

# Board of Trustees of the Nebraska State Colleges

## Auxiliary System

POLICY NAME: Debt Service Coverage Ratio

POLICY NUMBER: 9005

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### A. PURPOSE

To identify the required debt service coverage ratios for 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.
2. **Coverage Ratio** – The ratio of the annual net revenues to the annual debt service.
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.

### C. POLICY

#### 1. **Master Resolution Coverage Ratio**

The Master Resolution requires a system coverage ratio for the Auxiliary System, which includes the bonded facilities at all three Colleges to be at a minimum of 110%.

#### 2. **Board Established Coverage Ratios**

The Board requires that individually the Colleges shall maintain a coverage ratio of at least 125%.

##### 2.1. **Falling Below Coverage Ratio**

The President shall notify the Chancellor, and the Chancellor shall notify the Board, as soon as it is known, if unexpected and/or unplanned circumstances have occurred which will cause the debt service coverage factor to temporarily dip below the 125% ratio.

- The official measurement date of the 125% is at the end of each fiscal year.

## **FORMS/APPENDICES:**

None

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## **SOURCE:**

**Policy Adopted:** March 1994

**Policy Revised:** August 1997, September 2006, November 2013, June 2023