

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
Regular Quarterly Meeting
April 25, 2008**

Minutes of Meeting

The April 25, 2008 regular meeting of the Arkansas Higher Education Coordinating Board was held in the Lon Mann Cotton Research Station in Marianna. Chairman Trammel called the meeting to order at 10:00 a.m. with a quorum present.

Coordinating Board present:

Dick Trammel, Chair
David Leech, Vice Chair
Dr. Lynda Johnson, Secretary
Dr. Charles Allen
Dr. Joe Bennett
Bob L. Burns
Phil Ford
Dr. Dan Grant
Kaneaster Hodges
Steve Luelf

Coordinating Board not present:

Jodie Carter
Dr. Anne Trussell

Department staff present:

Dr. Jim Purcell, Director
Dr. Steve Floyd, Deputy Director
Dr. Karen Wheeler, Associate Director for Academic Affairs
Dr. Stanley Williams, Senior Associate Director for Finance
Laura Tyree, Associate Director for Planning and Accountability
Cynthia Moten, Coordinator of Academic Affairs
Christina Miller, Assistant Director for Planning and Accountability
Zanette Douglas, Coordinator of Institutional Certification
John Davidson, Financial Manager
Ashley Pettingill, Financial Manager
Dale Ellis, Communications Officer
Nichole Abernathy, Administrative Support

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

Chairman Trammel introduced Dr. Milo Shult, Vice President of the University of Arkansas Division of Agriculture, for a welcome. Dr. Shult began by thanking everyone for attending the Board meeting. After a brief presentation, Dr. Shult thanked the institution's local supporters for the Lon Mann Cotton Research Station facility.

Agenda Item No. 1
Approval of Minutes

David Leech moved to approve the minutes of the January 31, 2008 Special Meeting, and February 1, 2008 Regular Meeting. Dr. Lynda Johnson seconded the motion, and the Board unanimously approved.

Agenda Item No. 2
Appointment of Nominating Committee
for 2008-09 Board Officers

Chairman Dick Trammel appointed members of the Arkansas Higher Education Coordinating Board nominating committee. The nominating committee will recommend Board officers for 2008-09 at the July 25 meeting. The members included: Bob Burns (Chair), Kaneaster Hodges and Dr. Charles Allen.

Agenda Item No. 3
Agency Updates

During the presentation of the Agency Updates, Dr. Floyd announced that the Department of Higher Education recently received a grant from the Western Interstate Commission for Higher Education (WICHE) to assist the state to increase adult learners' access to and success in postsecondary education. The program; *Non-traditional No More: Policy Solutions for Adult Learners*, will provide \$65,000 in funding to the state over two years to stimulate and guide policy and practice changes that will create a more navigable path to degree attainment for adults.

Arkansas was invited through a competitive process along with two other states, Colorado and Nevada, to participate with WICHE through a grant from the Lumina Foundation intended to help increase degree attainment. The first step will be to identify the state's ready adult population, those who previously have earned a significant number of credit hours, after which the project will assist them in re-entering college and move towards completing their degree through a focus on academic policies, financial aid, student support services, and communications.

No consensus has been made regarding performance funding. Dr. Purcell said that the two-year colleges have proposed alternative measures and some of them have great potential.

Dr. Purcell explained that competitive grants and closer ties with business and industry are needed for Arkansas to enhance the production of degrees in high-demand programs. Improving the college matriculation process and providing state-wide annual enrollment management workshops would help expedite the

number of degrees produced and the speed at which degrees are produced, said Purcell.

Agenda Item No. 4
Annual Report on Productivity of
Recently Approved Programs

Laura Tyree presented the Annual Report on Productivity of Recently Approved Programs. This agenda item summarizes degree productivity for associate and certificate programs approved between July 1, 2003 and June 30, 2004 and baccalaureate and graduate programs approved between July 1, 2001 and June 30, 2002. There are two methods for determining degree productivity: the number of graduates reported to ADHE for 2006-07 only or the average number of graduates over the most recent three years for baccalaureate and graduate degrees and two years for associate degrees and certificate programs. Because programs need time to develop and produce graduates, productivity for certificate and associate programs is measured after three years, while baccalaureate and higher programs are measured five years after approval.

