

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
Special Meeting via Conference Call
September 8, 2009**

Minutes of Meeting

The Arkansas Higher Education Coordinating Board held a special meeting via conference call on Monday, September 8, 2009. The purpose of the meeting was to approve the economic feasibility of a bond issue for the University of Arkansas at Little Rock. The meeting convened at 10:00 a.m. with a quorum present.

Coordinating Board present:

Dr. Bob Burns, Chair
David Leech, Vice Chair
Dr. Charles Allen, Secretary
Sarah Argue
Dr. Joe Bennett
Dr. Olin Cook
Dr. Dan Grant
Kaneaster Hodges

Coordinating Board absent:

Jodie Carter
Bob Crafton
Phil Ford
Steve Luelf

Department staff present:

Dr. Jim Purcell, Director
Dr. Stanley Williams, Deputy Director
Dale Ellis, Communications Officer
Ashley Pettingill, Coordinator of Institutional Finance
Nichole Abernathy, Administrative Support

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

Chairman Burns thanked the Coordinating Board members and guests for participating in the conference call and announced that Dr. Olin Cook would be acting as Chairman of the Finance Committee in Steve Luelf's absence.

Report of the Finance Committee

Dr. Olin Cook presented the report of the Finance Committee and moved approval of Agenda Item No. 1. Kaneaster Hodges seconded the motion and the Board unanimously approved.

Agenda Item No. 1
Economic Feasibility of Bond Issue
University of Arkansas at Little Rock

University of Arkansas at Little Rock (UALR) requests approval of the economic feasibility of plans to issue bonds totaling approximately \$34.75 million with a term of up to 20 years with an estimated annual interest rate of 5.5 percent. The University of Arkansas Board of Trustees approved this bond financing at its meeting on September 4, 2009.

The E & G issue will be approximately \$34.75 million with annual debt service of \$2,552,000. Proceeds from the bond issue will be used for educational & general (E&G) purposes to acquire, construct, and equip a variety of capital improvements at UALR, including (i) completion of the Engineering and Information Technology Building, (ii) elevator upgrades; (iii) renovations to the Stella Boyle Smith Concert Hall, (iv) construction of a Nanotechnology Sciences Center, (v) construction of a Student Services One-Stop Center, (vi) renovation of an existing building for Health and Wellness Academic Programs, and (vii) construction of other capital improvements and the acquisition of various equipment items for the campus. Coordinating Board policy regarding debt service provides that a maximum of 25 percent of net tuition and fee revenue may be pledged to educational and general debt service. Net tuition and fee revenue is the gross tuition and fee revenue less unrestricted educational and general scholarship expenditures.

The institution plans to dedicate a portion of its facilities fee to facilities maintenance in future years and will also dedicate monies from its unrestricted education and general fund for maintenance costs.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas at Little Rock (UALR) to issue bonds for approximately \$34.75 million with a term of 20 years at an estimated annual interest rate of 5.5 percent to acquire, construct, and equip a variety of capital improvements at UALR, including (i) completion of the Engineering and Information Technology Building, (ii) elevator upgrades; (iii) renovations to the Stella Boyle Smith Concert Hall, (iv) construction of a Nanotechnology Sciences Center, (v) construction of a Student Services One-Stop Center, (vi) renovation of an existing building for Health and Wellness Academic Programs, and (vii) construction of other capital improvements and the acquisition of various equipment items for the campus.

FUTHER 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 the University of Arkansas of the Coordinating Board's resolution.

Kaneaster Hodges inquired about the high interest rate and asked if it was because of the unusual market. Dr. Joel Anderson, Chancellor of the University of Arkansas at Little Rock, explained that setting the estimated interest rate at 5.5 percent would give them a high ceiling; however, he is anticipating that the interest rate will be set at around 4.0 percent. Mr. Hodges asked when the bonds would be in the market. Carey Smith, Senior Vice President with Stephens, Inc., replied that the bonds would be in the market by September 22, 2009.

Several Coordinating Board members commended Dr. Anderson and UALR for reducing the bond term from 25 to 20 years.

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

Nichole Abernathy conducted a final roll call, reaffirming the quorum.

In conclusion, Dr. Anderson expressed gratitude to the Coordinating Board and Department of Higher Education for their efforts on the bond issue.

Chairman Burns thanked everyone for participating in the meeting and announced that the next Coordinating Board meeting would be October 30, 2009 at the University of Arkansas at Fort Smith.

With no further comments, the meeting adjourned.

Nichole Abernathy

APPROVED:

Dr. Charles Allen, Secretary