

# GUILFORDIAN

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## Tax-Free Bond Issue Discussed at Forum

by Jacob Stohler

Guilford College currently faces one of the most important financial decisions in its history.

The decision under consideration is whether or not to sell tax-free bonds as a way to raise money to pay for proposed campus improvements and developments.

The college administration is looking into the possibility of issuing a new type of tax-free bond, which was recently made available to institutions of higher education in North Carolina, as a way to raise over \$10 million.

However, some worry that such a sale, which would essentially put Guilford into debt for the next 25 to 30 years, would place the college's financial situation in jeopardy.

In the past, Guilford College has never undertaken a project without first having the money on hand. That meant either having the cash or conducting fund-raising activities to get it. Now, however, with Guilford's

larger endowment to cover such a debt, the college is considering debt service as a way to finance future growth.

In a memorandum sent to faculty and staff, President Bill Rogers outlined five areas which have been targeted to receive additional funds over the coming years. They are facilities improvements, salary increases, expansion of financial aid, support for new educational programs, and an increased endowment.

The memorandum also suggested three approaches for meeting those goals: traditional steady-state funding, limited growth, and aggressive growth.

The limited growth plan, which Rogers supports in the memorandum, includes "more ambitious salary enhancement" of 7-7.5%, additional teaching positions, tuition growth of 9-10%, fund raising efforts to build the endowment fund, and facilities development "perhaps

funded through a tax-free bond issue."

In an open meeting held for faculty and staff in Sternberger Auditorium last Wednesday, the bond proposal was introduced and discussed. Present as part of the panel were Rogers, Academic Dean Sam Schuman, Dean of Students Nancy Cable-Wells, Vice-President for Finance and Development Jim Newlin, and John Dierkes, a consultant with Alex Brown and Sons.

The purpose of the meeting was to solicit feedback from faculty and staff as to whether selling tax-free bonds is the best way to go about financing the proposed improvements.

"I guess I should say as an editorial judgement," said Schuman, "that it is not my belief that we are discussing today a proposal that, if accepted, would pose serious threats to Guilford's growth. I would also say with all candor that I have not been convinced that to fail to take that step would be seriously jeopardizing the

academic future of Guilford."

John Dierkes, a technical expert on tax-free bonds who has worked on similar programs at other institutions, said that in his opinion Guilford could stand to take on a \$10 million debt without putting itself in financial danger. He cited Harvard University in Cambridge, Massachusetts, which currently carries a \$500 million debt stably. Local institutions which have recently sold tax-free bonds to raise money include Elon, Davidson, Wake Forest and Duke.

If sold, such bonds would be offered in \$5,000 increments. They would earn an 8% rate of return, and would not be subject to taxation by either the state or the federal government. If Guilford were to borrow this amount of money through a traditional banking institution, it would pay 11.5% interest as opposed to the 8% they would pay on such tax-free bonds. The college is also hoping that some who buy bonds will give them back as gifts.

According to Dierkes, Guilford can expect to receive an A credit rating from one of the two independent

credit rating assessors. If granted, an A rating would indicate to investors that Guilford is a safe financial risk.

The request for a rating would only be made if the college decided to issue the bonds. That decision will be made May 5 at the Board of Trustees meeting, and could be delayed, according to Rogers, if they feel it necessary.

At Wednesday's meeting, there was both criticism and support for the proposal. Bill Stevens, professor of management, called into question the effect that such a plan would have on Guilford's dependence on tuition as its prime source of income. Stevens brought photocopied materials which he offered to those at the meeting. Among them was a graph showing the sub-average number of students who consider Guilford their first choice and a chart showing a drop this year in the number of applicants to Guilford.

Stevens' concern was that Guilford's rising tuition is driving students away, and that the sale of

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## Rally Held Against Painter Boulevard

by David Simpson

A rally was held last Wednesday by Students Against Painter Boulevard in an attempt to increase awareness about the possibility of the proposed road which would cut through Guilford College property.

The rally began with a speech by Tom Lalley, organizer of SAPB, who called on the Guilford community and residents of the city of Greensboro to help the effort to block the road. Lalley cited environmental, educational, and historical issues as reasons that the road should be rerouted or not built at all. It will take five years of work to block this road, said Lalley, and to do this we "must begin in the present and the present is now."

Other students also voiced their concerns at the rally. T.J. Crook said that the woods were one of the reasons he came to Guilford. He called upon people to stand up and say that the woods mean something to them. Crook said that the Quakers have a history of preserving woods and people must help in order to continue this trend.

Crook and other students said that things such as the historical under-



Tom Lalley at the rally  
photo by Eric Buck

ground railway site, the jogging trails, and wildlife are all valid reasons that the road should not cut through the Guilford woods. In support, cries such as "we don't need another unfunctional road" rose from the audience.

The last speaker was Tracy Russ, 1989-90 Community Senate President-elect. In his election platform Russ promised to help in the fight against Painter Boulevard and he

renewed his promise at the rally by saying that "Painter Boulevard does not serve the purpose for which it was intended." He said that the proposed route of the road, which is intended as a beltway around Greensboro, is much too close to the center of the city.

The event ended with Lalley asking participants to create a circle, hold hands, and reflect of the woods' importance.

## Commencement Ceremony Plans Take Final Form

by Michael Jack

On Saturday, May 6, the class of 1989 will assemble for the last time as Guilford College students.

Commencement activities will actually begin on Friday the fifth, when seniors will meet in the Ragan-Brown Field House at 2:00 p.m. for graduation rehearsal.

A baccalaureate service will follow from 5:30 to 6:30 in Dana Auditorium. The formal Quaker service, which will be attended by faculty and staff as well as seniors and their families, resumes a broken tradition at Guilford.

President and Mrs. Rogers will host their annual reception for graduating students on the lawn at Ragsdale House from 6:30 to 8:00 p.m.

On Saturday, seniors and their families will be treated to a continental breakfast on the Founders Hall lawn from 8:30 to 9:30 a.m.

The commencement ceremony

will begin at 10:30 a.m. with the customary procession of faculty and seniors to the Hege-Cox lawn. In the event of inclement weather, the proceedings will be moved to the field house.

Commencement speakers will include seniors Susan Nelson and Seth Hassett, who were selected by a vote of their fellow class members, as well as guest speaker Lee Knefelkamp. Dr. Knefelkamp is an Academic Dean at Macalester College in St. Paul, Minnesota.

Caps and gowns will be black for the second year in a row and can be kept by graduates as souvenirs. Diplomas will be presented in maroon leatherette covers with the Guilford seal in silver on the front. Invitations are buff with maroon and gold seals.

Seniors depressed about the end of this chapter in their lives should note that the noun "commencement" means a start or beginning. Cheers!