Although ADHE Executive Staff recommended that the Coordinating Board accept this report, it was agreed that further study of the new program proposal and approval process is needed.

David Leech enquired about the programs listed in the report that aren't producing. How much time will the institutions give them to produce, he asked. According to the program review standards, at least at the certificate and associate degree level, you have to wait until you have five years of data, said Ms. Tyree. Dr. Wheeler stated that only 10 percent of the programs appear to not be productive.

Dr. Lynda Johnson moved to approve Agenda Item No. 4 with the understanding that ADHE staff will report back to the Coordinating Board in October with further recommendations. Dr. Joe Bennett seconded the motion, and the Board unanimously approved.

Agenda Item No. 5
AHECB Tuition Policy for
The 2009-2011 Biennium

While local boards have the authority to establish tuition and fee rates on their campuses, A.C.A. §6-61-215 requires the Coordinating Board to establish student fees for **funding** purposes only for all public institutions of higher education. Therefore, the tuition and fee rates established by the Coordinating Board are offered for calculation of funding recommendations and do not alter the authority of local boards to establish their respective institutions' actual tuition and mandatory fee rates.

The importance of a tuition policy becomes evident when it is used as a variable in a funding formula because it indicates expected student share of the cost of education. After calculating the expected tuition and mandatory fee revenue based upon AHECB tuition policies, the needed state contribution can be established. When institutions charge less than the tuition policy recommendation, the shortfall is expected to come from sources other than state funding.

RESOLVED, That the Arkansas Higher Education Coordinating Board adopts the tuition and mandatory fee recommendations described in this agenda item, recognizing that these amounts are established as required by A.C.A. §6-61-215 for use in the 2009-11 funding formulas for colleges and universities.

Steve Luelf moved to approve Agenda Item No. 5. Dr. Lynda Johnson seconded the motion, and the Board unanimously approved.

Agenda Item No. 6
Funding Formulas for the
2009-11 Biennium

A.C.A. §6-61-223 establishes the process and key components for formula development for funding public institutions of higher education.

Each biennium the ADHE staff in consultation with the presidents and chancellors of the institutions review and revise the funding models for the determination of the AHECB appropriation recommendations for the institutions of higher education.

RESOLVED, That the Arkansas Higher Education Coordinating Board adopts the funding policies described in this agenda item to be used by the institutions and Department in preparing appropriation requests for the 2009-11 biennium.

Dr. Williams explained that what ADHE is proposing is a shift of 10 percent of the funding need to be based upon the number of students enrolled who complete the term, while 90 percent of the funding formula need will continue to be based upon the census date enrollment taken at the beginning of the term.

David Leech moved to approve Agenda Item No. 6. Dr. Lynda Johnson seconded the motion, and the Board unanimously approved.

Agenda Item No. 7
Annual Report on Student Retention
and Graduation

Christina Miller presented a report on the Statewide retention and graduation information for students entering Arkansas public higher education in fall 1992 through 2006 for both the state and institutional levels. ADHE's Student Information System (SIS) enables multi-year student retention and graduation tracking in compliance with Student-Right-to-Know legislation as well as Act 267 of 1989. SIS tracks student enrollments and completions for multiple years at their originating or native campus, as well as in other public and independent institutions within the state.

Dr. Lynda Johnson moved to approve Agenda Item No. 7. Phil Ford seconded the motion, and the Board unanimously approved.

Agenda Item No. 8
Annual Report on Retention and
Graduation of Intercollegiate Athletes

Christina Miller presented the Annual Report on Retention and Graduation of Intercollegiate Athletes. This report complies with Act 267 of 1989 that requires reporting retention and graduation rates for entering freshmen who participate in Arkansas intercollegiate athletics. This information is produced from data submissions through the Arkansas Higher Education Information System for first-time, full-time, degree-seeking student athletes participating in football, basketball (men's and women's), cross country/track programs and others sports programs. Information related to initial athletic scholarship status also is included.

Steve Luelf enquired about the spike and decline in retention rates around 2005. Christina Miller stated that the discrepancy could possibly be due to a larger number of scholarships that year and possibly a decline the next.

