

**Nebraska State Colleges Facilities Corporation  
Annual Report  
Fiscal Year July 1, 2021 through June 30, 2022**

**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 (LB410) 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.

**Satisfied Bonds**

The first 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 Series**

#### Authorization and Issuance

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 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.

#### Debt Service Funding

The appropriation included \$2,216,000 for each of the fiscal years FY14 and FY15. LB198 also included intent language to continue the annual appropriations through FY21. The Legislature appropriated the funding through FY21 in line with its intent language.

#### Funded Projects

The projects funded with the 2014 Building Bonds were:

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

#### Project Status

As of June 30, 2016, construction on the Chadron Rangeland Project, Phase II project was complete and all bond proceeds expended. Architect for the project was BVH Architects. The Construction Manager at Risk was Sampson Construction.

As of June 30, 2019, construction on the Wayne U.S. Conn Library project was 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 \$83,125 on December 16, 2020 and the last principal and interest payment of \$3,408,125 on June 15, 2020 in accordance with the debt service schedule. The funding for the payment included the State appropriation of \$2,216,000, the

balance in the debt service fund of \$588,608, and utilized a portion of the Debt Service Reserve Fund in the amount of \$686,642. This final payment fully satisfies the 2014 bonds.

#### Debt Service Reserve Fund

The Debt Service Reserve Fund balance as of June 30, 2021 was \$659,590.62. This balance plus interest of \$18.29 totaling, \$659,608.91 was transferred to the CSC Match and Science project, as provided for in the legislation (LB297) for the Math Science project.

#### **Deferred Maintenance and Refunding Bonds, Series 2016 (LB957)**

##### Authorization and Issuance

During the 2016 legislative session, the Legislature approved and the Governor signed LB957. LB957 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.

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.

##### Debt Service Funding

LB957 extended the appropriations related to the Series 2006 Bonds (LB605 - 2006). The bill appropriated funds for FY2018 and FY2019 and provided intent language to continue the annual appropriation of \$1,125,000 for bond repayments through FY2030. LB297 (2019) included appropriations for FY2020 and FY2021 in line with the intent language.

Matching funds toward the bond payments are required of \$1,200,000 annually for FY2017 through FY2020 and \$1,440,000 annually beginning in FY2021 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.

##### Funded Projects

The projects funded with the 2016 Series Bonds were:

- 1) Chadron State College - Renovation of the Stadium
- 2) Peru State College - Renovation of the Theatre/Event Center
- 3) Wayne State College - Construction of applied technology programmatic space

Project Status

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

All funds in the Construction Fund were expended prior to June 30, 2021.

At the November 2021 meeting, the NSCS Board of Trustees approved an additional allocation of \$86,285 to the Chadron State College Stadium Project. These funds, including some interest earnings were available in the Series 2016 funds, which included a refunding of the Series 2006 Bonds, which generated these dollars. As of June 30, \$12,800.43 of these funds remained and were in the 2022B Series Construction Fund account.

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 completed with all monies spent. The architect for the project was Architectural Design Associates, Inc. and the contractor was Rogge General Contractors.

The Wayne State CAT project is completed with all monies spent. The architect for the project was Bahr Vermeer and Haecker and the Construction Manager at Risk was Hausmann Construction.

Payments to Retire Bonds

BOK Financial made a principal and interest payment in the amount of \$2,176,859.38, on July 15, 2021 and an interest payment of \$342,109.38 on January 15, 2022, in accordance with the debt service schedule. The outstanding principal amount of bonds of \$19,595,000 were then defeased with the issuance of the 2022A bonds, on May 4, 2022. The balance in the Bond Fund at that time became part of the defeasance.

Debt Service Reserve Fund

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

**Outstanding Bonds**

**Summary of Debt and Debt Retirement Sources**

The following table is a summary of the outstanding Facilities Corporation debt and the sources of repaying that debt.

Nebraska State Colleges Facilities Corporation  
Bonds Outstanding  
As of June 30, 2022

Bond Series	Last Payment Date	Projects Funded	Original Issue Amount	Remaining Payments			Funding Source
				Principal	Interest	Total	
2020 LB297 (2019)	6/15/2035	CSC Math/Science	\$23,465,000	\$22,200,000	\$6,563,100	\$28,763,100	FY21 - CSC - Interest Only - \$1,030,851 FY22-FY35 - State Appropriation - \$2,216,000
2022A LB384 (2021)	7/15/2040	Defeasance of 2016 Bonds CSC Stadium PSC Theatre WSC CAT Refund 2006 Bonds	\$18,815,000	\$18,815,000	\$12,054,225	\$30,869,225	FY22-FY40 - State Appropriation - \$1,125,000 FY22-FY40 - CIF - \$1,440,000 FY36-FY40 - State Appropriation - \$2,216,000
2022B LB384 (2021)	7/15/2040	WSC Athletic Facility PSC Indoor/Outdoor Athletic Facility	\$17,205,000	\$17,205,000	\$9,131,787	\$26,336,787	
Totals				\$58,220,000	\$27,749,112	\$85,969,112	

**CSC Math Science Bonds, 2020 Series**

Authorization and Issuance

During the 2019 legislative session, LB297 was approved authorizing the Facilities Corporation to issue bonds for the CSC Math Science project and to utilize funding remaining from the 2014 Series for that project.

