to have been made in accordance with the terms thereof; or (b) will have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment; or (ii) non-callable Governmental Obligations, maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any Trustee pertaining to the Bond with respect to which such deposit is made will have been paid or the payment thereof provided for to the satisfaction of the Trustee. Any such Governmental Obligations will constitute or be purchased with Available Moneys. At such times as a Bond will be deemed, under the Bond Resolution, to be paid, it will no longer be secured by or entitled to the benefits of the Bond Resolution, except for the purposes of any such payment from such moneys or Governmental Obligations.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

May 22, 2013

$19,900,000
BOARD OF TRUSTEES FOR COLORADO MESA UNIVERSITY
ENTERPRISE REVENUE BONDS
SERIES 2013

Ladies and Gentlemen:

We have acted as bond counsel to the Board of Trustees for Colorado Mesa University (the "Board"), a body corporate under the laws of the State of Colorado (the "State") in connection with the issuance by the Board of the Board of Trustees for Colorado Mesa University Enterprise Revenue Bonds, Series 2013, in the aggregate principal amount of $19,900,000 (the "Series 2013 Bonds"). The Series 2013 Bonds will be issued as Additional Bonds (as defined in the hereinafter defined Bond Resolution) under the provisions of a general bond resolution, dated as of March 11, 1994, as amended and supplemented by a bond resolution dated as of June 21, 1996, a bond resolution dated as of December 6, 2002, a bond resolution dated as of August 17, 2005, a bond resolution dated as of June 26, 2007, a bond resolution dated as of May 29, 2008, a bond resolution dated as of June 22, 2009, a bond resolution dated as of March 17, 2010, a bond resolution dated as of June 20, 2011, a bond resolution dated as of October 16, 2011, a bond resolution dated as of January 27, 2012, and a bond resolution dated as of March 22, 2012 (the general bond resolution as previously amended and supplemented shall be collectively referred to herein as the "Master Resolution") and a bond resolution relating to the Series 2013 Bonds approved by the Board as of January 22, 2013 (the "2013 Supplemental Resolution," and together with the Master Resolution, the "Bond Resolution").

All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Bond Resolution.

The Series 2013 Bonds are being issued by the Board pursuant to the Bond Resolution and under authority granted by the Institutional Enterprise Act, Colorado Revised Statutes, as amended (collectively, the "Auxiliary Facilities Enterprise Act"); Article 5, Title 23, Colorado Revised Statutes, as amended (the "Bond Act"); and Part 2, Article 57, Title 11, Colorado Revised Statutes, as amended (the "Supplemental Public Securities Act").

The Series 2013 Bonds are issuable as fully registered bonds, dated their delivery date, in authorized denominations of $5,000, or any integral multiple thereof. The Series 2013 Bonds mature, bear interest, are payable and are subject to redemption prior to maturity, in the manner and upon the terms set forth therein and in the Bond Resolution.

The proceeds from the sale of each series of the Series 2013 Bonds will be used to: (a) construct and equip a new academic classroom building on the University campus, renovate and equip the library located on the University campus and make such additional capital improvements to the campus as may be designated by the Board; (b) pay capitalized interest; and (c) pay costs of issuance.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations and covenants of the Board contained in the Bond Resolution, the related tax compliance certificates, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

As to questions of fact, we have relied upon the representations of the Board and other parties contained in such certified proceedings, including the Bond Resolution, and in the aforesaid certificates and other instruments and have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy and completeness of all documents submitted to us, the authenticity of all original documents and the conformity to authentic original documents of all documents submitted to us as copies (including facsimiles). We have also assumed the authenticity, accuracy and completeness of the foregoing certifications (of public officials, governmental agencies and departments and individuals) and statements of fact, on which we are relying, and have made no independent investigation thereof.

Based on, subject to and limited by the foregoing, it is our opinion that, as of the date hereof and under existing law:

1. The Board is duly created and validly existing as a body corporate of the State with the corporate power to adopt the Bond Resolution, perform the agreements on its part contained therein and issue the Series 2013 Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the Board enforceable against the Board.