Dr. Dan Grant moved to approve Agenda Item No. 8. Dr. Joe Bennett seconded the motion, and the Board unanimously approved.

Dr. Karen Wheeler gave a brief overview of the academic agenda items. Dr. Wheeler noted that regarding the Associate of Applied Science (AAS) in Physical Therapy Assistant at Arkansas Tech University, questions were raised concerning unnecessary duplication, the availability of clinical sights, and employment opportunities. After ADHE staff researched the concerns, it was determined that the there is a high demand for the program and employment opportunities and clinical spaces are available.

The Master of Engineering Management at Arkansas State University-Jonesboro is in response to the states' continuing effort to meet STEM demand for qualified graduates and in keeping with other programs across the state, said Dr. Wheeler. She explained that by 2015, the American Society of Civil Engineers and the National Board of Examiners for Engineers will be requiring, for professional licensure, an additional 30 hours or a Master's degree. Dr. Wheeler also noted that no comments or concerns regarding this program were received from institutions offering similar programs across the state.

Dr. Wheeler mentioned that the Ph.D. in Reading from UALR is still under review. A reviewer from Texas Women's University (which has a comparable program) is currently reviewing the program. ADHE staff is confident that the program will be ready for the July Board meeting.

Lastly, Dr. Wheeler noted that ASU-Newport will be converting the programs at Marked Tree from non-credit to credit. The conversions will be presented for consideration at the July Board meeting.

Agenda Item No. 9
Associate of Applied Science in Physical Therapy Assistant
Arkansas Tech University

The administration and Board of Trustees of Arkansas Tech University (ATU) request approval to offer the Associate of Applied Science in Physical Therapy Assistant effective Fall 2008. ATU is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools and the proposed program is within the role and scope of the institution. The ATU Board of Trustees approved the proposal on December 15, 2007.

The proposed 72-semester credit hour physical therapy assistant program is designed to prepare a technically educated health care provider who assists a physical therapist. The licensed Physical Therapy Assistant (PTA) will provide services that help improve mobility, relieve pain, and prevent or limit permanent physical disabilities of patients suffering from injuries or disease. Patients include accident victims and individuals with disabling conditions, such as low back pain, arthritis, heart disease, fractures, head injuries, and cerebral palsy. Treatment procedures assigned to PTAs, under the direction of physical therapists, involve exercises, massages, electrical stimulation, paraffin baths, hot and cold packs, traction, and ultrasound. PTAs also record the patient's responses to treatment and report to the physical therapist the outcome of each treatment.

RESOLVED, that the Arkansas Higher Education Coordinating Board approves the Associate of Applied Science in Physical Therapy Assistant (CIP 51.0806) at Arkansas Tech University, effective Fall 2008.

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

Agenda Item No. 10
Master of Business Administration
Southern Arkansas University—Magnolia

The administration and Board of Trustees of Southern Arkansas University (SAU) request approval to offer the Master of Business Administration (MBA) at Southern Arkansas University—Magnolia (SAUM) effective Fall 2008. SAUM is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools and the proposed program is within the role and scope of the institution. The SAUM College of Business is accredited by the Association to Advance Collegiate Schools of Business (AACSB). The SAU Board of Trustees approved the proposal on February 28, 2008.

The proposed 30-semester credit hour Master of Business Administration degree program is designed to prepare students with an undergraduate degree in business for careers in mid- and upper-level management. The curriculum includes courses in accounting, economics, finance, organizational theory, quantitative analysis, marketing, strategic management, and management information systems.

RESOLVED, that the Arkansas Higher Education Coordinating Board approves the Master of Business Administration (CIP 52.0201) at Southern Arkansas University—Magnolia, effective Fall 2008.

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

Dr. Grant asked why a Master Thesis was not required for this program. He also questioned why only 30 credit hours are required. Dr. Lisa Toms, Dean of the College of Business at SAUM, stated that a survey of AACSB peers shown that the majority of MBA programs only require 30 hours and do not require a Master Thesis either.

David Leech asked if the online MBA program currently offered at UALR also required 30 credit hours. "It does," stated Dr. Toms.

