



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 16, 2018 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. Michelle Suarez
Lincoln, NE

Mr. Matt Blomstedt
Lincoln, NE

November 2018

**Board of Directors
NSCS Facilities Corporation**

AGENDA

**November 16, 2018
Wayne State College
Wayne, Nebraska**

1. Roll Call
2. Approval of Agenda
3. Approval of Minutes from the November 17, 2017 Meeting
4. Acceptance of Audit
5. Acceptance of Annual Report
6. Adjournment

THE NEBRASKA STATE COLLEGE SYSTEM FACILITIES CORPORATION

**November 17, 2017
WAYNE, NEBRASKA**

MINUTES

A meeting of the Nebraska State College System Facilities Corporation was called to order at 9:48 a.m. on Friday, November 17, 2017, at Wayne State College, Wayne, Nebraska by President, Gary Bieganski.

Directors present were: Gary Bieganski, President, Chadron; Jess Zeiss, Omaha; Bob Engles, Auburn; Cap Peterson, Wayne; John Chaney, Auburn; Michelle Suarez, Lincoln and Matt Blomstedt, 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 10, 2016 meeting were unanimously approved.

AUDIT REPORT

The audit report for the Facilities Corporation for the period from July 1, 2016 to June 30, 2017 was unanimously accepted. Carolyn Murphy, Managing Officer, summarized the audit.

ANNUAL REPORT

The Facilities Corporation annual report was unanimously approved.

ADJOURNMENT – The meeting was adjourned at 10:00 a.m.

Respectfully submitted,

Carolyn Murphy
Managing Officer

Facilities Corporation

Gary Bieganski, President

Jess Zeiss

John Chaney

Cap Peterson

Bob Engles

Michelle Suarez

Matt Blomstedt

November 16, 2018

**ACTION: Accept the Audit Report for the Facilities Corporation for the Period from
 July 1, 2017 to June 30, 2018**

The audit firm BKD, LLP conducted an audit of the Nebraska State Colleges Facilities Corporation covering the period July 1, 2017 to June 30, 2018. The fee negotiated for the audit is \$9,900.

The audit includes financial activity related to the LB 997 bond issue and the 2014 Building 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, 2018 and 2017, and the changes in its financial position and its 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, 2017 through June 30, 2018

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.

LB 605 Bonds - 2006

In April of 2006, the Legislature approved and the Governor signed LB 605. LB605 authorized the appropriation of \$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 were required 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 came 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 August, 2006. Bonds in the amount of \$21,915,000 were issued.

The final list of projects and the amounts for each approved from LB 605 proceeds are as follows:

Chadron Academic/Administration Building renovation	\$ 4,912,803
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>
	\$ 23,176,853

All approved projects are complete. Wells Fargo made a principal and interest payment of \$2,100,409 on July 15, 2016. The balance of the bonds (principal amount of \$8,400,000 plus interest of \$61,656.67) was refunded on September 1, 2016 (see LB 957 Bonds section below). All other funds remaining in the LB 605 accounts at the time of the refinancing were used toward the balances in the new LB 957 (2016) bonds as part of the refinancing.

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 appropriated the funding in the current biennium through FY 2018-19 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 expended. Final completion has been held up by the contractor. It is anticipated that the project will achieve final completion by January, 2019. 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 \$217,625 on December 15, 2017 and a principal and interest payment of \$1,992,625 on June 14, 2018 in accordance with the debt service schedule. The balance in the Debt Service Fund on June 30, 2018 was \$341,617.

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, 2018 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 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. The bill also appropriated funds for the current biennium Fiscal Years 2017-19. 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, 2018

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

The Chadron State Stadium project is well underway and planned for substantial completion in the early fall of 2018. The architect for the Project is Bahr Vermeer and Haecker and the Construction Manager at Risk is Adolfsen & Peterson Construction.

The Peru State Theatre/Event Center project is also well underway and is planned for substantial completion in late fall of 2018. The architect for the project is Architectural Design Associates, Inc. and the contractor is Rogge General Contractors.

The Wayne State CAT project is also under construction with substantial completion planned for late fall of 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 \$1,391,684 on July 17, 2017 and an interest payment of \$452,384 on January 16, 2018 in accordance with the debt service schedule. The balance in the Bond Fund on June 30, 2018 was \$1,890,404.

Construction Fund

The construction fund had a balance of \$6,533,594 on June 30, 2018.

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, 2018 of \$85,119.

Audit

In April, 2018, the Board approved extending the contract with BKD to perform the audit of the Facilities Corporation for the fiscal year ending June 30, 2018 at a cost of \$9,900. 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, 2018 and 2017, and the changes in its financial position and its 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