



Nebraska State
College System

CHADRON | PERU | WAYNE

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 12, 2020 immediately following the Board of Trustees meeting. 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. Gary Bieganski
Chadron, NE

Mr. Jess Zeiss
Omaha, NE

Mr. Cap Peterson
Wayne, NE

Mr. John Chaney
Auburn, NE

Mr. Bob Engles
Auburn, NE

Ms. Marjean Terrell
Hay Springs, NE

Mr. Matt Blomstedt
Lincoln, NE

November 2020

**Board of Directors
NSCS Facilities Corporation**

AGENDA

**November 12, 2020
Wayne State College
Wayne, Nebraska**

1. Roll Call
2. Approval of Agenda
3. Approval of Minutes from the February 27, 2020 Meeting
4. Acceptance of Audit
5. Acceptance of Annual Report
6. Adjournment

THE NEBRASKA STATE COLLEGE SYSTEM FACILITIES CORPORATION

**February 27, 2020
LINCOLN, NEBRASKA**

MINUTES

A meeting of the Nebraska State College System Facilities Corporation was called to order at 10:11 a.m. on Thursday, February 27, 2020 via LifeSize at Chadron State College, Peru State College, Wayne State College, and the Nebraska State College System Office in Lincoln, Nebraska by President, Gary Bieganski.

Directors present were: Gary Bieganski, President, Chadron; Jess Zeiss, Vice President, Omaha; Bob Engles, Auburn; John Chaney, Omaha; and Matt Blomstedt, Lincoln.

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

APPROVAL OF THE AGENDA

The meeting agenda was unanimously approved.

APPROVAL OF MINUTES

The minutes of the November 14, 2019 meeting were unanimously approved.

APPROVAL OF BONDING RESOLUTION

The resolution authorizing and approving the form of a bond resolution for the issuance of facilities bonds, authorizing a financing agreement, tax compliance agreement, a bond purchase agreement, and approving the refinancing of the Corporation's building bonds, Series 2014 and related matters with an amendment to establish the maximum not to exceed aggregate principal amount of the Facilities Bond at \$30,000,000 was unanimously approved.

ADJOURNMENT – The meeting was adjourned at 10:19 a.m.

Respectfully submitted,

Carolyn Murphy
Managing Officer

Facilities Corporation

Gary Bieganski, President

Jess Zeiss

John Chaney

Cap Peterson

Bob Engles

Marjean Terrell

Matt Blomstedt

November 12, 2020

**ACTION: Accept the Audit Report for the Facilities Corporation for the Period from
 July 1, 2019 to June 30, 2020**

The audit firm BKD, LLP conducted an audit of the Nebraska State Colleges Facilities Corporation covering the period July 1, 2019 to June 30, 2020. The fee negotiated for the audit is \$10,250.

The audit includes financial activity related to the LB 997 (2016) Deferred Maintenance Refunding bond issue, the 2014 Building Bonds, and the 2020 CSC Math Science Bonds. 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 BKD, LLP auditors, the financial statements “present fairly, in all material respects, the financial position of the Nebraska State Colleges Facilities Corporation as of June 30, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.”

NEBRASKA STATE COLLEGES FACILITIES CORPORATION

Annual Report Fiscal Year July 1, 2019 through June 30, 2020

Background Information

The organizational meeting of the Nebraska State Colleges Facilities Corporation was July 22, 1983. The corporation's formation was 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 bonds were issued in October of 1983 and 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.

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. Bond proceeds included \$6,980,354 toward construction. Projects receiving funding from the LB 1100 (1998) bonds were:

- Chadron Memorial Hall renovation and Chilled Water Piping Extension
- Peru Campus Services Building renovation/addition and Boiler Replacement/Distribution System
- Wayne Ramsey Theatre renovation, Broadcast Studio Relocation, Hahn Administration Asbestos Survey, Memorial Stadium Design/Development and Improvements, and the Rice Floor replacement

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

In 2002, the Facilities Corporation issued **LB 1 (Oct., 2001) bonds**. The State provided all payments for the debt service. Total expenditures from the bond proceeds were \$10,907,749 for the Peru Library/ARC project and the Wayne Energy Plant purchase and renovation. Final payment to the bondholders was made in September, 2009.

In 2006, the Facilities Corporation issued **LB 605 (2006) bonds**. This was a partnership between the State, which provided \$1,125,000 annually and the NSCS, which provided matching funds 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 came from the State Colleges' Capital Improvement Fund, derived from a per-credit-hour charge on all students attending a state college. Total project expenditures from the bond proceeds was \$23,176,853 for the CSC Academic/Administration building renovation and Street/Drainage improvement; the PSC emergency power generator and AWAC renovation/addition & bleacher replacement; and for WSC Carhart Science improvements, Campus Service Building renovation/addition, Memorial Stadium/Rice Auditorium lower level renovation, and a Street Improvement project. These bonds were refinanced as part of LB957 (2016) on September 1, 2016.