Agenda Item No. 11
Master of Engineering Management
Arkansas State University—Jonesboro

The administration and Board of Trustees of the Arkansas State University System (ASU) seek approval for Arkansas State University—Jonesboro (ASUJ) to offer the Master of Engineering Management effective Fall 2008. ASUJ is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. The ASU Board of Trustees approved the proposal on December 7, 2007.

The Master of Engineering Management is designed for engineers pursuing management positions. It is a 30-semester credit hour program for students pursuing professional engineering licensing or project manager positions. A three-credit hour capstone project with an oral presentation is an optional course for managers.

RESOLVED, That the Arkansas Higher Education Coordinating Board approves the Master of Engineering Management (CIP 15.1501) at Arkansas State University—Jonesboro effective Fall 2008.

FURTHER RESOLVED, That the Director of the Arkansas Department of Higher Education is authorized to notify the President and Chair of the Board of Trustees of the Arkansas State University System, and the Chancellor of Arkansas State University—Jonesboro, of the Coordinating Board's resolution.

Steve Luelf asked what the online MBA requirements are. Cynthia Moten noted that the standard requirement is 30 credit hours.

Agenda Item No. 12
Associate of Applied Science in Power Plant Technology
Arkansas Northeastern College

The administration and Board of Trustees of Arkansas Northeastern College (ANC) seek approval to offer the Associate of Applied Science in Power Plant Technology effective Spring 2009. The institution is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. The ANC Board of Trustees approved the proposal on December 19, 2007.

The Associate of Applied Science degree in Power Plant Technology will provide students with the electrical, mechanical, and chemical engineering fundamentals for employment in power plant operation. The program consists of 63 semester credit hours: 15 hours of general education, 9 hours of business and management courses, and 39 hours of technical courses.

RESOLVED, That the Arkansas Higher Education Coordinating Board approves the Associate of Applied Science in Power Plant Technology (CIP 15.0503) at Arkansas Northeastern College effective Spring 2009.

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

Dr. Grant questioned whether the \$66,260 in state general revenue was new general revenue or a re-allocation of state general revenue from another source. Ms. Moten stated that the amount would be calculated based on the number of new students enrolled in the program.

Chairman Trammel asked if Associated Electric and Dynegy had been asked for funding. Ms. Moten said that the two companies will assist by providing adjunct faculty (by allowing some of their employees to assist with the program and provide their expertise) and by giving job considerations to graduates of this program. They have also offered their employees tuition reimbursement for participating in the program.

Agenda Item No. 13
Institutional Certification Advisory
Committee Resolutions

The Institutional Certification Advisory Committee (ICAC) met on April 8, 2008. ADHE Executive Staff recommend that the Arkansas Higher Education Coordinating Board approve the following resolutions.

**American Public University System, Charles Town, West Virginia
Online**

Initial Certification

RESOLVED, That pursuant to ACA §6-61-301 the Arkansas Higher Education Coordinating Board grants initial program certification to American Public University System to offer the following degree programs to Arkansas citizens: Associate of Arts in General Studies, Bachelor of Arts in Business Administration, Bachelor of Arts in Criminal Justice, Bachelor of Arts in

Management, Bachelor of Arts in Psychology. The certification is for a period of two years and expires on April 25, 2010.

FURTHER RESOLVED, That the Coordinating Board instructs the Director of the Arkansas Department of Higher Education to notify the administration of American Public University System, Charles Town, West Virginia, that the certification of the degree programs requires the institution to notify the Arkansas Department of Higher Education whenever any of the following occurs: (1) major reorganization of the controlling body; (2) changes in the charter or incorporation documents of the institution; or (3) changes in the method of operation of the institution's program in Arkansas.

FURTHER RESOLVED, That the Coordinating Board instructs the Director to notify the administration of American Public University System, Charles Town, West Virginia, that any advertisement or published materials using the name of the Arkansas Higher Education Coordinating Board or the Arkansas Department of Higher Education must contain the following statement:

Arkansas Higher Education Coordinating Board certification does not constitute an endorsement of any institution or program. Such certification merely indicates that certain criteria have been met as required under the rules and regulations implementing institutional and program certification as defined in Arkansas Code §6-61-301.