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 13, 2020. Janney, Montgomery, Scott LLC serves as the financial consultant, Piper Sandler and Company 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%.

Debt Service Funding

LB297 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 2035. With final payment on the Series 2014 bonds made in FY21, 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 FY2035. Language in LB297 (2019) also allows the use of any residual funds remaining from the Series 2014 bond toward the CSC Math Science project.

Chadron provided for the interest-only payments totaling \$1,030,851 for FY21.

### Funded Projects

The Chadron State College Math Science project was funded with the Series 2020 bonds.

### Project Status

The project was substantially complete as of June 30, 2022. The original funding from bond proceeds for the CSC Math Science Project totaled \$26,197,744. As of June 30, 2022 expenditures totaled \$26,561,285. The unexpended balance was \$681,789, including the transfer of \$659,628.05 from the 2014 bonds and approximate interest earnings of approximately \$385,702 on the construction fund.

### Payments to Retire Bonds

During FY22, the Bond Trustee paid principal and interest payments of \$2,211,700 according to the bond payment schedule. The remaining debt schedule for the Series 2020 bonds follows:

#### **Outstanding Principal and Interest Bond Payment Schedule CSC Math Science Bonds (Series 2020)**

<u>Fiscal</u> <u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total FY</u> <u>Debt Service</u>
2023	\$1,315,000	\$896,100	\$2,211,100
2024	\$1,370,000	\$843,500	\$2,213,500
2025	\$1,425,000	\$788,700	\$2,213,700
2026	\$1,480,000	\$731,700	\$2,211,700
2027	\$1,540,000	\$672,500	\$2,212,500
2028	\$1,600,000	\$610,900	\$2,210,900
2029	\$1,680,000	\$530,900	\$2,210,900
2030	\$1,765,000	\$446,900	\$2,211,900
2031	\$1,855,000	\$358,650	\$2,213,650
2032	\$1,930,000	\$284,450	\$2,214,450
2033	\$2,005,000	\$207,250	\$2,212,250
2034	\$2,085,000	\$127,050	\$2,212,050
2035	<u>\$2,150,000</u>	<u>\$64,500</u>	<u>\$2,214,500</u>
	\$22,200,000	\$6,563,100	\$28,763,100

### **2022A and 2022B Series**

#### Background

During the 2021 legislative session, with the passage of LB384, State funding support for the State College Facilities Program was extended out to 2040, adding a total of \$22,330,000 in available debt service funding. When leveraged with a restructuring of existing debt, the future funding stream could be converted to near-term funding capacity. At the November 2021 meeting, the Board's Financial Advisor provided options for refinancing the Series 2016 (LB957) bonds and extending the maturity from 2030 to 2040, which provides for additional debt capacity in the near term, taking advantage of the extended funding provided by the State in LB384.

At the January 2022 meeting, the Board decided to allocate any bond proceeds to two projects: 1) the Wayne State College Athletic & Recreation Project and, 2) the Peru State College Indoor/Outdoor Athletic Complex. Not knowing what the bond market rates would be and the amount of proceeds available, the Board approved 57% of the proceeds from the refinancing be allocated to the WSC Athletic and Recreation Project and 43% toward the PSC Indoor/Outdoor Athletic Complex project.

Finally, an amendment to LB384 was submitted during the 2022 session that specifically included language that identified the two approved projects, and that amendment was included and passed as part of LB1012.

#### Authorization and Issuance

The Nebraska State College System Board of Trustees approved the resolution on February 28, 2022 authorizing the Facilities Corporation to issue facilities program bonds to provide funding for the WSC Athletic and Recreation Project and the PSC Indoor/Outdoor Recreation Complex and to refund the Series 2016 corporation bonds.

The Board of Directors of the Facilities Corporation approved the resolution authorizing and approving the form of the bond resolution for the issuance of facilities bonds and the refinancing of the Series 2016 Building Bonds.

Series 2022A taxable refunding bonds in the par amount of \$18,815,000 were sold as of May 4, 2022. The proceeds were used to defease the 2016 Series bonds. The bonds received an “AA+” rating with a stable outlook by Standard and Poor’s. The All-In True Interest Cost of the financing was 4.61%.

Series 2022B tax-exempt facilities program bonds in the par amount of \$17,205,000 were sold as of May 4, 2022. The proceeds were used to provide funding for the two approved projects. The bonds received a “AA” rating by Standard and Poor’s and were insured by Assured Guaranty Municipal Corporation. The All-In True Interest Cost of the financing was 3.81%.

Janney, Montgomery, Scott LLC served as the financial consultant, Piper Sandler and Company as the underwriter, and Gilmore Bell as bond counsel on both issues.

