

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD  
Special Meeting via Conference Call  
May 16, 2008**

**Minutes of Meeting**

The Arkansas Higher Education Coordinating Board held a special meeting via conference call on Friday, May 16, 2008. The purpose of the meeting was to review the Economic Feasibility of a Bond Issue for Southern Arkansas University. The meeting convened at 10:00 a.m. with a quorum present.

Coordinating Board present:

Dick Trammel, Chair  
David Leech, Vice Chair  
Dr. Lynda Johnson, Secretary  
Dr. Charles Allen  
Dr. Joe Bennett  
Bob Burns  
Jodie Carter  
Dr. Dan Grant  
Kaneaster Hodges  
Steve Luelf

Coordinating Board absent:

Phil Ford  
Dr. Anne Trussell

Department staff present:

Dr. Jim Purcell, Director  
Dr. Stanley Williams, Senior Associate Director for Finance  
Dale Ellis, Communications Officer  
Nichole Abernathy, Administrative Support  
Diana Benson, Intern

Chairman Trammel called the meeting to order and thanked the Coordinating Board members for participating in the special meeting.

**Report of the Committee**

Steve Luelf presented the report of the Finance Committee and moved approval of Agenda Item 1. Dr. Joe Bennett seconded the motion, and the Board unanimously approved.

**Agenda Item No. 1  
Economic Feasibility of Bond Issue  
Southern Arkansas University**

Southern Arkansas University (SAU) requests approval of the economic feasibility of plans to issue bonds totaling approximately \$6,345,000 with a maximum term of up to 30 years at an estimated average annual interest rate of up to 5.5%. Proceeds from the bond issue will be used for educational & general (E&G)

purposes. The Southern Arkansas University Board of Trustees approved this action at its meeting held on May 14, 2008.

The issue will be approximately \$6,345,000 with maximum annual debt service of \$427,175. Proceeds from the issue will be used to construct a new student activity/recreation center and for various other academic and administrative construction needs.

Coordinating Board policy regarding debt service provides that a maximum of 25 percent of tuition and fee revenue may be pledged to educational and general debt service.

**Educational and General**

Budgeted 2007-2008 Tuition and Fee Revenue.....	\$ 15,309,173
Maximum Allowable Debt Service	
(\$15,309,173 x 25%).....	\$ 3,827,293
Existing Debt Service.....	\$ 1,514,919
Estimated Debt Service for Proposed Issue.....	\$ 427,175
Tuition and Fee Revenue Remaining for	
Additional Debt Service.....	\$ 1,885,199

The above data demonstrates that Southern Arkansas University has sufficient revenue to support a bond issue of approximately \$6,345,000 with a term of 30 years at an estimated annual interest rate of up to 5.5%.

**RESOLVED,** That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the Southern Arkansas University (SAU) to issue bonds not to exceed \$6,345,000 for a period of 30 years at an estimated annual interest rate up to 5.5% for educational and general (E&G).

**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 Southern Arkansas University of the Coordinating Board's resolution.

Some concern was expressed regarding overall economic conditions. Kaneaster Hodges stated that a 30-year bond issue based on current revenues could prove problematic in the future if a sharp economic downturn were to have a negative effect on revenues brought in through tuition fees. Instead of routinely approving these issues based on student revenue that may not be there in the future, the Coordinating Board needs to have a dialog to discuss this issue, stated Hodges.

Kaneaster Hodges moved to recommend Agenda Item No. 1 to the full Board for consideration. Bob Burns seconded, and the Committee unanimously approved.

Kaneaster Hodges expressed his gratitude as he announced that Governor Beebe reappointed him to a second term on the board. Dr. Anne Trussell was replaced by Dr. Olin Cook of Russellville.

Chairman Trammel thanked everyone for participating in the meeting and announced that the next Coordinating Board meeting will be July 25 at Arkansas State University—Beebe.

With no further comments, the meeting adjourned at 10:30 a.m.

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Nichole Abernathy

APPROVED:

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Dr. Lynda Johnson, Secretary