Building Bonds, 2014

During the 2013 legislative session, LB198 authorized the appropriation of state funds for payment of new Facility Corporation bonds. Bond proceeds were for construction of the Chadron State College Rangeland Project, Phase II and for the renovation of the U.S. Conn Library at Wayne State College. The appropriation included \$2,216,000 for each of the fiscal years FY 2013-2014 and FY 2014-2015. LB198 also included intent language to continue the annual appropriations through FY 2020-21. The Legislature has now appropriated the funding in the current biennium through FY 2020-21 in line with its intent language.

The Board of Directors approved the bond resolution and related bond documents in September, 2013. Bonds in the par amount of \$13,460,000 sold on November 20, 2013 and the sale closed on January 3, 2014. The bonds received an "AA+" rating with a stable outlook by Standard and Poor's. The average coupon rate for the bond issue was 4.78% and the true interest cost was 2.0%. Ameritas Investment Corporation was the Underwriter for the bonds; and BOK Financial is the Trustee. Michael Rogers of Gilmore & Bell served as bond counsel.

Building Bonds Projects

The projects receiving funds from the 2014 Building Bonds are:

Chadron State College Rangeland Project, Phase II	\$ 3,696,470
Wayne State College U.S. Conn Library	<u>\$12,000,000</u>
	\$15,696,470

Updates on Project Status

As of June 30, 2016, construction on the Chadron Rangeland Project, Phase II project was complete. Architect for the project was BVH Architects. The Construction Manager at Risk was Sampson Construction. As of June 30, 2017, construction on the Wayne U.S. Conn Library project was substantially complete and all bond proceeds approved for the project were expended. Architect for the project

was Jackson, Jackson & Assoc. The Construction Manager at Risk was Beckenhauer Construction, Inc.

Payments to Retire Bonds

BOK made an interest payment in the amount of \$130,125 on December 16, 2019 and a principal and interest payment of \$2,010,125 on June 15, 2020 in accordance with the debt service schedule. The balance in the Debt Service Fund on June 30, 2020 was \$588,322.

Construction Fund

All funds in the construction fund were expended prior to June 30, 2017.

Debt Service Reserve Fund

The Debt Service Reserve Fund was established at a balance of \$1,346,000. The balance of the fund on June 30, 2020 was \$1,346,000.

LB 957 Deferred Maintenance and Refunding Bonds, Series 2016

During the 2016 legislative session, the Legislature approved and the Governor signed LB 957. LB 957 extended the appropriations related to the Series 2006 (LB 605) Bonds. The bill appropriated funds for FY2017-19 and provided intent language to continue the annual appropriation for bond repayments ten years beyond that provided in LB605 (2006). The intent language, therefore, included repayments through Fiscal Year 2029-30. LB 297 (2019) included appropriations for FY 2019-21 in line with the intent language. LB 957 allowed the Facilities Corporation to refund the Series 2006 Bonds and generate new bond proceeds to provide project funding toward the maintenance, repair and renovation projects at the State Colleges, and specifically added the following projects:

- 1) the renovation of the stadium at Chadron State College,
- 2) the renovation of the Theatre/Event Center at Peru State College
- 3) the construction of applied technology programmatic space at Wayne State College.

Matching funds toward the bond payments are required of \$1,200,000 annually for FY 2016-17 through FY 2019-20 and \$1,440,000 annually beginning in FY 2020-21 and continuing through the balance of the bond repayments. The matching funds come from the State Colleges' Capital Improvement Fund, derived from a per-credit-hour charge on all students attending a state college.

The Board of Directors approved the bond resolution and related bond documents in June, 2016. Bonds in the amount of \$26,655,000 were issued on September 1, 2016. New funds were used first to pay off the LB605 (2006) bonds and funding of \$21,275,000 was provided for new projects.

The bonds received an “AA” rating with a stable outlook by Standard and Poor’s, supported by the purchase of bond insurance. The true interest cost for the bonds was 2.1%. Bond Insurance was purchased from Assured Guaranty Municipal Corporation, as well as a surety policy in lieu of a debt service reserve fund.

Ameritas Investment Corporation was designated as Underwriter for the bonds and BOK Financial as the Trustee. Michael Rogers of Gilmore & Bell served as bond counsel.