ITT-Technical Institute, Little Rock, Arkansas

Initial Certification

RESOLVED, That pursuant to ACA §6-61-301 the Arkansas Higher Education Coordinating Board grants initial program certification to ITT-Technical Institute, Little Rock, Arkansas, to offer the following degree programs to Arkansas citizens: Associate of Applied Science in Criminal Justice and Associate of Applied Science in Visual Communication. The certification is for a period of two years and expires on April 25, 2010.

FURTHER RESOLVED, That the Director of the Arkansas Department of Higher Education is authorized to notify the administration of ITT-Technical Institute, Little Rock, Arkansas, that the certification of the degree programs require the institution to notify the Arkansas Department of Higher Education whenever any of the following occurs: (1) major reorganization of the controlling body; (2) changes in the charter or incorporation documents of the institution; or (3) changes in the method of operation of the institution's programs in Arkansas.

FURTHER RESOLVED, That the Coordinating Board instructs the Director to notify the administration of ITT-Technical Institute that any advertisement or published materials using the name of the Arkansas Higher Education Coordinating Board or the Arkansas Department of Higher Education must contain the following statement:

Arkansas Higher Education Coordinating Board certification does not constitute an endorsement of any institution or program. Such certification merely indicates that certain criteria have been met as required under the rules and regulations implementing institutional and program certification as defined in Arkansas Code §6-61-301.

Remington College-Little Rock, Arkansas

Recertification

RESOLVED, That pursuant to ACA §6-61-301 the Arkansas Higher Education Coordinating Board grants program recertification to Remington College-Little Rock, Arkansas, to offer the following degree programs to Arkansas citizens: the Associate of Applied Science in Criminal Justice and the Associate of Applied Science in Computer and Network Administration. The certification is for a period of two years and expires on April 25, 2010.

FURTHER RESOLVED, That the Coordinating Board instructs the Director of the Arkansas Department of Higher Education to notify the administration of Remington College-Little Rock, Arkansas, that recertification of the degree programs require the institution to notify the Arkansas Department of Higher Education whenever any of the following occurs: (1) major reorganization of the controlling body; (2) changes in the charter or incorporation documents of the institution; or (3) changes in the method of operation of the institution's programs in Arkansas.

FURTHER RESOLVED, That the Coordinating Board instructs the Director to notify the administration of Remington College that any advertisement or published materials using the name of the Arkansas Higher Education Coordinating Board or the Arkansas Department of Higher Education must contain the following statement:

Arkansas Higher Education Coordinating Board certification does not constitute an endorsement of any institution or program. Such certification merely indicates that certain criteria have been met as required under the rules and regulations implementing institutional and program certification as defined in Arkansas Code §6-61-301.

Saint Joseph's College of Maine—Online, Standish, Maine

Decertification

RESOLVED, That pursuant to ACA §6-61-301 the Arkansas Higher Education Coordinating Board decertifies the Associate of Science in Management, Bachelor of Arts in Liberal Studies, Bachelor of Science in Adult Education and Training, Bachelor of Science in Criminal Justice and Bachelor of Science in Professional Arts online degree programs to Arkansas citizens offered by Saint Joseph's College of Maine—Online. The program decertifications are effective on April 25, 2008.

The Institutional Certification Advisory Committee (ICAC) Report begins on page 13-4 of the Agenda book.

Dr. Grant questioned how lab courses are provided online. Dr. Frank McCluskey, Executive Vice President and Provost at American Public University System, explained that by using *Night Lab* and other software simulation products, students are able to do virtual experiments online.

Dr. Grant voiced concern regarding the consistency of education provided via distance.

Dr. Grant questioned the decertification of degree programs by Saint Joseph's College in Maine. He asked if they were decertifying all of their Arkansas programs. Zanette Douglas explained that Saint Joseph's College would be recertifying programs in the future.

David Leech asked if online students are included in the total count of Arkansas students. And, if so, are they broken down into categories. Dr. Wheeler explained that online students that attend public institutions are included in the total count of Arkansas's students. She noted that ADHE does not have the data for proprietary institutions.

