

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
SPECIAL MEETING**

**Wednesday, September 18, 2019
10:00 a.m.**

Via Conference Call

AGENDA

- *1. Economic Feasibility of Bond Issue for the University of Arkansas for Medical Sciences
(Mr. Nick Fuller)
2. Letters of Intent (Dr. Jessie Walker)

**ECONOMIC FEASIBILITY OF BOND ISSUE
UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES**

The University of Arkansas for Medical Sciences (UAMS) requests approval of the economic feasibility of plans to issue bonds not to exceed \$156.0 million with a maximum term of thirty (30) years at an annual interest rate not to exceed 5.50 percent. Proceeds from the bond issue will be used for auxiliary purposes. The University of Arkansas Board of Trustees approved this financing at its meeting on August 21, 2019.

The auxiliary issue will be up to \$156.0 million with an estimated annual debt service of \$12,861,325 and a term of up to thirty (30) years. Proceeds from the bond issue will be used for comprehensive infrastructure and energy conservation projects involving certain facilities and equipment on or for the University of Arkansas for Medical Sciences campus, including, but not limited to, the following: (a) the upgrade and retro-commission of Building Automation System (BAS) controls; (b) the replacement and retrofit of interior and site lighting; (c) the construction and equipping of a new generator plant as well as installation of campus-wide metering, upgrades to the essential power system and upgrades to existing electrical infrastructure; (d) the renovation of and upgrades to the Main Central Energy Plant (MCEP) chilled water and acquisition and installation of related equipment; (e) the renovation of and upgrades to the MCEP heating and the acquisition and installation of related equipment; (f) the renovation of and upgrades to building district energy systems, including connection of the system to the building leased to Bioventures, LLC, and the acquisition and installation of related equipment; (g) the replacement of air handling units and the acquisition and installation of related equipment; (h) the realignment of and construction of improvements to Pine and Cedar streets and adjacent site improvements including expansions to employee parking facilities; (i) the renovation of and upgrades to lab controls and the acquisition and installation of related equipment; and (j) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment. The debt service on the bond issue will be supported by revenues attributable to pledged revenues (including in-patient services, and other ancillary, therapeutic and diagnostic services provided within the walls of the hospital excluding (a) physician-generated revenues (b) all state appropriations, and (c) those revenues classified as "restricted revenues" pursuant to accounting standards used in performing the annual audit of UAMS).

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.

Relevant data follows:

Budgeted 2019-20 Pledged Revenue	\$ 884,463,918
Maximum Allowable Debt Service (\$884,463,918 / 120%)...	\$ 737,053,265
Existing Debt Service	\$ 18,823,463
Proposed New Debt Service	\$ 12,861,325
Amount Remaining for Additional Debt Service	\$ 705,368,477

The above data demonstrates that the University of Arkansas for Medical Sciences has sufficient pledged revenue to obtain a loan of \$156.0 million with a term of up to thirty (30) years at an annual interest rate not to exceed 5.50 percent.

In accordance with board policy, any proceeds from bonds that require AHECB approval, which are used for the purchase or construction of new facilities, and result in additional square footage are subject to the AHECB maintenance policy as adopted in October 2010. The University of Arkansas for Medical Sciences will sustain a building maintenance fund to be supported by pledged revenues for the auxiliary facilities. These funds will be held in a separate account for the maintenance of the new facilities by transferring annually to plant funds based on the Association of Physical Plant Administrators (APPA) of Universities and Colleges recommendation. The current APPA recommendation is \$1.25 per gross square foot for auxiliary facilities. The projects of the various facilities issue provide additional square footage to the campus as follows: 22,100 sq. ft. for the generator plant. The comprehensive infrastructure renovations, updates, and the other energy conservation improvements do not add additional new square footage to the campus. Therefore, based on the estimate of 22,100 new square footage for all projects; \$27,625 will be transferred annually beginning in the fiscal year after the project is placed into service.

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

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the Board of Trustees of the University of Arkansas acting for and on behalf of the University of Arkansas for Medical Sciences to issue bonds up to \$156.0 million with a term of thirty (30) years at a maximum annual interest rate of 5.50 percent for comprehensive infrastructure and energy conservation projects.

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 the University of Arkansas and the Chancellor of the University of Arkansas for Medical Sciences of the Coordinating Board's resolution.

LETTERS OF INTENT

Arkansas Colleges & Universities Summary (pages 2-4):

This agenda item includes submitted Letters of Intent (LOI) from one (1) Arkansas institution and includes a new program.

In accordance with AHECB policy 5.11, a letter of intent informs the AHECB that an institution seeks to offer a new program or organizational unit that requires a proposal and Coordinating Board approval.

ARKANSAS COLLEGES AND UNIVERSITIES

University of Arkansas, Fayetteville
Bachelor of Science in Data Science

ARKANSAS COLLEGES AND UNIVERSITIES

LOI DESCRIPTIONS

University of Arkansas, Fayetteville

Bachelor of Science in Data Science

The University of Arkansas 120 credit hour program B.S. Data Science Program is designed to leverage the state of Arkansas' strengths in data science and analytics including integrating real-world industry-based open-ended challenges for workforce development and education by creating a rigorous Data Science curriculum as a partnership of the University of Arkansas Fayetteville College of Engineering (COE), the Walton College of Business (WCOB), and the Fulbright College of Arts and Sciences (ARSC). The objective of the program is to develop graduates who are prepared students for a successful career in data science with an amalgamation of capabilities as described in the Learning Outcomes.