

**BOARD OF TRUSTEES OF THE NEBRASKA STATE COLLEGES**  
**ITEMS FOR DISCUSSION AND ACTION\FISCAL, FACILITIES AND AUDIT**

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**ACTION:** **Approve Demolition of Oak Hill Apartments and Auxiliary Maintenance Project for Peru State College**

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The Board may take the necessary action to demolish or remove a facility from the Revenue Bond System that has no debt against it and is no longer usable according to Section 5.7 of the Master Resolution.

Section 5.7. Not to Alienate Ownership, Operation, Management and Control of Facilities; Disposition of Worn-Out or Useless Property. Except as provided in Section 3.7(6) and 3.7(E) hereof, The Board shall take no action nor cause any action to be taken, to alter or change the ownership, management and control of the Facilities or of any buildings, facilities, extensions or additions, all or a part of the revenues, fees and earnings derived from the operations of which are pledged hereunder, or in any Supplemental Resolution, or any part thereof, including and land or facilities comprising the site thereof or necessary to the use or operation thereof; provided, however, that the Board may from time to time sell or otherwise dispose of any building or faculty or any personal property comprising a part of the Facilities or of said other buildings, facilities, extensions or additions, which has been determined by the Board to be unserviceable, inadequate, obsolete, worn out, or unfit to be used or no longer required for use in connection with the operation thereof, and the moneys received by the Board as proceeds of any such sale or other disposition either shall be used by it to purchase property which shall comprise a part of the Facilities or of said other buildings, facilities extensions or additions or shall be deposited by it in the Surplus Fund.

Peru State College is requesting that Oak Hill Apartments (Units L, M, P and Q) built in 1955 be demolished. Oak Hill Apartments have operated as student housing but are no longer suitable for that function. Given their condition, they are not fit for other uses such as offices and/or even storage. They are in need of substantial repair to make them suitable and safe for student use. The current replacement value is \$1,926,591. The estimated cost to renovate is \$184.00 per GSF (Using R.S. Means) for 8,656 GSF (2,164 GSF per unit) for a total cost of \$1,592,704. Given an estimated cost of \$248.00 per GSF to replace the units, or a total cost of \$2,146,688, renovating the facilities is not deemed to be the best option.

The fall occupancy of the apartments the last five years has ranged from 72% to 44% of

available beds. Using the fall of 2022 occupancy level of 56%, the potential revenue loss is estimated at \$75,312 per year (eighteen occupied beds at \$2,092 per bed per semester). However, the PSC residence halls are not currently at capacity, giving Oak Hill residents the option to stay on campus in a different residence hall, causing no decrease in revenue. Demolition of the Oak Hill Apartments will also remove all operating expenses and the liability of maintaining the apartments by the Auxiliary Revenue Bond System. PSC feels the best course of action at this time is to invest in the current halls and remove the Oak Hill Apartments.

Peru State College is requesting approval to demolish the four Oak Hill Apartments; Units L, M, P and Q, after July 1, 2023. Peru State College also requests authorization to add an additional project to the FY24 Auxiliary Maintenance Resolution to help pay for the costs associated with the demolition of Oak Hill Apartments. The preliminary quotes to abate and demolish Oak Hill Apartments is \$100,000 (waiting for final quotes).

The System Office recommends that the Oak Hill projects be demolished and that a project to cover the cost for demolition be added to the FY24 Auxiliary Maintenance Resolution. The approval of the attached resolution is requested.

The System Office and Peru State College recommend approval of the Demolition of Oak Hill Apartments and Auxiliary Maintenance Project for Peru State College.

**ATTACHMENTS:**

- PSC Auxiliary Maintenance Resolution (PDF)

PERU STATE COLLEGE  
PERU, NE

AGENDA ITEM: 4.17  
MEETING DATE: June 15, 2023

RESOLUTION TO WITHDRAW FUNDS

WHEREAS, Section 5.2 of Article V of the Master Resolution adopted by the Board of Trustees of the Nebraska State Colleges June 11, 2002 requires the Board to operate revenue bond facilities in an efficient, sound and economical manner and as a revenue producing enterprise, maintaining, preserving, and keeping the facilities in good repair, working order, and condition, and from time to time promptly making all necessary and proper repairs, renewals, replacements, additions, extensions and betterments thereto, and,

WHEREAS, Section 3.7(2) of Article III of the Master Resolution states that the Board may expend funds from the Surplus Fund for purposes of making "any extraordinary acquisitions, repairs, renewals, replacements, renovations, equippings and furnishings to the Facilities," and,

WHEREAS, certain repairs, remodeling and furnishings are required in the revenue bond facilities at Peru State College in order to maintain the maximum use and occupancy of the facilities, and,

WHEREAS, there is on deposit with BOKF National Association, Lincoln, Nebraska, Trustee, as of December 31, 2022 in the Surplus Fund not less than the amount requested, which funds are restricted for use on revenue bond properties.

BE IT RESOLVED that the Board of Trustees of the Nebraska State Colleges, in compliance of the Master Resolution, does approve and hereby directs BOKF National Association, Lincoln, Nebraska to pay appropriate orders out of the Series 2002 Surplus Fund for the following:

1. Oak Hill Apartments	Demolition	\$100,000
<b>TOTAL - Not-to-Exceed -</b>		<b>\$100,000</b>

C E R T I F I C A T E

I, the undersigned, Paul Turman, being duly appointed Chancellor of the Board of Trustees of the Nebraska State Colleges; hereby certify that the foregoing Resolution was adopted in a regularly called meeting of June 15, 2023.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 15th day of June 2023.

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Paul Turman, Chancellor