Dr. Joe Bennett said he would like to know what the presidents and chancellors thought about the increase in online programs. Dr. Purcell said that ADHE would provide an answer to the Coordinating Board at a later date.

Agenda Item No. 14 and 15
Letters of Notification and Letters of Intent

The Department of Higher Education received notice from institutions on 26 programs not requiring Board action.

Notification was received on 23 items requiring Board action. During this period, the Institutional Certification Advisory Committee received notice of requests from 14 out-of-state institutions to offer degree programs to Arkansas residents. The program notice list appears in the Letters of Notification on pages 14-1 through 14-7 and in the Letters of Intent on pages 15-1 through 15-7 of the agenda book.

Kaneaster Hodges asked if Ecclesia College was a new institution and commented on the type of programs they are able to offer. Ms. Douglas explained that Ecclesia College was originally a religious institution. Approximately four years ago they certified programs customarily offered in colleges and universities.

Chairman Trammel asked the number of students enrolled in the certified program at Ecclesia College. Ms. Douglas said they are getting ready to graduate 15 students.

Agenda Item No. 16 Information on Higher Education Bond Issues

Dr. Stan Williams presented information on Higher Education Bonds. He began by explaining that Bonds issued by institutions are Municipal Bonds. There are typically two types, General Obligation (GO) and Revenue. GO bonds are a pledge of all the resources of the institution. Revenue bonds pledge a specific source of funds toward the retirement of the bonds. For example, bonds for student housing pledged housing revenue.

In Arkansas, most institutions select their bond council based upon their past experiences with the firms. Some institutions put out Requests for Proposal for both bond council and underwriters when they are doing their first bond issue. After that, they tend to select the same bond council and underwriters for subsequent issues. Bond insurance firms are often selected based upon competitive bids. Recently, some institutions have had unfortunate experiences when selecting the low bid on bond insurance.

The maximum term for bonds issued by the institutions is set by law at 30 years. In the sixties, some bonds were issued with a 40 year term which presented many difficulties for succeeding administrations at an institution.

Bond ratings are similar to the credit rating a person might go through when applying for a mortgage. The rating agencies give a rating based on their knowledge and analysis of the institutions financial statements and ability to pay back the debt. There are three main rating agencies: Moody, Standard & Poors, and Fitch.

Steve Luelf asked if the institutions benefit from the competition if the underwriters were required to bid for the bond insurance. Dr. Williams said the difference probably wouldn't be that significant.

Agenda Item No. 17
Economic Feasibility of Bond Issue
Arkansas Tech University – Ozark

Arkansas Tech University - Ozark Campus requests approval of the economic feasibility of plans to issue bonds not to exceed \$2.13 million with a maximum term of up to 30 years at an estimated annual interest rate of five percent (5%). Proceeds from the bond issue will be used for educational & general (E&G) purposes to construct a student services facility and for various other capital improvements on the Ozark Campus. The Arkansas Tech University Board of Trustees approved this action at its meeting held on February 28, 2008.

The E & G issue will be approximately \$2.13 million with annual debt service of \$137,613. 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.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Arkansas Tech University- Ozark Campus to issue bonds for approximately \$2.13 million with a term of 30 years at an estimated annual interest rate of 5% for E&G purposes.

FUTHER 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 Arkansas Tech University of the Coordinating Board's resolution.

Kaneaster Hodges moved to recommend Agenda Item No. 17 to the full Board for consideration. David Leech seconded, and the Committee unanimously approved.

Agenda Item No. 18
Economic Feasibility of Bond Issue
Arkansas Tech University

Arkansas Tech University requests approval of the economic feasibility of plans to issue bonds not to exceed \$8 million with a maximum term of up to 30 years at an estimated annual interest rate of five percent (5%). Proceeds from the bond issue will be used for educational & general (E&G) purposes to construct an academic/advising facility and for various other capital improvements. The

Arkansas Tech University Board of Trustees approved this action at its meeting held on February 28, 2008.

The E & G issue will be approximately \$8 million with annual debt service of \$500,682. 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.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for Arkansas Tech University to issue bonds for approximately \$8 million with a term of 30 years at an estimated annual interest rate of 5% for E&G purposes.

