

Three colleges.
Thousands of opportunities.



FACILITIES CORPORATION
Board of Directors
Annual Meeting Notice

Notice is hereby given that the annual meeting of the Board of Directors of the Nebraska State Colleges Facilities Corporation will convene at Wayne State College, Wayne, Nebraska on November 16, 2012 immediately before the Board of Trustees meeting at 8:00 a.m. This notice and accompanying agenda are being distributed to members of the Board of Directors, the presidents of the state colleges, the Associated Press and selected Nebraska newspapers.

**Board of Directors
Nebraska State College System Facilities Corporation**

Membership List

Mr. Cap Peterson
Wayne, NE

Ms. Michelle Suarez
Lincoln, NE

Mr. Gary Bieganski
Chadron, NE

Mr. Larry Teahon
Chadron, NE

Mr. Bill Roskens
Omaha, NE

Mr. Bob Engles
Auburn, NE

Dr. Roger Breed
Lincoln, NE

November 2012

**Board of Directors
NSCS Facilities Corporation**

AGENDA

**November 16, 2012
Wayne State College
Wayne, Nebraska**

1. Roll Call
2. Approval of Agenda
3. Approval of Minutes from the November 4, 2011 Meeting
4. Acceptance of Audit
5. Acceptance of Annual Report
6. Adjournment

THE NEBRASKA STATE COLLEGE SYSTEM FACILITIES CORPORATION

**November 4, 2011
LINCOLN, NEBRASKA**

MINUTES

A meeting of the Nebraska State College System Facilities Corporation was called to order at 8:30 a.m. on Friday, November 4, 2011, at the College Center in South Sioux City, Nebraska by President, Cap Peterson.

Directors present were: Cap Peterson, President, Wayne; Gary Bieganski, Chadron; Bob Engles, Auburn; Larry Teahon, Chadron; and Roger Breed, Lincoln.

Other corporation officers in attendance were: Carolyn Murphy, Managing Officer, Lincoln and Stan Carpenter, Secretary-Treasurer, Lincoln.

APPROVAL OF THE AGENDA

The meeting agenda was unanimously approved.

APPROVAL OF MINUTES

The minutes of the November 12, 2010 meeting were unanimously approved.

AUDIT REPORT

The audit report for the Facilities Corporation for the period from July 1, 2010 to June 30, 2011 was unanimously accepted.

ANNUAL REPORT

The Facilities Corporation annual report was unanimously approved. Carolyn Murphy, Managing Officer, summarized the projects outlined in the report.

ADJOURNMENT – The meeting was adjourned at 8:36 a.m.

Respectfully submitted,

Carolyn Murphy
Managing Officer

Facilities Corporation

Cap Peterson, President

Michelle Suarez

Gary Bieganski

Larry Teahon

Bill Roskens

Bob Engles

Roger Breed

November 16, 2012

**ACTION: Accept the Audit Report for the Facilities Corporation for the Period from
 July 1, 2011 to June 30, 2012**

The audit firm KPMG LLP conducted an audit of the Nebraska State Colleges Facilities Corporation covering the period July 1, 2011 to June 30, 2012. The fee negotiated for the audit is \$8,200 and is paid from capital improvement fees.

The audit includes financial activity related to the LB 605 bond issue. The capital assets accrue to the colleges, while the debt remains a responsibility of the Facilities Corporation, resulting in the negative net assets (deficit) at the end of the year. The information from this audit will be included in our state audit, being performed by the Auditor of Public Accounts.

The letter to the Board indicates that, in the opinion of the KPMG auditors, the financial statements "present fairly, in all material respects, the net assets of the Facilities Corporation and the changes in financial position and cash flows for the year, in conformity with U.S. generally accepted accounting principles."

NEBRASKA STATE COLLEGES FACILITIES CORPORATION

Annual Report for Fiscal Year July 1, 2011 through June 30, 2012

Background Information

The organizational meeting of the Nebraska State Colleges Facilities Corporation was held on July 22, 1983. The corporation was formed in response to the passage of legislation (LB 410) allowing the Board of Trustees to make certain renovations and land purchases at the colleges. The bill authorized the sale of long-term bonds to pay for projects, with the state obligating cigarette tax revenues to make the required principal and interest payments. The Facilities Corporation issued bonds in October of 1983 that were repaid by September of 1994.

