

**ARKANSAS HIGHER EDUCATION COORDINATING BOARD
SPECIAL MEETING**

**Tuesday, December 6, 2022
10:00 a.m.**

Via Zoom

AGENDA

- *1. Economic Feasibility of Bond Issue for Southeast Arkansas College (Mr. Nick Fuller)

**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.

Relevant data follows:

Budgeted 2022-23 Net Tuition and Fee Revenue	\$	3,082,484
Maximum Allowable Debt Service (\$3,082,484 X 25%).....	\$	770,621
Existing Debt Service	\$	0
Proposed Maximum Annual Debt Service.....	\$	556,000
Amount Remaining for Additional Debt Service.....	\$	214,621

The above data demonstrates that SEAC has sufficient tuition and fee revenue to support a bond issue of \$5.6 million with a term of up to twenty (21) years at an annual interest rate of approximately 6.5 percent.

Any proceeds from bonds that require AHECB approval, 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 of 2010. The projects contemplated herein do not provide additional square footage to the campus.

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

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.