

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
Special Meeting
September 11, 2020**

Minutes of Meeting

The Arkansas Higher Education Coordinating Board held a special meeting on Friday, September 11, 2020, via conference call hosted at the Arkansas Department of Higher Education. Chair Dr. Jim Carr called the meeting to order at 10:00 a.m., with a quorum present.

Coordinating Board present:

Dr. Jim Carr, Chair
Al Brodell, Vice Chair
Chris Gilliam, Secretary
Keven Anderson
Bill Clary
Lori Griffin
Chad Hooten
Greg Revels

Coordinating Board absent:

Dr. Olin Cook
Andy McNeill
Dr. Michael Stanton

Department staff present:

Nick Fuller, Deputy Director
Chandra Robinson, Institutional Finance Program Coordinator
Nichole Abernathy, Executive Assistant

Presidents, chancellors, institutional representatives, members of the press, and guests were also present.

Chairman Carr welcomed presidents and chancellors to the special board meeting and thanked everyone for attending.

Agenda Item No. 1
Economic Feasibility of Loan Issue
University of Arkansas, Fayetteville

The University of Arkansas, Fayetteville (UAF) requests approval of the economic feasibility of plans to secure a loan up to \$19.1 million with a term of eight (8) years at an annual interest rate not to exceed 2.0 percent. Proceeds from the loan will be used for Athletic auxiliary purposes. The University of Arkansas Board of Trustees approved this financing at its meeting on September 8, 2020.

The auxiliary issue will be approximately \$19.1 million with an annual debt service of approximately \$3,983,031 and a term of eight (8) years. Proceeds from the loan will be used for the Athletic Department to pay for and/or refund a portion of debt service costs for multiple series of bonds benefitting the University of Arkansas, Fayetteville Department of Athletics for the amounts due in 2020 and 2021. The debt service on the

loan issue will be supported by Athletics auxiliary revenues. Coordinating Board policy regarding debt service provides that annual net auxiliary revenue should be no less than 120 percent of the estimated total annual debt service.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas, Fayetteville to secure a loan up to exceed \$19.1 million with a term of eight (8) years at an estimated interest rate not to exceed 2.0 percent for the Athletic Department to pay for and/or refund a portion of debt service costs for multiple series of bonds benefitting the University of Arkansas.

FURTHER RESOLVED, That the Director of the Arkansas Division of Higher Education is authorized to notify the President and the Chair of the Board of Trustees of University of Arkansas and the Chancellor of the University of Arkansas, Fayetteville of the Coordinating Board's resolution.

Clayton Hamilton, UAF Deputy Athletic Director for Internal Engagement, Finance, and Capital Projects, provided additional background on the athletic department's revenues and the impact of COVID-19. Due to the limitation of their venue capacities and additional short falls throughout the year, UAF is forecasting their revenues will be a minimum of \$20 million lower this year. Hamilton explained that they have taken a number of additional steps to lower costs.

Chair Jim Carr asked the total debt of the loan. Hamilton said it was approximately \$160 million. Carr then voiced concern regarding the loan but said he would vote yes. Borrowing \$19 million to pay the principle and interests on the current debt could be considered irresponsible, said Carr. He then encouraged UAF to eliminate the debt as quickly as possible.

Keven Anderson asked the average interest rate on the \$160 million total debt. He noted that the new debt is financed at 2% and asked if there was an opportunity to refinance the current debt and create savings.

Hamilton said that UAF did look into refinancing but there wasn't the opportunity to go beyond what they are already doing for this year.

Greg Revels asked if this loan would be enough to get UAF through their current situation. Hamilton said he does.

Chair Carr asked how private donations are going. Hamilton said they had a very strong renewal rate for football tickets and annual fund donations accounted for about 32 thousand season tickets.

Keven Anderson asked if ADHE anticipates additional problems from more institution's athletic departments. Nick Fuller said that is hard to predict, but he isn't aware of anything. UAF is in a unique situation because they are entirely funded by reviews that they generate themselves, said Fuller.

Chad Hooten expressed disappointment in the previous administration, but said he would vote yes.

Chad Hooten moved to approve Agenda Item No. 1. Greg Revels seconded the motion and the Board unanimously approved.

Agenda Item No. 2
Recommendations for State Funding of
Capital Projects 2021-23 Biennium

Nick Fuller presented the Capital funding recommendations which were based on institutional E&G square footage need, condition of existing facilities, enrollment, deferred maintenance needs and replacement of equipment & library. Recommendations include funding for renovation, new construction and technology infrastructure.

Institutions have responded with capital needs for the 2021-23 biennium. ADHE staff have evaluated the requests and have recommended capital projects that meet the strategic needs of higher education through 2023.

RESOLVED, That the Arkansas Higher Education Coordinating Board adopts the staff recommendations for state funding of capital projects totaling \$269.5 million as identified in the accompanying agenda materials.

FURTHER RESOLVED, That the Director is authorized to transmit to the Governor and the General Assembly the Board’s recommendation for state funding.

FURTHER RESOLVED, That the Director is authorized to make such technical adjustments to these recommendations as may be required.

There were no questions.

Greg Revels moved to approve Agenda Item No. 2. Bill Clary seconded the motion and the Board unanimously approved.

With no further comments, the meeting adjourned at 10:22 a.m.

Nichole Abernathy

APPROVED:

Chris Gilliam, Secretary