

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD  
SPECIAL MEETING**

**Thursday, June 29, 2023, at 9:00 a.m.  
Via Zoom**

**AGENDA**

- \*1. Economic Feasibility of Bond Issue for University of Arkansas, Fayetteville (Mr. Nick Fuller)

**ECONOMIC FEASIBILITY OF BOND ISSUE  
UNIVERSITY OF ARKANSAS, FAYETTEVILLE**

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The University of Arkansas, Fayetteville (UAF) requests approval of the economic feasibility of plans to issue bonds not to exceed \$65 million with a term of no longer than thirty (30) years at an annual interest rate of approximately 6.50 percent. Proceeds from the bond issue will be used for educational and general (E&G) purposes. The University of Arkansas Board of Trustees approved this financing at its meeting on May 25, 2023.

The combined E&G issue will be up to \$65 million with a maximum annual debt service of \$5,009,238 and a term of thirty (30) years. Proceeds from this bond issue will be used for (1) the acquisition, construction, furnishing, and equipping of the Institute for Integrative and Innovative Research, (2) the acquisition, construction, furnishing, and equipping of the Multi-User Silicon Carbide Research and Fabrication Facility, and (3) 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 the Fayetteville Campus.

The debt service on the bond issue will be supported by tuition and fee revenue. Coordinating Board policy regarding debt service for E&G projects provides that a maximum of 25 percent of tuition and fee revenue may be pledged to E&G debt service.

Relevant data follows:

**Educational and General Issue**

Projected 2023-24 Tuition and Fee Revenue (net)	\$ 307,185,005
Maximum Allowable Debt Service (\$307,185,005 x 25%)	76,796,251
Existing Debt Service	27,425,545
Proposed Debt Service (maximum)	5,009,238
Amount Remaining for Additional Debt Service	\$ 44,361,468

The above data demonstrates that the University of Arkansas, Fayetteville has sufficient tuition and fee revenue to support an educational and general bond issue of up to \$65 million with a term of thirty (30) years at an estimated annual interest rate of approximately 6.50 percent.

In accordance with board policy, any proceeds from bonds that require AHECB approval, which are used for the purchase or construction of new facilities, and result in additional square footage are subject to the AHECB maintenance policy as adopted in October 2010. The University of Arkansas, Fayetteville will sustain a building maintenance fund to be supported by tuition and fee revenue for the educational and general facilities. 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.

The projects of the educational and general issue provide additional square footage to the campus as follows: 143,676 gross square feet for the Institute for Integrative and Innovative Research and 18,559 gross square feet for the Multi-User Silicon Carbide Research and Fabrication Facility. Therefore, based on an estimate of 162,235 new square footage for all projects (as they are completed over the next few years), \$405,588 will be transferred annually beginning in the fiscal year after the projects are placed into service.

ADHE Executive Staff recommends the Arkansas Higher Education Coordinating Board approve the following resolution:

**RESOLVED**, That the Arkansas Higher Education Coordinating Board considers economically feasible plans for the University of Arkansas, Fayetteville to issue bonds not to exceed \$65 million with a term not to exceed thirty (30) years at an annual interest rate of approximately 6.50 percent as requested by the Institution for various E&G projects.

**FURTHER RESOLVED**, That the Commissioner 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.