

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
Special Meeting
June 25, 2019**

Minutes of Meeting

The Arkansas Higher Education Coordinating Board held a special meeting on Tuesday, June 25, 2019, via conference call hosted at the Arkansas Department of Higher Education. Chair Dr. Jim Carr called the meeting to order at 2:00 p.m., with a quorum present.

Coordinating Board present:

Dr. Jim Carr, Chair
Al Brodell, Vice Chair
Chris Gilliam
Dr. Charles Allen
Keven Anderson
Lori Griffin
Greg Revels

Coordinating Board absent:

Dr. Olin Cook
Dr. Michael Stanton

Department staff present:

Dr. Maria Markham, Director
Nick Fuller, Deputy Director
Dr. Jessie Walker, Senior Associate Director for Academic Affairs/Research & Analytics
Ann Clemmer, Senior Associate Director for Governmental Relations
Sonia Hazelwood, Associate Director for Research and Analytics
Alisha Lewis, Associate Director of Communications
Beth Stewart, Senior Research Specialist
Lillian Williams, Program Specialist for Academic Affairs
Nichole Abernathy, Executive Assistant

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

Chair Allen welcomed presidents and chancellors to the special board meeting and thanked everyone for participating.

**Agenda Item No. 1
Economic Feasibility of Bond Issue
National Park College**

National Park College (NPC) requests approval of the economic feasibility of plans to issue bonds not to exceed \$9.9 million with a maximum term of thirty (30) years at an estimated annual interest rate not to exceed 4.51 percent. Proceeds from the bond issue will be used for auxiliary purposes. National Park College Board of Trustees approved this financing at its meeting on June 6, 2019.

The auxiliary issue will be up to \$9.9 million with an annual debt service of \$612,614 and a term of up to thirty (30) years. Proceeds from the bond issue will be used to provide for the first student housing (on or off campus) project at the College, to fund debt service reserves, provide for capitalized interest and to pay costs of issuing the bonds. The debt service on the auxiliary bond issues will be supported by auxiliary revenues. Coordinating Board policy regarding debt service for auxiliary projects provides that annual auxiliary revenues should be no less than 120 percent of total annual auxiliary debt service.

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

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for National Park College to issue bonds in an amount not to exceed \$9.9 million with a term of thirty (30) years at an estimated interest rate not to exceed 4.51 percent for auxiliary purposes to provide for the first student housing (on or off campus) project at the College, to fund debt service reserves, provide for capitalized interest and to pay costs of issuing the bonds.

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 National Park College of the Coordinating Board's resolution.

Dr. John Hogan, National Park College (NPC) President thanked the board for having a special meeting on their behalf.

Greg Revels asked how NPC could construct new housing without it resulting in any additional square footage.

Steve Trusty, Vice President for Finance and Administration said that it would result in approximately 48,000 additional square feet on existing campus property.

Keven Anderson asked if ADHE could amend the agenda item to reflect the maintenance fees associated with the additional square footage.

Nick Fuller noted that the agenda would be amended to show that NPC will sustain a building maintenance fund to be supported by revenues derived from auxiliary revenues. The auxiliary issue will provide additional square footage of approximately 48,000 square feet, resulting in an annual transfer of \$60,000 (\$1.25 per gross square foot for auxiliary facilities).

Keven Anderson asked if there is going to be revenue generated from the housing to cover the debt.

Dr. Hogan said that is correct.

Keven Anderson asked where the additional \$60,000 in maintenance fees would come from and if it would be left in the reserve.

Dr. Hogan said it will come from auxiliary funds and it will remain in a reserve to maintain the facility.

Greg Revels questioned why a large number of two-year colleges are adding housing.

Dr. Markham said that while she cannot speak to why they are adding housing, she can say that two-year colleges are now allowed to add housing because of recently passed legislation.

Dr. Hogan said that because students now expect housing, NPC studied and researched how to make it viable.

Chair Carr asked if the housing demand was there.

Dr. Hogan said that their feasibility study indicates they will be over subscribed.

Keven Anderson moved to approve Agenda Item No. 1, as amended. Greg Revels seconded the motion and the Board unanimously approved.

Agenda Item No. 2
Economic Feasibility of Bond Issue
Northwest Arkansas Community College

Northwest Arkansas Community College (NWACC) requests approval of the economic feasibility of plans to secure a loan up to \$4.4 million with a term of ten (10) years at an annual interest rate not to exceed 4.0 percent. Proceeds from the loan will be used for auxiliary purposes. The Northwest Arkansas Community College Board of Trustees approved this financing at its meeting on June 3, 2019.

The auxiliary issue will be approximately \$4.4 million with an annual debt service of approximately \$804,571 and a term of ten (10) years. Proceeds from the loan will be used for implementation costs of the Workday Enterprise Resource Planning (ERP) system. The debt service on the loan issue will be supported by local millage revenue. Coordinating Board policy regarding debt service provides fee revenue should be no less than 120 percent of the estimated total annual debt service.

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

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Northwest Arkansas Community College to secure a loan up to exceed \$4.4 million with a term of ten (10) years at an estimated interest rate not to exceed 4.0 percent for auxiliary purposes for the implementation costs of the Workday Enterprise Resource Planning (ERP) system.

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 Northwest Arkansas Community College of the Coordinating Board's resolution.

Greg Revels asked what the Workday Enterprise Resource Planning (ERP) system was.

Jason Degn with NWACC explained that ERP is a cloud based software system that allows students to take care of all of their administrative tasks such as applications and registrations. It also allows NWACC to perform administrative functions such as payroll, HR and financing.

Chris Gilliam moved to approve Agenda Item No. 2. Lori Griffin seconded the motion and the Board unanimously approved.

With no further comments, the meeting adjourned at 2:18 p.m.

Nichole Abernathy

APPROVED:

Chris Gilliam, Secretary