

**FINANCE COMMITTEE**  
**Arkansas Higher Education Coordinating Board**  
**Conference Call**  
**Thursday, May 5, 2016**  
**2:30 p.m.**

Finance Committee

Greg Revels, Chair  
Dr. Charles Allen  
Chris Gilliam

Sherrel Johnson  
Sam Sicard  
Jim von Grep  
Bob Crafton, Ex officio

**AGENDA**

- \*1. Economic Feasibility of Loan Issue for North Arkansas College  
(Ms. Chandra Robinson)

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD**  
**SPECIAL MEETING**  
**Conference Call**  
**Thursday, May 5, 2016**  
**2:40 p.m.**

**AGENDA**

- \*2. Report of the Finance Committee

**ECONOMIC FEASIBILITY OF LOAN ISSUE  
NORTH ARKANSAS COLLEGE**

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North Arkansas College requests approval of the economic feasibility of plans to obtain a loan not to exceed \$1.8 million with a term of up to fifteen (15) years at an annual interest rate not to exceed 2.7 percent. Proceeds from the loan will be used for educational and general (E&G) purposes. North Arkansas College Board of Trustees approved this financing at its meeting on May 3, 2016.

The educational and general loan will not exceed \$1.8 million with an annual debt service of \$145,925 and a term of up to fifteen (15) years. Proceeds from the loan will be used to finance an Energy Performance Project under the guidelines of the Arkansas Energy Performance Contracting (AEPC) Program overseen by the Arkansas Energy Office. The project includes roof replacements on the North Main Building and the HVAC/Carpentry/Welding Shop Building, upgrade replacement of certain HVAC equipment, upgrading to LED lighting and installing water conservation upgrades. As required by the AEPC Program, these improvements will generate annual savings guaranteed by the Energy Service Company, which will exceed the total project cost (construction, equipment and financing). Coordinating Board policy regarding debt service for E&G projects provides that a maximum of 25 percent of net tuition and fee revenue less unrestricted E&G scholarship expenditures may be pledged to E&G debt service.

Relevant data follows:

Budgeted 2015-2016 Net Tuition and Fee Revenue .....	\$	4,123,813
Maximum Allowable Debt Service (\$4,123,813 X 25%) .....	\$	1,030,953
Existing Debt Service .....	\$	0
Proposed New Debt Service .....	\$	145,925
Amount Remaining for Additional Debt Service .....	\$	885,028

The above data demonstrates that North Arkansas College has sufficient tuition and fee revenue to obtain a loan not to exceed \$1.8 million with a term of up to fifteen (15) years at an annual interest rate not to exceed 2.7 percent.

Any proceeds from loans that require AHECB approval, 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 of 2010. The projects contemplated herein do not provide additional square footage to the campus.

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 North Arkansas College to obtain a loan not to exceed \$1.8 million with a term of up to fifteen (15) years at an expected annual interest rate not to exceed 2.7 percent to finance an Energy Performance Project under the guidelines of the Arkansas Energy Performance Contracting (AEPC) Program overseen by the Arkansas Energy Office.

**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 North Arkansas College of the Coordinating Board's resolution.