From the **first sale through 1997**, the Facilities Corporation issued bonds amounting to \$36,065,000, including the following:

- 1987, for the purchase of computer equipment for the state college system;
- 1987, to renovate the Education Building at Peru State College and to add to and renovate the Cushing Coliseum at Kearney State College; and
- 1992, to build the Gardner Business Building at Wayne State College

The last of the historical bonds matured in 1997, and an audit of the Facilities Corporation was conducted by KPMG Peat Marwick for the time period ending October 31, 1997. The report was accepted at the February 1998 meeting of the Board of Directors.

The Facilities Corporation next issued **LB 1100 (1998) bonds in 1999**. The State appropriated \$400,000 annually to the Board of Trustees. Matching funds were provided from the NSCS Capital Improvement Fund, derived from a per-credit-hour charge on all students attending a state college.

The list of final expenditures for each approved project is provided below:

Chadron Memorial Hall renovation	\$2,145,984
Chadron Chilled Water Piping Extension	250,000
Peru Campus Services Building renovation/addition	1,912,720
Peru Boiler Replacement/Distribution System	155,463
Wayne Ramsey Theatre renovation	1,827,196
Wayne Relocate Broadcast Studio	297,235
Wayne Hahn Administration Asbestos Survey	39,738
Wayne Memorial Stadium Design/Development	25,000
Wayne Mem Stdm Impr/Rice Floor Replacement	<u>327,018</u>
Total	\$6,980,354

Final payment to the bondholders was made in September, 2009.

In 2002, the Facilities Corporation issued **LB 1 (Oct., 2001) bonds**. Payments for the debt service were provided by the State. Funding from the bond issue provided for completion of the Peru Library/ARC (now CATS) renovation and the Wayne Energy Plant purchase and renovation. Total expenditures from the bond proceeds were \$6,758,530 for the Peru Library/ARC project and \$4,149,219 for the Wayne Energy Plant project. Final payment to the bondholders was made in September, 2009.

LB 605 Bonds - 2006

In April of 2006, the Legislature approved and the Governor signed LB 605, which appropriated \$1,125,000 annually to the Board of Trustees for the first biennium period and expressed intent to continue such funding for fourteen years beginning July 1, 2006 and continuing through the fiscal year ending June 30, 2020, to undertake maintenance, repair and renovation projects at the State Colleges. Matching funds are required by the Board of Trustees in the amount of \$200,000 in 2006-07, \$400,000 in 2007-08, \$600,000 in 2008-09 and \$1,200,000 for each of the remaining 11 years. The matching funds are provided from the State Colleges' Capital Improvement Fund, which is derived from a per-credit-hour charge on all students attending a state college.

In August, 2006, the Board of Directors approved the bond resolution and related bond documents. Bonds in the amount of \$21,915,000 were issued. The bonds were given an "A" rating with a stable outlook by Standard and Poor's and an "A2" rating with a stable outlook by Moody's. The average coupon rate for the bond issue was 4.32%. Ameritas Investment Corporation was designated as Underwriter for the bonds; and Wells Fargo Bank Nebraska, N.A. is the Trustee. Lauren Wismer of Gilmore & Bell served as bond counsel.

LB 605 Projects

A listing of eligible projects is provided in LB 605. It states "the Board of Trustees of the Nebraska State Colleges is authorized to make expenditures for the State College Facilities Program of 2006 for the following state college projects: (a) Deferred maintenance, repair, and renovation of Chadron State College Academic/ Administration Building; (b) design and placement of a new Peru State College emergency power generator; (c) replacement of existing Peru State College Al Wheeler Activity Center bleachers; (d) addition to Wheeler Activity Center; (e) addition to and deferred maintenance, repair, and renovation of Wayne State College Campus Services building; (f) deferred maintenance, repair, and renovation of Wayne State College Rice Auditorium; (g) deferred maintenance, repair, and renovation of Wayne State College Memorial Stadium; and (h) systemwide miscellaneous fire and life safety, energy conservation, deferred repair, federal Americans with Disabilities Act of 1990, and asbestos removal projects."