FUTHER 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 Arkansas Tech University of the Coordinating Board's resolution.

Mr. Luelf asked if the facilities would still be useful after 30 years. Mr. Davidson said they should be.

Kaneaster Hodges moved to recommend Agenda Item No. 18 to the full Board for consideration. Chairman Trammel seconded, and the Committee unanimously approved.

Agenda Item No. 19
Proposed Changes to Higher Education
Bond Projects

The Arkansas Higher Education Coordinating Board approved the list of Higher Education Bond Projects on April 27, 2007. The following revision is requested concerning that list.

At Rich Mountain Community College, an amount up to \$1.25 million is provided for the renovation of current facilities to develop a one-stop Student Services Center and facility improvements for instruction. The student services center will include space for Admissions, Financial Aid, Assessment, Counseling and Advising Services, and Administrative support. Other facility improvements include the improvement of other instructional and college space for effective instruction as well as administrative services. This includes updating science labs for increased science and medical related instruction for existing classes and those associated with nursing. This project was previously approved by the Coordinating Board to be funded at \$1.05 million.

At the University of Arkansas – Fort Smith Vines building, an amount up to \$1.45 million is provided for the planning, design, and renovation of the existing facility. Renovation of this facility provides additional instructional classroom space to meet the needs generated by growth in enrollment realized since joining the UA System in 2002. Renovation of this facility also addresses ADA compliance issues with the replacement of the elevator at the east end of the building and additionally provides ADA access to the second floor of the adjacent Gardner Building.

This project was originally approved for \$1.25 million by the Coordinating Board. The University requests to delete the Academic Building project and reallocate the funds to the above project.

RESOLVED, That the Arkansas Higher Education Coordinating Board approves and endorses the revision to the proposed Higher Education Bond Project as described in this agenda item and that this project is incorporated in the Plan of Implementation.

FURTHER RESOLVED, That the Director is instructed to transmit to the Governor the plan for capital projects for public institutions of higher education to be funded from the proceeds derived from the sale of Higher Education Bonds.

FURTHER RESOLVED, That all requirements and limitations approved for the Higher Education Bond Projects by the Arkansas Higher Education Coordinating Board on November 4, 2005 apply to these changes.

David Leech questioned the renovation of the facilities at Wickes by Rich Mountain Community College (RMCC). He noted that the Coordinating Board tabled the purchase of the Wickes Instructional Facility at the February 1, 2008 meeting of the Coordinating Board. Mr. Tom Spencer, RMCC Interim President, apologized to the Coordinating Board for not having a representative present at the last Board meeting. He then stated that because Wickes is in RMCC's taxing district, purchasing the facility wasn't a significant change. It does, however, provide a more convenient facility for the people around Wickes.

Dr. Joe Bennett asked where the funds came from for this project. Mr. Spencer stated that as a small school, RMCC budgets almost everything together in unrestricted E&G purposes. It is an allocation out of the fund balances.

Phil Ford asked if this was an extension of RMCC or an additional campus. Mr. Spencer said that RMCC currently uses a facility in Wickes as an extension of their campus. However, the new facility will be one that RMCC owns and controls.

Steve Luelf asked if the University of Arkansas at Fort Smith (UAFS) was asking approval to delete the Academic Building project because it was no longer

important to them. Following the advice of the Coordinating Board, UAFS decided to not use the \$200,000 for the planning of additional buildings. Instead they decided to use the money for a specific physical resource – the Vines building, said Dr. Paul Beran, UAFS Chancellor.

Kaneaster Hodges moved to recommend Agenda Item No. 19 to the full Board for consideration. Chairman Trammel seconded, and the Committee unanimously approved.

Agenda Item No. 20
Distribution of Mineral Lease Funds

According to the provisions of A.C.A. §6-61-801 through §6-61-808, there is established the Arkansas Research Development Program for providing Arkansas Research Development Program Grants to publicly-supported universities in Arkansas by the Department of Higher Education. Act 1229 of 2007 provides that after the sum of \$13,200,000 has been deposited into the Higher Education Building Maintenance Fund, the next \$10,000,000, or as much as is collected, is to be transferred to the Higher Education Research Development Fund to be used as provided by law.

