

**ECONOMIC FEASIBILITY OF BOND ISSUE
NATIONAL PARK COLLEGE**

National Park College (NPC) requests approval of the economic feasibility of plans to issue bonds not to exceed \$10 million with a term of up to thirty (30) years at an annual interest rate not to exceed 4.50 percent. Proceeds from the bond issue will be used for educational and general (E&G) purposes. The National Park College Board of Trustees approved this financing at its meeting on January 24, 2018.

The E&G issue will be up to \$10 million with an annual debt service of \$1,205,375 and a term of up to thirty (30) years. Proceeds, along with those from the \$14 million bond issue approved by the AHECB on February 16, 2018, will be used to refund Series 2004 and Series 2008 bond issues, fund the construction of a new student commons building, new marine technology building, expansion of the west parking lot, construction of a new student campus entrance and certain improvements to the Fisher Campus Center to add instructional space. The improvements will allow National Park College to educate more students, increase the number of graduates and credentials. As well as positively impact the educational attainment levels in Garland County and the State of Arkansas. Coordinating Board policy regarding debt service for projects financed by local tax or millage provides that annual net millage revenue should be no less than 120 percent of the total annual debt service.

Relevant data follows:

Projected 2017-2018 Millage Revenue	\$ 1,462,000
Maximum Allowable Debt Service (\$1,462,000/120%)	\$ 1,218,333
Existing Debt Service Refunded.....	\$ (900,405)
Proposed New Debt Service	\$ 1,205,375
Amount Remaining for Additional Debt Service	\$ 913,363

The above data demonstrates that National Park College has sufficient millage revenue to support a bond issue of up to \$10 million with a term of up to thirty (30) years at an annual interest rate not to exceed 4.50 percent.

In accordance with board policy, National Park College will sustain a building maintenance fund to be supported by millage revenue. 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 \$2.50 per gross square foot for educational and general

facilities. Based on a total of 59,000 square feet, \$147,500 will be transferred annually.

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 National Park College to issue bonds in a total amount, including this request as well as the prior \$14 million approved in February, not to exceed \$24 million, with a term of up to thirty (30) years at an expected annual interest rate not to exceed 4.50 percent to refund Series 2004 and Series 2008 bond issues, fund the construction of a new student commons building, new marine technology building, expansion of the west parking lot, construction of a new student campus entrance and certain improvements to the Fisher Campus Center.

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 National Park College of the Coordinating Board's resolution.