

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
Special Meeting
December 6, 2022**

Minutes of Meeting

The Arkansas Higher Education Coordinating Board held a special meeting on Tuesday, December 6, 2022, via Zoom. Chair Al Brodell called the meeting to order at 10:00 a.m., with a quorum present.

Coordinating Board present:

Al Brodell, Chair
Keven Anderson, Vice Chair
Graycen Bigger, Secretary
Dr. Jim Carr
Kelley Erstine
Dr. Kyle Miller
Greg Revels

Coordinating Board absent:

Dr. Jerry Cash
Chad Hooten
Andy McNeill

ADHE staff, Presidents, chancellors, institutional representatives, members of the press, and guests were also present.

Chairman Brodell welcomed presidents and chancellors to the special board meeting and thanked everyone for attending.

Agenda Item No. 1
Economic Feasibility of Bond Issue
Southeast Arkansas College

Southeast Arkansas College requests approval of the economic feasibility of plans to issue bonds not to exceed \$5.6 million with a term of up to 21 years at an annual interest rate of approximately 6.5 percent. The bond proceeds will be used for education and general (E&G) purposes. The Southeast Arkansas College Board of Trustees approved this financing at their meeting on November 10, 2022.

The E&G issue will be up to \$5.6 million with a maximum annual debt service of approximately \$556,000 and a term of up to twenty (21) years. Proceeds from the bond issue will be used to fund several energy cost reduction measures identified via an investment grade audit performed by an energy service company participating in the Arkansas Energy Office's Arkansas Energy Performance Contracting Program. Coordinating Board policy regarding debt service for E&G projects provides that a maximum of 25 percent of tuition and fee revenue less unrestricted E&G scholarship expenditures may be pledged to educational and general debt service.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Southeast Arkansas College to issue bonds not to exceed \$5.6 million with a term of up to twenty (21) years at an annual interest rate of approximately 6.5 percent to fund several energy cost reduction measures identified via an investment grade audit performed by an energy service company participating in the Arkansas Energy Office's Arkansas Energy Performance Contracting Program.

FURTHER RESOLVED, That the Director of the Arkansas Division of Higher Education is authorized to notify the President and the Chair of the Board of Trustees of Southeast Arkansas College of the Coordinating Board's resolution.

Greg Revels asked how much the energy cost savings would be. Steven Bloomberg, President of Southeast Arkansas College (SEARK), said the total energy savings is \$3.5 million over the lifetime of the loan.

Chair Brodell asked if SEARK's existing security cameras are obsolete. Dr. Bloomberg said the current security system has been in existence for over a decade and is outdated.

Dr. Jim Carr noted that a 12 percent increase seemed high and asked why the \$600 thousand increase in the requested bond amount.

Edmond Hurst, Senior Managing Director at Carty & Company, Inc., said that capitalized interest was not included in the previous request. He noted that rising interest rates also contributed to the requested increase.

Greg Revels asked why SEARK went from a loan issue to a bond issue. Mr. Hurst explained that SEARK was unable to get the bond at the initial interest rate of 4.75 percent. If this bond is approved today, the interest rate would be under 6 percent.

Graycen Bigger voiced concern regarding the costs on an annual basis, considering SEARK's decline in enrollment. If enrollment does continue to decline, is there an alternate source of funding for this project, asked Bigger.

Mr. Hurst said that savings projections show that over a twenty-year period, the savings from the project will be \$3.6 million greater than the debt service. The actual energy conservation savings will exceed debt service and save SEARK money. Ideally the institution will not have to dip into their student tuition and fees to cover it, said Hurst.

Dr. Jim Carr moved to approve Agenda Item No. 1. Keven Anderson seconded the motion and the Board unanimously approved.

With no further comments, the meeting adjourned at 10:20 a.m.

APPROVED:

Nichole Abernathy

Graycen Bigger, Secretary