3. The Series 2013 Bonds have been duly authorized, executed and delivered by the Board and are valid and binding special limited revenue obligations of the Board, payable solely from the sources provided therefor in the Bond Resolution.

4. The Bond Resolution creates a valid lien on the Net Revenues for the benefit of the Series 2013 Bonds to the extent provided in the Bond Resolution. All actions have been taken as required by the Institutional Enterprise Statute, the Auxiliary Enterprise Act, the Supplemental Public Securities Act and the Bond Resolution to insure the validity and enforceability of the lien on the Net Revenues pledged by the Bond Resolution.

5. Under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2013 Bonds is excludable from gross income of the recipients thereof for federal income taxation purposes and is not a specific preference item for purposes of the alternative minimum tax provisions imposed contained in the Internal Revenue Code of 1986, as amended (the "Code"). The opinions set forth in the preceding sentences assume the accuracy of certain representations and continuing compliance by the Board and others with certain covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2013 Bonds. Failure to comply with such requirements could cause such interest on the Series 2013 Bonds to be included in gross income for federal income tax purposes or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2013 Bonds. We note, however, that interest on the Series 2013 Bonds is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax imposed on corporations.

Except as stated above or in Paragraph 6, we express no opinion as to any federal, state, or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Series 2013 Bonds.

6. Under existing laws, regulations, rulings and judicial decisions, bond counsel is also of the opinion that interest on the Series 2013 Bonds is exempt from taxation for any State, county, school district, special district, municipal or other purpose in the State.

The opinions expressed herein are based solely on the documents, representations and assumptions set forth above and subject to the limitations and qualifications described herein. We express no opinion regarding other federal tax consequences arising with respect to the Series 2013 Bonds.

It is to be understood that the rights of the owners of the Series 2013 Bonds and the enforceability of the Series 2013 Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based upon existing law as of the date hereof and we express no opinion herein as of any subsequent date or with respect to any pending legislation.

Very truly yours,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "Disclosure Undertaking") is executed and delivered by the Board of Trustees for Colorado Mesa University (the "Board") in connection with the issuance of the Board of Trustees for Colorado Mesa University Enterprise Revenue Bonds, Series 2013, in the aggregate principal amount of $19,900,000 (the "Series 2013 Bonds"). The Series 2013 Bonds will be issued as Additional Bonds (as defined in the Final Official Statement defined below) under the provisions of a general bond resolution, dated as of March 11, 1994, as amended and supplemented by a bond resolution dated as of June 21, 1996, a bond resolution dated as of December 6, 2002, a bond resolution dated as of August 17, 2005, a bond resolution dated as of June 26, 2007, a bond resolution dated as of May 29, 2008, a bond resolution dated as of June 22, 2009, a bond resolution dated as of March 17, 2010, a bond resolution dated as of June 20, 2011, a bond resolution dated as of October 16, 2011, a bond resolution dated as of January 27, 2012 and a bond resolution dated as of March 22, 2012 (the general bond resolution as previously amended and supplemented shall be collectively referred to herein as the "Master Resolution") and a bond resolution relating to the Series 2013 Bonds approved by the Board as of January 22, 2013 (the "2013 Supplemental Resolution," and together with the Master Resolution, the "Bond Resolution").

In consideration of the issuance of the Series 2013 Bonds by the Board and the purchase of such Series 2013 Bonds by the owners thereof, the Board hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is executed and delivered by the Board as of the date set forth below, for the benefit of the holders and owners (the "Bondholders") of the Series 2013 Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below). The Board represents that it will be the only obligated person (as defined in the Rule) with respect to the Series 2013 Bonds at the time the Series 2013 Bonds are delivered to the Participating Underwriter and that no other person is expected to become an obligated person at any time after the issuance of the Series 2013 Bonds.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Disclosure Undertaking, unless the context clearly otherwise requires.

"*Annual Financial Information*" means the financial information and operating data described in Exhibit I.

"*Annual Financial Information Disclosure*" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"*Audited Financial Statements*" means the Board's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by a firm of certified public accountants.

"*Commission*" means the Securities and Exchange Commission.

