

# **FINANCE COMMITTEE**

**Arkansas Higher Education Coordinating Board**

**Conference Call**

**Tuesday, September 8, 2009**

**10:00 a.m.**

## Finance Committee

Steve Luelf, Chair

Dr. Joe Bennett

Dr. Olin Cook

Bob Crafton

Kaneaster Hodges

David Leech

Bob L. Burns, Ex officio

## **AGENDA**

1. Economic Feasibility of Bond Issue for the University of Arkansas at Little Rock  
(Dr. Stanley Williams)

# **ARKANSAS HIGHER EDUCATION COORDINATING BOARD**

## **SPECIAL MEETING**

**Conference Call**

**Tuesday, September 8, 2009**

**10:15 a.m.**

## **AGENDA**

1. Report of the Finance Committee

**ECONOMIC FEASIBILITY OF BOND ISSUE  
UNIVERSITY OF ARKANSAS AT LITTLE ROCK**

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University of Arkansas at Little Rock (UALR) requests approval of the economic feasibility of plans to issue bonds totaling approximately \$34.75 million with a term of up to 20 years with an estimated annual interest rate of 5.5 percent. The University of Arkansas Board of Trustees approved this bond financing at its meeting on September 4, 2009.

The E & G issue will be approximately \$34.75 million with annual debt service of \$2,552,000. Proceeds from the bond issue will be used for educational & general (E&G) purposes to acquire, construct, and equip a variety of capital improvements at UALR, including (i) completion of the Engineering and Information Technology Building, (ii) elevator upgrades; (iii) renovations to the Stella Boyle Smith Concert Hall, (iv) construction of a Nanotechnology Sciences Center, (v) construction of a Student Services One-Stop Center, (vi) renovation of an existing building for Health and Wellness Academic Programs, and (vii) construction of other capital improvements and the acquisition of various equipment items for the campus. Coordinating Board policy regarding debt service provides that a maximum of 25 percent of net tuition and fee revenue may be pledged to educational and general debt service. Net tuition and fee revenue is the gross tuition and fee revenue less unrestricted educational and general scholarship expenditures.

Relevant data follows:

Budgeted 2009-10 Net Tuition and Fee Revenue (\$59,001,133 – 9,165,721) .....	\$49,835,412
Maximum Allowable Debt Service (\$49,835,412 x 25%) .....	12,458,853
Existing Debt Service .....	3,655,113
Estimated Debt Service for Proposed Issue.....	2,552,000
Amount Remaining for Additional Debt Service .....	\$ 6,251,740

The above data demonstrates that the University of Arkansas at Little Rock has sufficient revenue to support a bond issue of approximately \$34.75 million with a term of 20 years at an estimated annual interest rate of 5.5%. The institution plans to dedicate a portion of its facilities fee to facilities maintenance in future years and will also dedicate monies from its unrestricted education and general fund for maintenance costs.

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 the University of Arkansas at Little Rock (UALR) to issue bonds for approximately \$34.75 million with a term of 20 years at an estimated annual interest rate of 5.5 percent to acquire, construct, and equip a variety of capital improvements at UALR, including (i) completion of the Engineering and Information Technology Building, (ii) elevator upgrades; (iii) renovations to the Stella Boyle Smith Concert Hall, (iv) construction of a Nanotechnology Sciences Center, (v) construction of a Student Services One-Stop Center, (vi) renovation of an existing building for Health and Wellness Academic Programs, and (vii) construction of other capital improvements and the acquisition of various equipment items for the campus.

**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 the University of Arkansas of the Coordinating Board's resolution.