

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
Special Meeting via Conference Call
June 27, 2017**

Minutes of Meeting

The Arkansas Higher Education Coordinating Board held a special meeting via conference call on Tuesday, June 27, 2017. The purpose of the meeting was to consider the economic feasibility of bond issues for the University of Arkansas, Fayetteville and the University of Arkansas, Little Rock. The meeting convened at 9:00 a.m., with a quorum present.

Coordinating Board present:

Sherrl Johnson, Chair
Dr. Charles Allen
Keven Anderson
Al Brodell
Dr. Olin Cook
Chris Gilliam
Greg Revels
Sam Sicard

Coordinating Board absent:

Dr. Jim Carr, Vice Chair
Dr. Michael Stanton
Lori Griffin

Department staff present:

Dr. Maria Markham, Director
Tara Smith, Deputy Director
Chandra Robinson, Program Specialist for Institutional Finance
Nichole Abernathy, Executive Assistant

Presidents, chancellors, other institutional representatives, and guests also participated.

Chair Johnson thanked the Coordinating Board members and guests for participating on the call.

Nichole Abernathy conducted a roll call to confirm there was a quorum.

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

The University of Arkansas, Fayetteville requests approval of the economic feasibility of plans to issue bonds not to exceed \$113.0 million with a term of thirty (30) years at an estimated annual interest rate not to exceed 5.50 percent. Proceeds from the bond issue will be used for education and general (E&G) and auxiliary purposes. The University of Arkansas Board of Trustees approved this financing at its meeting on May 25, 2017.

The E&G issue will be up to \$27.5 million with an annual debt service of \$1,515,060 and a term of thirty (30) years. Proceeds from this bond issue will be used to (1) continue the construction of an approximately 20,000 sq. ft. library storage facility; (2) continue the renovation of an addition of approximately 3,500 sq. ft. to Kimpel Hall; (3) begin the construction phase of an approximately 25,000 sq. ft. Civil Engineering Research and Education Center; (4) proceed with the first phase of construction of new intramural playing fields; (5) acquire, construct and equip improvements to the south campus steam and utility systems; and (6) fund the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property if proceeds are available. The debt service on the bond issue will be supported by tuition and fee revenue. Coordinating Board policy regarding debt service for education and general projects provides that a maximum of 25 percent of tuition and fee revenue, net of scholarship expense, may be pledged to E&G debt service.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas, Fayetteville to issue bonds in an amount not to exceed \$113.0 million with a term of thirty (30) years at an estimated interest rate not to exceed 5.50 percent for education and general purposes (E&G) to fund the continued construction of an approximately 20,000 sq. ft. library storage facility; continue the renovation of and addition of approximately 3,500 sq. ft. to Kimpel Hall; begin the construction phase of an approximately 25,000 sq. ft. Civil Engineering Research and Education Center; proceed with the first phase of construction of new intramural playing fields; acquire, construct and equip improvements to the south campus steam and utility systems; to fund the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for E&G purposes if proceeds are available; and for auxiliary purposes to construct, furnish and equip a 200,000 sq. ft. residence hall complex on the south side of campus; continue with the construction of an approximately 20,000 sq. ft. addition to the Pat Walker Health Center; complete the renovation of and construction of an addition of approximately 5,668 sq. ft. to the Sigma Alpha Epsilon Fraternity house; and other capital improvements and infrastructure and various equipment for auxiliary purposes if proceeds are available.

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 University of Arkansas and the Chancellor of the University of Arkansas, Fayetteville of the Coordinating Board's resolution

Chairman Crafton asked if the bond would only fund the initial stage or the entire stage of construction for the Civil Engineering Research and Education Center.

Finance Committee Chair Greg Revels asked Tara Smith to give a brief overview of what ADHE staff are asking the Coordinating Board to consider. Ms. Smith said that the purpose of these agenda items are not necessarily to approve the bonds, but to consider if the bonds meet the economic feasibility of the coordinating board policies that are in place.

Chris Gilliam questioned what Temple Hall was. Chancellor Joseph Steinmetz said that Temple Hall is the renovation of the multi departmentally housed building. It houses some of the humanities, journalism, theatre and communications departments.

Chris Gilliam moved to recommend Agenda Item No. 1 to the full board for consideration. Chair Johnson seconded and the Committee approved.

Agenda Item No. 2
Economic Feasibility of Bond Issue
University of Arkansas, Little Rock

The University of Arkansas, Little Rock requests approval of the economic feasibility of plans to issue bonds not to exceed \$7.5 million with a term of twenty-five (25) years at an estimated annual interest rate not to exceed 5.50 percent. Proceeds from the bond issue will be used for education and general (E&G) purposes. The University of Arkansas Board of Trustees approved this financing at its meeting on May 25, 2017.

The E&G issue will be up to \$7.5 million with an annual debt service of \$512,875 and a term of twenty-five (25) years. Proceeds from the bond issue will be used for (1) the acquisition, construction, renovation, and equipping of the University Physics Building, (2) the acquisition, construction, renovation, and equipping campus-wide infrastructure upgrades, including particularly, without limitation, roof repairs and critical maintenance on the UA Little Rock campus, and (3) the acquisition, construction, improvement, renovation, equipping and/or real property for UA Little Rock. The debt service on the bond issue will be supported with tuition and fee revenue. Coordinating Board policy regarding debt service for E&G projects provides that a maximum of 25 percent of tuition and fee revenue, net of scholarship expense, may be pledged to E&G debt service.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas, Little Rock to issue bonds not to exceed \$7.5 million with a term of twenty-five (25) years at an estimated annual interest rate not to exceed 5.50 percent as for E&G purposes to fund the acquisition, construction, renovation, and equipping of the

University Physics Building; the acquisition, construction, renovation, and equipping campus-wide infrastructure upgrades, including particularly, without limitation, roof repairs and critical maintenance on the UA Little Rock campus; and the acquisition, construction, improvement, renovation, equipping and/or real property for UA Little Rock.

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 University of Arkansas and the Chancellor of the University of Arkansas, Little Rock of the Coordinating Board's resolution.

There were no questions.

Chris Gilliam moved to recommend Agenda Item No. 2 to the full board for consideration. Chair Johnson seconded and the Committee approved.

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

Dr. Charles Allen welcomed the new members to the Coordinating Board.

Chair Johnson thanked everyone for participating in the special meeting and announced that the next regular meeting would be July 28, 2017, at Cossatot Community College of the University of Arkansas in De Queen.

With no further comments, the meeting adjourned at 9:14 a.m.

Nichole Abernathy

APPROVED:

Dr. Michael Stanton, Secretary