"*Dissemination Agent*" means any agent designated as such in writing by the Board and which has filed with the Board a written acceptance of such designation, and such agent's successors and assigns.

"*EMMA*" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Material Event*" means the occurrence of any of the events with respect to the Series 2013 Bonds set forth in Exhibit II.

"*Material Events Disclosure*" means dissemination of a notice of a Material Event as set forth in Section 5.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Participating Underwriter*" means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series 2013 Bonds.

"*Prescribed Form*" means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at *www.emma.msrb.org* (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

"*Rule*" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"*State*" means the State of Colorado.

"*Undertaking*" means the obligations of the Board pursuant to Sections 4 and 5.

Section 3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Series 2013 Bonds is 19652P. The final Official Statement relating to the Series 2013 Bonds is dated May 9, 2013 (the "Final Official Statement").

Section 4. Annual Financial Information Disclosure. Subject to Section 9 of this Disclosure Undertaking, the Board hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by delivering such Annual Financial Information and the Audited Financial Statements to the MSRB in Prescribed Form within 240 days of the completion of the University's fiscal year.

The Board is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Board will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Disclosure Undertaking, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

Section 5. Material Events Disclosure. Subject to Section 9 of this Disclosure Undertaking, the Board hereby covenants that it will disseminate in a timely manner, not in excess of 10 business days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2013 Bonds or defeasance of any Series 2013 Bonds need not be given under this Disclosure Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series 2013 Bonds pursuant to the Bond Resolution. The Board is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Disclosure Undertaking.

Section 6. Duty To Update EMMA/MSRB. The Board shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the Board To Provide Information. The Board shall give notice in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Board to comply with any provision of this Disclosure Undertaking, the Bondholder of any Series 2013 Bond may seek specific performance by court order to cause the Board to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Bond Resolution or the Disclosure Undertaking or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Board to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Board may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Board or type of business conducted;

(ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Series 2013 Bonds, as determined either by parties unaffiliated with the Board or by an approving vote of the Bondholders of the Series 2013 Bonds holding a majority of the aggregate principal amount of the Series 2013 Bonds (excluding Series 2013 Bonds held by or on behalf of the Board or its affiliates) pursuant to the terms of the Bond Resolution at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Undertaking. The Undertaking of the Board shall be terminated hereunder when the Board shall no longer have any legal liability for any obligation on or relating to the repayment of the Series 2013 Bonds. The Board shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 11. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Undertaking. If the Board chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the Board shall not have any obligation under this Disclosure Undertaking to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

Section 12. Beneficiaries. This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Board, the Dissemination Agent, if any, and the Bondholders of the Series 2013 Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The Board shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Past Compliance. The Board represents that it has complied with the requirements of each continuing disclosure undertaking entered into by it pursuant to the Rule in connection with previous financings to which the Rule was applicable.

Section 15. Assignment. The Board shall not transfer its obligations under the Bond Resolution unless the transferee agrees to assume all obligations of the Board under this Disclosure Undertaking or to execute a continuing disclosure undertaking under the Rule.

Section 16. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State.

Dated: May 22, 2013

BOARD OF TRUSTEES FOR
COLORADO MESA UNIVERSITY

By ______________________________
Dan Robinson
Chairperson

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"*Annual Financial Information*" means financial information and operating data described in the "NET REVENUES" and "CERTAIN FINANCIAL INFORMATION" sections of the Official Statement.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Board shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 240 days after the last day of the University's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Board.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Disclosure Undertaking, including for this purpose a change made to the fiscal year end of the Obligated Person, the Board will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies

