

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Auxiliary System Revenues

NUMBER: 6:9

1. Auxiliary System Revenues

Room rental rates, student fees and other revenues dedicated to the auxiliary system, shall be adequate to provide income to pay all construction, amortization, operation, maintenance, supervision, indirect, and other appropriate costs.

For self-liquidating facilities constructed or improved upon with the proceeds of bonds, all rates, rents, charges and fees (including the General Activity Fee) chargeable to the occupants of, and students, faculty members and others using or being served by self-liquidating facilities shall be so fixed and revised from time to time and shall be so collected, that the (1) ratio of net revenues to annual debt service in each fiscal year shall be at least equal to 120 percent of the annual debt service for such fiscal year; and (2) ratio of net revenues of each institution to annual debt service of the bonds of that institution in each fiscal year shall be at least equal to 120 percent of such annual debt service for such fiscal year.

Any institution that does not meet the 120% rate covenant shall notify the Board no later than August 1st. The Board will then engage an independent management consultant acceptable to the related bond insurer. The consultant will make recommendations on how to meet the required coverage ratio within 45 days of engagement.

Each institution shall notify the Board at least 30 days prior to each interest or principal payment date if it does not have sufficient net revenues available from the self-liquidating facilities to make such interest and principal payment, if any, and specifying the amount of such deficiency.

SOURCE: BOR, October 1964; April 1992; December 2010.