“The Arkansas Research Development Fund shall be administered by the Director of the Department of Higher Education..... Funds may be made available for administration of the Arkansas Development Research Program, for purchasing state-of-the-art equipment, for minor renovations of laboratory space, for publication of findings, for employing scientist or research assistants, and for providing any other assistance to scientists in order to develop a continuing research capacity in this state which is recognized as exemplary.”

The floor for the Research Development Fund was reached in September 2006, and statute requires that the funds be disbursed by the Director of the Department of Higher Education in accordance with the recommendation of the Arkansas Higher Education Coordinating Board after review by Legislative Council.

RESOLVED, That after review by the Legislative Council, the Director of the Arkansas Department of Higher Education is authorized to distribute the Higher Education Research Development Fund for ARE-ON's annual operating and maintenance costs at such time as the institutions begin to those expenses.

FURTHER RESOLVED, That \$1 million be allocated in Fiscal 2008 to the University of Arkansas, Fayetteville for expenses associated with the connection of all public universities to ARE-ON.

Steve Luelf asked if this proposal just relates to the existing \$1 million or is it a continuing allocation. Ms. Pettingill said that because the money only comes in

quarterly, ADHE is only required to distribute the money quarterly, until the appropriation is exhausted.

Kaneaster Hodges moved to recommend Agenda Item No. 20 to the full Board for consideration. David Leech seconded, and the Committee unanimously approved.

Agenda Item No. 21
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 totaling approximately \$51 million with a term of up to 30 years. Portions of the bond issue will be taxable resulting in differing interest rates. Currently, the interest rate is estimated to be 5.9 percent on the taxable issue and 5.1 percent on the tax-exempt issue. Proceeds from the bond issue will be used for auxiliary and educational and general purposes. The auxiliary issue will be utilized to construct a 1500-space parking garage with student-oriented retail space and a surface parking lot; to finance improvements to the Harmon Avenue Parking Garage; and to purchase properties for the facilities. The educational and general portions of the bonds are for the purchase of property and the renovation of a facility for KUAF, the National Public Radio station operated by the university. The University of Arkansas' Board of Trustees approved this action at its meeting held on March 28, 2008.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas, Fayetteville to issue bonds for approximately \$51 million with terms of 20 and 30 years at estimated annual interest rates of 5.1 and 5.9 percent for the construction of a 1500-space parking garage with student-oriented retail space and a surface parking lot; to finance improvements to the Harmon Avenue Parking Garage; to purchase properties for the facilities; purchase of property and the renovation of a facility for KUAF, as requested by the institution.

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

Kaneaster Hodges commented that this bond issue will do two things; it will take care of a parking problem and generate money from the people that use it.

Dr. Grant asked if property taxes will be paid on the retail establishments in the Parking Garage or just on the Parking Garage. Dr. Don Pederson, Vice

Chancellor for Finance and Administration at UAF, stated that UAF does pay taxes on some of its unrelated businesses. However, whether or not they will have to pay taxes on the Parking Garage and its retail establishments will depend on if they can prove that it is an integral part of the institution.

Kaneaster Hodges moved to recommend Agenda Item No. 21 to the full Board for consideration. Chairman Trammel seconded, and the Committee unanimously approved.

Report of the Committees

Dr. Dan Grant presented the report of the Academic Committee and moved to adopt Agenda Items 9-13. Dr. Lynda Johnson seconded the motion, and the Board unanimously approved.

Steve Luelf presented the report of the Finance Committee and moved approval of Agenda Items 17-21, with the exception of the proposed Higher Education Bond Project for Rich Mountain. Dr. Joe Bennett seconded the motion, and the Board unanimously approved.

After thanking ADHE staff for the informative presentations, Chairman Trammel opened the floor for public comments. There were none.

Chairman Trammel announced that the next Coordinating Board meeting would be hosted by Arkansas State University-Beebe.

With no further comments, the meeting adjourned at 11:20 a.m.

Nichole Abernathy

APPROVED:

Dr. Lynda Johnson, Secretary