

FINANCE COMMITTEE

Arkansas Higher Education Coordinating Board

Conference Call

Friday, May 16, 2008

10:00 a.m.

Finance Committee

Steve Luelf, Chair
Dr. Joe Bennett
Bob L. Burns
Kaneaster Hodges

David Leech
Dr. Anne Trussell
Dick Trammel, Ex officio

AGENDA

1. Economic Feasibility of Bond Issue for Southern Arkansas University
(Dr. Williams)

ARKANSAS HIGHER EDUCATION COORDINATING BOARD

SPECIAL MEETING

Conference Call

Friday, May 16, 2008

10:00 a.m.

AGENDA

1. Report of the Finance Committee

**ECONOMIC FEASIBILITY OF BOND ISSUE
SOUTHERN ARKANSAS UNIVERSITY**

Southern Arkansas University (SAU) requests approval of the economic feasibility of plans to issue bonds totaling approximately \$6,345,000 with a maximum term of up to 30 years at an estimated average annual interest rate of up to 5.5%. Proceeds from the bond issue will be used for educational & general (E&G) purposes. The Southern Arkansas University Board of Trustees approved this action at its meeting held on May 14, 2008.

The issue will be approximately \$6,345,000 with maximum annual debt service of \$427,175. Proceeds from the issue will be used to construct a new student activity/recreation center and for various other academic and administrative construction needs.

Coordinating Board policy regarding debt service provides that a maximum of 25 percent of tuition and fee revenue may be pledged to educational and general debt service.

Relevant data follows:

Educational and General

Budgeted 2007-2008 Tuition and Fee Revenue.....	\$ 15,309,173
Maximum Allowable Debt Service (\$15,309,173 x 25%).....	\$ 3,827,293
Existing Debt Service.....	\$ 1,514,919
Estimated Debt Service for Proposed Issue.....	\$ 427,175
Tuition and Fee Revenue Remaining for Additional Debt Service.....	\$ 1,885,199

The above data demonstrates that Southern Arkansas University has sufficient revenue to support a bond issue of approximately \$6,345,000 with a term of 30 years at an estimated annual interest rate of up to 5.5%.

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 Southern Arkansas University (SAU) to issue bonds not to exceed \$6,345,000 for a period of 30 years at an estimated annual interest rate up to 5.5% for educational and general (E&G).

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 Southern Arkansas University of the Coordinating Board's resolution.