

FINANCE COMMITTEE
Arkansas Higher Education Coordinating Board
Conference Call
Monday, September 21, 2015
3:30 p.m.

Finance Committee

Horace Hardwick, Chair
Dr. Charles Allen
Chris Gilliam

Sherrel Johnson
Greg Revels
Sam Sicard
Bob Crafton, Ex officio

AGENDA

- *1. Economic Feasibility of Loan Issue for Arkansas State University - Jonesboro
(Ms. Chandra Robinson)

ARKANSAS HIGHER EDUCATION COORDINATING BOARD
SPECIAL MEETING
Conference Call
Monday, September 21, 2015
3:40 p.m.

AGENDA

- *2. Report of the Finance Committee

**ECONOMIC FEASIBILITY OF LOAN ISSUE
ARKANSAS STATE UNIVERSITY - JONESBORO**

Arkansas State University-Jonesboro requests approval of the economic feasibility of plans to obtain a loan not to exceed \$8.0 million with a term of up to eight (8) years at an annual interest rate not to exceed 5.0 percent. Proceeds from the loan will be used for educational and general purposes. Arkansas State University Board of Trustees approved this financing at its meeting on August 27, 2015.

The New York Institute of Technology (NYIT) will lease the renovated space to provide a new Doctor of Osteopathy program. Revenues generated by the NYIT program will ultimately reimburse ASUJ for the entire renovation cost. The full cost of the project is estimated at \$12,600,000.

The educational and general issue will not exceed \$8.0 million with an annual debt service of \$1,191,552 and a term of eight (8) years. Proceeds from the loan will be used to renovate and modernize Wilson Hall including the reconfiguration of building infrastructure for new laboratories and learning environments and safety, technology, and ADA improvements. Coordinating Board policy regarding debt service for educational and general projects provides that a maximum of 25 percent of net tuition and fee revenue less unrestricted educational and general scholarship expenditures may be pledged to educational and general debt service.

Relevant data follows:

Budgeted 2015-2016 Net Tuition and Fee Revenue	\$ 63,999,967
Maximum Allowable Debt Service (\$63,999,967 X 25%)	\$ 15,999,992
Existing Debt Service	\$ 4,066,954
Proposed New Debt Service	\$ 1,191,552
Amount Remaining for Additional Debt Service	\$ 10,741,486

The above data demonstrates that Arkansas State University-Jonesboro has sufficient tuition and fee revenue to obtain a loan not to exceed \$8.0 million with a term of eight (8) years at an annual interest rate not to exceed 5.0 percent.

Any proceeds from loans that require AHECB approval, are used for the purchase or construction of new facilities, and result in additional square footage are subject to the AHECB maintenance policy as adopted in October of 2010. The projects contemplated herein do not provide additional square footage to the campus.

ADHE Executive Staff recommend that the Arkansas Higher Education Coordinating Board approve the following resolution:

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Arkansas State University-Jonesboro to obtain a loan not to exceed \$8.0 million with a term of up to eight (8) years at an expected annual interest rate not to exceed 5.0 percent to renovate and modernize Wilson Hall including the reconfiguration of building infrastructure for new laboratories and learning environments and safety, technology, and ADA improvements.

FURTHER RESOLVED, That the Director of the Arkansas Department of Higher Education is authorized to notify the President and the Chair of the Board of Trustees of Arkansas State University System, and the Chancellor of Arkansas State University – Jonesboro of the Coordinating Board's resolution.