Project Status as of June 30, 2019

The Board of Trustees approved the following amounts for use on projects at its September 9, 2016 meeting:

CSC Stadium Renovation/Replacement, Phase I	\$6,205,766
PSC Theatre/Event Center Renovation and Addition	\$6,138,234
WSC Center for Applied Technology (CAT)	<u>\$8,931,000</u>
TOTAL	\$ 21,275,000

At its November 16, 2018 meeting, the Board approved the remaining proceeds (interest and residual funds) to go to the CSC Stadium Complex, Phase II Track at Chadron State College. This resulted in an additional \$231,752 in funding for the Stadium Renovation/Replacement Project. The revised distribution as of June 30, 2020 is as follows:

CSC Stadium Renovation/Replacement Phases I and II	\$6,437,518
PSC Theatre/Event Center Renovation and Addition	\$6,138,234
WSC Center for Applied Technology (CAT)	<u>\$8,931,000</u>
TOTAL	\$21,506,752

The Chadron State Stadium Renovation/Replacement project is nearly complete. The Stadium portion was determined to be substantially complete on August 23, 2018. The track portion is in progress as of June 30, 2020 and expected to be substantially complete in the Fall, 2020. The architect for the Project is Bahr Vermeer and Haecker and the Construction Manager at Risk is Adolfson & Peterson Construction.

The Peru State Theatre/Event Center project reached substantial completion on November 12, 2018. The architect for the project is Architectural Design Associates, Inc. and the contractor is Rogge General Contractors.

The Wayne State CAT project reached substantial completion on November 15, 2018. The architect for the project is Bahr Vermeer and Haecker and the Construction Manager at Risk is Hausmann Construction.

Payments to Retire LB 997 Bonds

BOK Financial made a principal and interest payment in the amount of \$1,883,184 on July 15, 2019 and an interest payment of \$423,734 on January 15, 2020 in

accordance with the debt service schedule. The balance in the Bond Fund on June 30, 2020 was \$1,953,375.

Construction Fund

All funds in the Construction Fund were expended prior to June 30, 2020.

Other LB997 Funds

A Debt Service Reserve fund is not required. Surety insurance was purchased in lieu of establishing a Debt Service Reserve.

The General Fund had a balance on June 30, 2020 of \$86,281.

CSC Math Science Bonds, Series 2020

During the 2019 legislative session, LB297 was passed which extended the appropriations related to the Series 2014 Bonds. The bill provided intent language to continue the annual appropriations an additional 14 years, through Fiscal Year 2034-35. LB297 language provides for the Facilities Corporation to issue bonds for the CSC Math Science project and to utilize funding remaining from the 2014 Series, along with the annual appropriations once the 2014 bonds are fully repaid.

The Board of Directors approved the bond resolution and related bond documents on February 27, 2020. Bonds in the par amount of \$23,465,000 were sold on April 30, 2020, with closing on May 7, 2020. Janney, Montgomery, Scott LLC serves as the financial consultant, Piper Jaffrey as the underwriter, and Gilmore Bell as bond counsel.

The bonds received an "AA+" rating with a stable outlook by Standard and Poor's. The true interest cost for the bonds was 2.4%.

During the first year of bond repayment, Chadron State will provide for the interest-only payments totaling \$1,030,851, with payments from the Trustee to the bondholders of \$557,501 and \$473,350 due December 15, 2020 and June 14, 2021 respectively. With final payment on the Series 2014 bonds made in 2020-21, the funding stream paying the Series 2014 bonds of \$2,216,000 annually from the State, as described above, will then make the remaining payments on the Series 2020 bonds through 2034-35. Language in LB297 (2019) also allows the use of any residual funds remaining from the Series 2014 bond toward the CSC Math Science project.

Project Status as of June 30, 2020

The Math Science Project was still in the planning stages on June 30, 2020, with construction documents in progress for the project. The CSC Math Science Project Fund had a balance of \$26,161,141 on June 30, 2020.

Payments to Retire the LB297 (2019) Series 2000 Bonds

As of June 30, 2020, there are no deposits and no expenditures from the Bond Fund. The balance of the fund on June 30, 2020 is \$0. Balances from the Series 2014 bonds will roll forward into the Series 2020 bond accounts once final payment is made on the Series 2014 bonds.

Audit

On April 23, 2020, the Board approved extending the contract with BKD to perform the audit of the Facilities Corporation for the fiscal year ending June 30, 2020 at a cost of \$10,250. The audit 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 financial position of the Nebraska State Colleges Facilities Corporation as of June 30, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.”

Respectfully submitted,

Carolyn Murphy
Managing Officer