The initial round of projects approved by the Board from LB 605 funding included:

Chadron Academic/Administration Building renovation	\$ 4,681,357
Peru emergency power generator	802,500
Peru Al Wheeler Activity Center (AWAC) bleachers replacement	167,990
Peru Al Wheeler Activity Center renovation/addition	4,846,933
Wayne Campus Services Building renovation/addition	4,981,587
Wayne Memorial Stadium/Rice Auditorium lower level renovation	<u>3,610,671</u>
	\$19,091,038

At its June, 2007 meeting, the Board approved an allocation for the Wayne Street Improvement Project as well as additional allocations for each of the other projects as follows:

Wayne Street Improvement Project	\$1,516,000
Chadron Academic/Administration Building renovation	183,965
Peru emergency power generator	30,000
Peru AWAC renovation/addition & bleachers replacement	215,550
Wayne Campus Services Building renovation/addition	203,879
Wayne Memorial Stadium/Rice Auditorium lower level renovation	155,940

At its November, 2008 meeting, the Board approved the following transfer:

PSC Al Wheeler Activity Center project	\$ 179,500
Peru emergency power generator	(179,500)

At its June, 2008 meeting, the Board approved additional allocations as follows:

CSC Street/Drainage Improvement	\$ 500,000
PSC Al Wheeler Activity Center project	300,000
WSC Carhart Science	500,000

At its January, 2009 meeting, the Board approved the following transfer:

PSC Al Wheeler Activity Center project	\$ 18,661
Peru emergency power generator	(18,661)

Finally, at its June, 2009 meeting, the Board approved the following additional allocations:

Chadron Academic/Administration Building renovation	\$ 50,000
Peru AWAC renovation/addition and bleachers replacement	133,000
Wayne Carhart Science project	300,000

And the following transfer:

PSC Al Wheeler Activity Center project	\$ 463
Peru emergency power generator	(463)

With these additions and transfers, the current projects approved from LB 605 are as follows:

Chadron Academic/Administration Building renovation	\$ 4,915,322
Chadron street/drainage improvement	500,000
Peru emergency power generator	633,876
Peru AWAC renovation/addition & bleachers replacement	5,862,097
Wayne Carhart Science	800,000
Wayne Campus Services Building renovation/addition	5,185,466
Wayne Memorial Stadium/Rice Auditorium lower level renovation	3,766,611
Wayne street improvement project	<u>1,516,000</u>
	\$ 23,179,372

Updates on Project Status

All approved projects are now substantially complete. The only balance remaining on June 30, 2012 is for the Chadron Administration Building project in the amount of \$5,810.

Payments to Retire LB 605 Bonds

Wells Fargo made a principal and interest payment of \$1,919,441 on July 15, 2011 and an interest payment of \$374,141 on January 11, 2012 in accordance with the debt service schedule.

LB 605 Construction Fund

The initial deposit into the LB605 Construction Fund was \$21,778,193. As of June 30, 2012 there was \$23,173,562 in accumulated expenditures for construction projects. With interest earnings added to the account, the balance in the Construction Fund on June 30, 2012 was \$7,870.

Other LB 605 Funds

The Debt Service fund had a balance on June 30, 2012 of \$1,961,446. No Debt Service Reserve Fund is required because of bond insurance that was purchased in lieu of establishing a Debt Service Reserve.

The General Fund had a balance on June 30, 2012 of \$521. The rebate fund had a balance on June 30, 2012 of \$54,941.

Audit

In April of 2012, the Board approved extending the contract for KPMG to perform the audit for the Facilities Corporation for the year ending June 30, 2012. KPMG has completed the audit at a cost of \$8,200, and it is presented for the acceptance of the Board of Directors at this meeting. The report states that the auditors found that the financial statements “present fairly, in all material respects, the net assets of the Nebraska State Colleges Facilities Corporation as of June 30, 2012, and the changes in its financial position and cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.”

Respectfully submitted,

Carolyn Murphy
Managing Officer