#### Debt Service Funding

LB384 extended the appropriations related to the Series 2016 Bonds and the 2020 Bonds. This legislation added a total of \$22,330,000 of additional State funding support by extending the annual appropriation of \$1,125,000 (LB957) from 2030 to 2040, and the annual appropriation of \$2,216,000 (LB297) from 2035 to 2040. The required match of \$1,440,000 from Capital Improvement Fees was also extended from 2030 to 2040.

#### Funded Projects

The Wayne State College Athletic & Recreation Project and the Peru State College Indoor/Outdoor Athletic Complex will each be partially funded with the bond proceeds. The construction fund proceeds will be split 57%/43% to the WSC Athletic and Recreation Project/PSC Indoor/Outdoor Athletic Complex project.

Project Status

Both projects were still under the design/bidding phase as of June 30, 2022. The original funding from bond proceeds for the WSC Athletic and Recreation Project was \$10,971,327 and \$8,276,615 for the PSC Indoor/Outdoor Athletic Complex.

Payments to Retire Bonds

The debt schedule for the Series 2022A bonds follows:

**Outstanding Principal and Interest Bond Payment Schedule  
2022A - 2016 Refunding Series**

<b><u>Fiscal</u></b>			<b><u>Total FY</u></b>
<b><u>Year</u></b>	<b><u>Principal Due</u></b>	<b><u>Interest Due</u></b>	<b><u>Debt Service</u></b>
2023	\$0	\$576,456	\$576,456
2024	\$135,000	\$824,907	\$959,907
2025	\$300,000	\$818,526	\$1,118,526
2026	\$310,000	\$808,978	\$1,118,978
2027	\$320,000	\$798,371	\$1,118,371
2028	\$330,000	\$786,919	\$1,116,919
2029	\$340,000	\$774,714	\$1,114,714
2030	\$355,000	\$761,588	\$1,116,588
2031	\$370,000	\$747,242	\$1,117,242
2032	\$385,000	\$731,882	\$1,116,882
2033	\$400,000	\$715,911	\$1,115,911
2034	\$415,000	\$699,123	\$1,114,123
2035	\$430,000	\$681,294	\$1,111,294
2036	\$450,000	\$662,285	\$1,112,285
2037	\$2,685,000	\$592,458	\$3,277,458
2038	\$2,805,000	\$469,083	\$3,274,083
2039	\$2,935,000	\$338,654	\$3,273,654
2040	\$3,065,000	\$200,818	\$3,265,818
2041	<u>\$2,785,000</u>	<u>\$65,016</u>	<u>\$2,850,016</u>
	\$18,815,000	\$12,054,225	\$30,869,225



The debt schedule for the Series 2022B bonds follows:

**Outstanding Principal and Interest Bond Payment Schedule  
2022B - Facilities Program Bond Series**

<b>Fiscal Year</b>	<b><u>Principal Due</u></b>	<b><u>Interest Due</u></b>	<b><u>Total FY Debt Service</u></b>
2023		\$578,137	\$578,137
2024	\$445,000	\$818,075	\$1,263,075
2025	\$635,000	\$791,075	\$1,426,075
2026	\$665,000	\$758,575	\$1,423,575
2027	\$695,000	\$724,575	\$1,419,575
2028	\$730,000	\$688,950	\$1,418,950
2029	\$770,000	\$651,450	\$1,421,450
2030	\$805,000	\$612,075	\$1,417,075
2031	\$845,000	\$570,825	\$1,415,825
2032	\$890,000	\$527,450	\$1,417,450
2033	\$935,000	\$481,825	\$1,416,825
2034	\$980,000	\$433,950	\$1,413,950
2035	\$1,035,000	\$383,575	\$1,418,575
2036	\$1,085,000	\$330,575	\$1,415,575
2037	\$1,140,000	\$274,950	\$1,414,950
2038	\$1,195,000	\$216,575	\$1,411,575
2039	\$1,250,000	\$155,450	\$1,405,450
2040	\$1,315,000	\$97,900	\$1,412,900
2041	<u>\$1,790,000</u>	<u>\$35,800</u>	\$1,825,800
	\$17,205,000	\$9,131,787	\$26,336,787

### **Annual Audit**

On March 21, 2022, the Board approved extending the contract with BKD, to perform the audit of the Facilities Corporation for the fiscal year ending June 30, 2022 at a cost of \$11,075. Since approval of the contract, the firm merged with DHG forming FORVIS, LLP. The audit is presented for the acceptance by the Board of Directors at this meeting. The FORVIS audit report provides the following opinion on the Facilities Corporation financial statements:

#### *Opinion*

*We have audited the financial statements of the Nebraska State Colleges Facilities Corporation, a component unit of the Nebraska State College System, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Nebraska State Colleges Facilities Corporation's basic financial statements as listed in the table of contents.*

*"In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Nebraska State Colleges Facilities Corporation as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America."*

Respectfully submitted,

Monte R. Kramer  
Managing Officer