

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
Special Meeting via Conference Call
May 11, 2009**

Minutes of Meeting

The Arkansas Higher Education Coordinating Board held a special meeting via conference call on Monday, May 11, 2009. The purpose of the meeting was to approve the Economic Feasibility of Private Loan for the University of Central Arkansas. The meeting convened at 11:00 a.m. with a quorum present.

Coordinating Board present:

Dr. Bob Burns, Chair
Dr. Charles Allen, Secretary
Dr. Joe Bennett
Jodie Carter
Dr. Olin Cook
Bob Crafton
Dr. Dan Grant
Kaneaster Hodges
Dr. Lynda Johnson
Steve Luelf

Coordinating Board absent:

David Leech, Vice Chair
Phil Ford

Department staff present:

Dr. Jim Purcell, Director
Dr. Steve Floyd, Deputy Director
Dr. Stanley Williams, Senior Associate Director for Finance
Dale Ellis, Communications Officer
Nichole Abernathy, Administrative Support

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

Chairman Burns thanked the Coordinating Board members and guests for participating in the meeting.

Report of the Finance Committee

Steve Luelf presented the report of the Finance Committee and moved approval of Agenda Item No. 1. Kaneaster Hodges seconded the motion and the Board unanimously approved.

Agenda Item No. 1
Economic Feasibility of Private Loan
University of Central Arkansas

The University of Central Arkansas (UCA) requests approval of the economic feasibility of plans to obtain a Loan/Line-of-Credit from private banks in an amount up to \$6 million at an estimated annual interest rate of 4.96 percent. Proceeds from the loan/line-of-credit will be for current operations purposes. The University of Central Arkansas Board of Trustees approved the opening of a line-of-credit at its meeting on May 8, 2009.

RESOLVED, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Central Arkansas to seek a private loan/line-of-credit for approximately \$6 million with a term of up to 16 months at an estimated annual interest rate of 4.96 percent for educational and general operations for fiscal year 2010, 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 Central Arkansas of the Coordinating Board's resolution.

Kaneaster Hodges asked how the loan would be repaid and the amount of the anticipated carryover, if any. Tom Courtway, UCA Interim President, began by thanking the Coordinating Board members for conducting the Special Board meeting on such short notice. Mr. Courtway explained that UCA's current line of credit in the amount of 6 million dollars with the National Bank of Arkansas (NBA) expires on June 30, 2009. He stated that NBA has requested, and the University agrees, that the line should be moved as soon as possible, particularly while no sums are outstanding.

Mr. Courtway explained that UCA's Board of Trustees approved a resolution authorizing the continuation of a line of credit for operational purposes for FY 2010, and that such sums, if utilized during the current fiscal year will be re-paid within one hundred twenty days after the start of FY 2010. UCA also received approval from the Chief Financial Officer of the State, Richard Weiss. Mr. Courtway said that UCA will provide a monthly report to the Department of Higher Education detailing their credit line outstanding balance.

Mr. Courtway also informed Board members that UCA does not anticipate spending their 2.4 million dollars in Federal Stimulus funds. He said that instead UCA would use those funds to pay off the line of credit and to try to build up their reserves.

Kaneaster Hodges asked what bank UCA would be using to secure their line of credit. Mr. Courtway said they would be using First Security bank.

Steve Luelf asked if UCA would be able to lower their E&G scholarships to 30%. Mr. Courtway explained that UCA is currently developing a strategic plan to determine how to get their E&G scholarship spending down to 20%.

Kaneaster Hodges moved to recommend Agenda Item No. 1 to the Full Board for consideration. Dr. Joe Bennett seconded and the Committee unanimously approved.

In conclusion, several AHECB members commended Mr. Courtway for his laborious efforts to resolve UCA's financial problems.

Chairman Burns thanked everyone for participating in the meeting and announced that the next Coordinating Board meeting would be July 31, 2009 at John Brown University in Siloam Springs.

With no further comments, the meeting adjourned.

Nichole Abernathy

APPROVED:

Dr. Charles Allen, Secretary