2. Nonpayment related defaults, if material

3. Unscheduled draws on debt service reserves reflecting financial difficulties

4. Unscheduled draws on credit enhancements reflecting financial difficulties

5. Substitution of credit or liquidity providers, or their failure to perform

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security

7. Modifications to rights of security holders, if material

8. Bond calls, if material, and tender offers

9. Defeasances

10. Release, substitution or sale of property securing repayment of the securities, if material

11. Rating changes

12. Bankruptcy, insolvency, receivership or similar event of the University[*]

13. The consummation of a merger, consolidation or acquisition involving the University or the sale of all or substantially all of the assets of the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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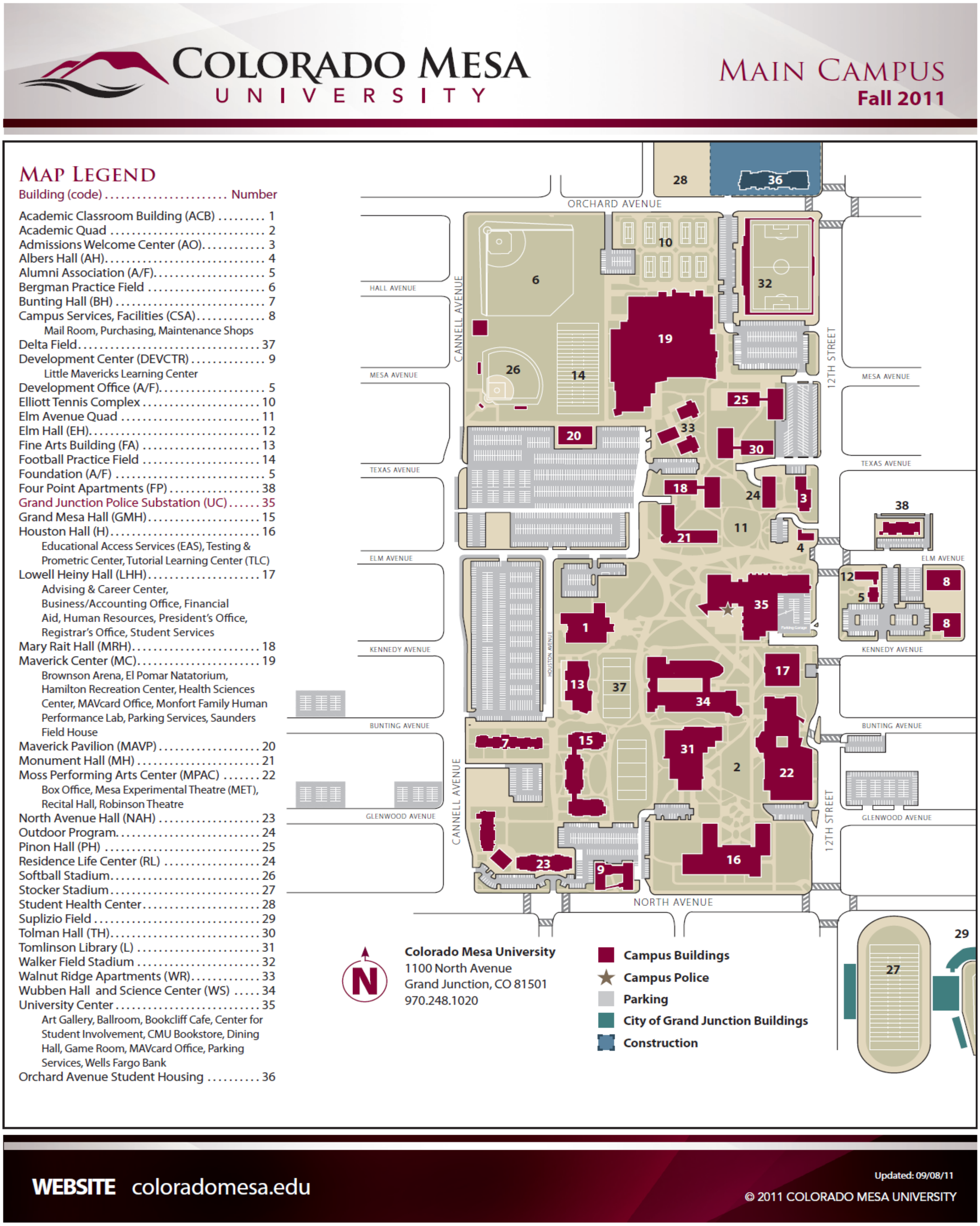
[*]This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the University in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the University, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the University.

APPENDIX E

CAMPUS MAP



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