

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
Special Meeting
October 7, 2022**

Minutes of Meeting

The Arkansas Higher Education Coordinating Board held a special meeting on Friday, October 7, 2022, via conference call hosted at the Arkansas Department of Higher Education. Chair Al Brodell called the meeting to order at 10:00 a.m., with a quorum present.

Coordinating Board present:

Al Brodell, Chair
Graycen Bigger, Secretary
Dr. Jerry Cash
Kelley Erstine
Chad Hooten
Andy McNeill
Dr. Kyle Miller

Coordinating Board absent:

Keven Anderson, Vice Chair
Dr. Jim Carr
Greg Revels

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
University of Arkansas, Fayetteville

The University of Arkansas, Fayetteville (UAF) requests approval of the economic feasibility of plans to issue bonds not to exceed \$95.0 million with a term of up to thirty (30) years at an annual interest rate of approximately 5.25 percent. Proceeds from the bond issue will be used for education and general (E&G) and purposes. The University of Arkansas Board of Trustees approved this financing at its meeting on September 8-9, 2022.

The combined E&G issue will be up to \$95.0 million with an annual debt service of \$5,128,432 and a term of up to thirty (30) years. Proceeds from the bond issue will be used for (1) the acquisition, construction, furnishing, and equipping of the Anthony Timberlands Center for Design and Materials Innovation; (2) the renovation, restoration, acquisition, construction, improvement, furnishing, and equipping of the Fine Arts Center; (3) the acquisition, construction, installation, and equipping of a roof replacement for the Engineering Research Center; (4) the renovation, acquisition, construction, improvement, furnishing, and equipping of the first and second floors of Mullins Library; (5) the acquisition, construction, furnishing, and equipping of the

Windgate Studio and Design Center; and (6) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for UAF.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas, Fayetteville to issue bonds not to exceed \$95.0 million with a term of up to thirty (30) years at an expected annual interest rate of approximately 5.25 percent for various E&G projects.

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 University of Arkansas System and the Chancellor of the University of Arkansas, Fayetteville of the Coordinating Board's resolution.

Dr. Jerry Cash asked if the tuition and fee revenue accounted for increases in future years to pay for the bond and if UAF could pay it off quicker if revenue came in higher?

Nick Fuller said the tuition and fee revenue is based on current year estimates with no increases for future years. Current estimates allow for enough funding to support the payments on the bonds and if there are any increases in revenue, the institution has discretion on what they spend those funds on - it would not solely be used to pay off the bonds quicker.

Graycen Bigger asked if the 5.25 percent annual interest rate was a fixed interest rate or a balloon rate. Nick Fuller said that the actual bond has not been negotiated yet. The board is merely approving that the interest rate cannot exceed the 5.25 percent rate.

Tara Smith, Chief Financial Officer for the University of Arkansas System Office, confirmed that the interest rate would not exceed 5.25 percent.

Chad Hooten moved to approve Agenda Item No. 1. Dr. Kyle Miller seconded the motion and the Board unanimously approved.

Agenda Item No. 2
Recommendations for State Funding of
Capital Projects 2023-25 Biennium

Nick Fuller presented the Capital funding recommendations which were based on institutional E&G square footage need, condition of existing facilities, enrollment, deferred maintenance needs and replacement of equipment & library. Recommendations include funding for renovation, new construction, and technology infrastructure.

Institutions have responded with capital needs for the 2023-25 biennium. ADHE staff have evaluated the requests and have recommended capital projects that meet the strategic needs of higher education through 2025.

RESOLVED, That the Arkansas Higher Education Coordinating Board adopts the staff recommendations for state funding of capital projects totaling \$334.2 million as identified in the accompanying agenda materials.

FURTHER RESOLVED, That the Director is authorized to transmit to the Governor and the General Assembly the Board's recommendation for state funding.

FURTHER RESOLVED, That the Director is authorized to make such technical adjustments to these recommendations as may be required.

Chair Brodell asked how this year's recommendation compared to last years. Nick Fuller said that last year's recommendation was \$270 million (\$162 million for renovation projects, \$25 million for critical maintenance, \$59 million for deferred maintenance and \$22 million for equipment and library fees). This year's recommendation of \$334 million is an increase of approximately 10 percent, said Fuller.

Graycen Bigger asked when the requests must be turned in to the legislature to be considered. Nick Fuller said these are presented on October 25 with the biennial budget recommendations.

Bigger asked if all the recommendations could be uniformed and detail the projects, which would give them a greater chance of being approved by the legislature. Fuller said he would look into updating that information.

Dr. Jerry Cash moved to approve Agenda Item No. 2. Chad Hooten seconded the motion and the Board unanimously approved.

With no further comments, the meeting adjourned at 10:21 a.m.

Nichole Abernathy

APPROVED:

Graycen Bigger, Secretary