

BOARD OF TRUSTEES OF THE NEBRASKA STATE COLLEGES

ITEMS FOR DISCUSSION AND ACTION\FISCAL, FACILITIES AND AUDIT

ACTION: First and Final Round Approval of Revisions to Board Policy 9000; Revenue Bonds; Issuance, Public Corporation and Deletion of Board Policy 9001; Revenue Bonds; Issuance, Refunding, Use of Proceeds

Policy 9000 is being reformatting and titled "Auxiliary Revenue System". Definitions for Auxiliary System, Bond Resolution, Master Resolution, Revenue Bonds and Refunding Bonds were added to the policy. The policy lays out the authority the Board is given to create the Auxiliary System and the authority to issue bonds to finance projects. The revenues used to support the system are also clarified.

The language in policy 9001 - Revenue Bonds; Issuance, Refunding, Use of Proceeds has been incorporated into policy 9000 with appropriate updates.

The proposed policy changes were reviewed by the Board's bond counsel, legal counsel and have been approved by the appropriate councils.

The System Office recommends approval of the Revisions to Board Policy 9000 and Deletion of Board Policy 9001.

ATTACHMENTS:

- Revisions to Board Policy 9000 (PDF)
- Deletion of Board Policy 9001 (PDF)

Board of Trustees of the Nebraska State Colleges

Auxiliary System

POLICY NAME: ~~Revenue Bonds; Issuance; Public Corporation~~Auxiliary Revenue System

POLICY NUMBER: 9000

A. PURPOSE

To identify the authority given to the Board to create and fund the Auxiliary System.

B. DEFINITIONS

1. **Auxiliary System** – Facilities comprised of housing facilities, buildings and structures used for athletic and wellness purposes, student centers, medical centers and parking facilities that are pledged under a bond resolution.
2. **Bond Resolution** – The legal document between the bond issuer and the bondholder(s) containing the details related to the bond issue, including the purpose, obligations of the issuer, rights of bondholders, and includes the Master Resolution.
3. **Master Resolution** – The Board adopted a Master Resolution on June 11, 2002 that created a combined system of housing and auxiliary facilities for the three Colleges. The Master Resolution contains the bond covenants and is also considered a Bond Resolution.
- ~~2.4.~~ **Revenue Bonds** – A series of bonds issued to finance the construction, purchase, remodel, repair, furnish and equipping of Auxiliary System facilities.
- ~~3.5.~~ **Refunding Bonds** – A series of revenue bonds issued to replace outstanding revenue bonds, usually to refinance outstanding debt at better terms.

C. POLICY

1. Creation of Auxiliary System

~~Supplemental to any existing law on the topic and subject to existing bond indentures, T~~the Board of Trustees may construct, purchase or otherwise acquire, remodel, repair, furnish, and equip 1) dormitories, residence halls, single or multiple dwelling units or other facilities for the housing and boarding of students, single or married, faculties, or other employees of the institutions under their control; 2) buildings and structures for athletic purposes; 3) student and faculty

unions or centers; 4) student wellness centers for medical centers, physical development and other activities of the students; 5) medical centers, and of said institutions; and 6) buildings or other facilities for parking. All of which shall make up the Auxiliary System to the extent such facilities are pledged as such under a bond resolution.

1.1. Master Resolution

All bonds issued and applicable interest thereon shall be wholly exempt from Nebraska income taxation and subject to the existing master resolution and any tax compliance agreements.

2. Bonding Authority

The Board is authorized to issue revenue bonds to construct, purchase or otherwise acquire, remodel, repair, furnish, and equip facilities within the Auxiliary System. In exercising these powers, granted it and in issuing revenue bond as provided by law, the Board of Trustees is created as deemed a public corporation organized for educational purposes and is declared to be a governmental subdivision and instrumentality of the State of Nebraska.

2.1. Revenue Bonds

The Board may issue revenue bonds to finance projects in the Auxiliary System within the following parameters:

- The proceeds of bonds shall be used solely for the purpose for which they are issued and subject to the existing bond resolution. existing bond indentures.
- Auxiliary System projects can be built upon rReal estate then owned or controlled by the Board, or on real estate purchased, leased, or otherwise acquired for such purpose. may be used. If the bonded project requires the purchase of real estate, tThe Board will pay the cost of out of the -such real estate by issuing revenue bond proceeds and not from funds received through taxation.s payable solely out of their revenue, other than funds derived from taxation
- , provided Aany building or facility for parking shall be located on or adjacent to campuses controlled by the Board.
- All revenue bonds issued under the authority of RRS 85-403 to 85-411, together with interest thereon, shall be wholly exempt from Nebraska income taxation. and subject to existing bond indentures.
- All revenue bonds issues -The All revenue bonds issued by the Board under the provisions of law shall be registered with in the office of the Director of Administrative Services of the State of Nebraska Office of and within sixty days a copy of the listing filed with the Auditor of Public Accounts of the State of Nebraska and a copy of the listing provided to the Department of Administrative Services for its files.

