

Board of Trustees of the Nebraska State Colleges

Auxiliary System

POLICY NAME: 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.
4. **Revenue Bonds:** A series of bonds issued to finance the construction, purchase, remodel, repair, furnish and equipping of Auxiliary System facilities.
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**

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 physical development and other activities of the students; 5) medical centers, 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, the Board of Trustees is 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.
- Auxiliary System projects can be built upon real estate owned or controlled by the Board, or on real estate purchased, leased, or otherwise acquired for such purpose. If the bonded project requires the purchase of real estate, the Board will pay the cost out of the revenue bond proceeds and not from funds received through taxation.
- Any building or facility for parking shall be located on or adjacent to campuses controlled by the Board.
- All revenue bonds issued, together with interest thereon, shall be wholly exempt from Nebraska income taxation.
- All revenue bonds issues shall be registered with the office of the Director of Administrative Services of the State of Nebraska and within sixty days a copy of the listing filed with the Auditor of Public Accounts
- The revenue bonds will be payable at a bank or trust company determined by the Board.
- The bonds 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 the 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.

3. Funding Source

The Board may 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, which are part of the bonded Auxiliary System, to satisfy bonds issued.

The following language is being moved to Policy 9004.

3.1. Legislative Approval

- If 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 for approval.

FORMS/APPENDICES:

None

SOURCE:

Legal Reference:	Neb. Rev. Stat. 10-140	Issuance of bonds; recording requirements.
	Neb. Rev. Stat. 10-142	Refunding 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.
	Neb. Rev. 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