- The revenue bonds will be payable at a bank or trust company determined by the Board.
- The bonds ~~issued under these provisions~~ are not an obligation of the State of Nebraska, and no tax shall be levied to raise funds for their payment or interest.
- The bonds shall not constitute a debt of the Board, and shall be paid solely out of money derived from their Auxiliary System revenues and earnings.

2.2. Refunding Bonds

The Board is authorized to issue revenue refunding bonds in the same manner as provided for the issuance of revenue bonds and subject to the bond resolution.~~existing bond indentures.~~

3. Funding Source

The Board may ~~by resolution or agreement~~, pledge all or any part of the net revenues and fees derived from the operation of housing facilities, buildings and structures used for athletic and wellness purposes, student centers, medical centers and parking facilities, the dormitories, residence halls, single or multiple dwelling units, buildings and facilities for parking and other facilities for housing, boarding, athletic purposes, medical care which are part of the bonded Auxiliary System, to satisfy bonds issued, and physical development, and other activities of students, faculties or employees of such institutions referred to in Section 85-403, or any of them erected or acquired, or previously erected or acquired by such Board

~~The following language is being moved to Policy 9004, and contract as to the care, insurance, management, and operation of such buildings and facilities and the charges to be made and the rights of the holders of the revenue bonds. When the Board contracts that the operation of any building or facility or part thereof shall be performed other than by the Board itself, the Board shall at all times maintain supervision and control over the fees and charges imposed for the use thereof.~~

3.1. Legislative Approval

- ~~If When~~ the Board proposes to pledge all or any part of the revenues and fees from buildings and facilities other than the buildings or facility to be constructed, the plans for such building or facility to be constructed, including financing plans, shall first be submitted to the Legislature or the Executive Board of the Legislative Council, ~~as the case be, for approval. and they shall have by resolution or motion approved or disapproved such plans within the time limits established by law.~~

FORMS/APPENDICES:

None

SOURCE:

Legal Reference:	Neb. Rev. Stat. 10-140	Issuance of bonds; recording requirements.
	Neb. Rev. Stat. 10-142	Refunding B bonds; issuance; conditions; application of proceeds.
	Neb. Rev. Stat. 85-403	Campus buildings and facilities; construction; purchase or repair; revenue bonds; authorized; not obligation of state or governing board; investment of proceeds. d
	Neb. <u>Rev.</u> Stat. 85-405	Campus buildings and facilities; revenue bonds; registration; place of payment.
	Neb. Rev. Stat. 85-406	Campus buildings and facilities; revenue bonds; proceeds; use.
	Neb. Rev. Stat. 85-407	Campus buildings and facilities; refunding bonds; authorized.
	Neb. Rev. Stat. 85-410	Campus buildings and facilities; revenue bonds; issuance; public purpose; exempt from taxation.

Policy Adopted: January 1977

Policy Revised: March 1994, [June 2023](#)

NOTE: The content of this policy was moved to policy 9000.

REVENUE BOND – AUXILIARY OPERATIONS, NEBRASKA STATE COLLEGES

**POLICY: 9001 Revenue Bonds; Issuance, Refunding,
Use of Proceeds Page 1 of 1**

BOARD POLICY

Supplemental to any existing law on the topic and subject to existing bond indentures, the Board of Trustees may construct, purchase or otherwise acquire, remodel, repair, furnish, and equip 1) dormitories, residence halls, single or multiple dwelling units or other facilities for the housing and boarding of students, single or married, faculties, or other employees of the institutions under their control; 2) buildings and structures for athletic purposes; 3) student and faculty unions or centers; 4) medical centers, physical development and other activities of the students of said institutions; and 5) buildings or other facilities for parking. Real estate then owned or controlled by the Board, or real estate purchased, leased, or otherwise acquired for such purpose may be used. The Board will pay the cost of such real estate by issuing revenue bonds payable solely out of their revenue, other than funds derived from taxation, provided any building or facility for parking shall be located on or adjacent to campuses controlled by the Board.

Bonds issued under these provisions are not an obligation of the State of Nebraska, and no tax shall be levied to raise funds for their payment or interest. The bonds shall not constitute a debt of the Board, and shall be paid solely out of money derived from their revenue and earnings.

The proceeds of bonds shall be used solely for the purpose for which they are issued and subject to existing Board indentures.

The Board is authorized to issue revenue refunding bonds in the same manner as provided for issuance of revenue bonds and subject to existing bond indentures.

Legal Reference: RRS 10-142 Refunding Bonds; issuance, conditions, application of proceeds
RRS 85-403 Campus buildings and facilities; construction; purchase or repair; revenue bonds authorized
RRS 85-406 Campus buildings and facilities; revenue bonds; proceeds; use
RRS 85-407 Campus buildings and facilities; refunding bonds; authorized

Policy Adopted: 1/28/77
Policy Revised: 3/11/94