

The Board of Trustees of the University of Central Arkansas convened in a called meeting at 11:15 a.m., Friday, August 3, 2012, in the Board of Trustees Conference Room in Wingo Hall with the following officers and members present

Chair: Mr. Bobby Reynolds  
Vice Chair: Mr. Victor Green  
Secretary: Ms. Kay Hinkle  
Ms. Elizabeth Farris  
Mr. Rush Harding  
Mr. Bunny Adcock

Mr. Brad Lacy was absent.

### ACTION AGENDA

#### Re-location of Sewer Easement/Property Exchange with HDR Properties, LLC (Moving Sewer Easement Ten Feet South)

In the summer, 2011, after consideration and approval by the Board of Trustees, the University entered into a real estate transaction with HDR Properties, LLC.

Pursuant to the agreement between the parties, the University exchanged five acres with a structure situated thereon with a street address of 530 Donaghey Avenue (the so-called “softball house”) and in exchange received four houses (three on Western Avenue and one on Augusta Avenue), as well as \$700,000 in cash.

As part of the transaction, the University also agreed to grant to the City of Conway (and Conway Corporation) a twenty-foot easement for the installation of a sewer line to serve the proposed apartment complex the purchaser was planning to develop on the five acres received from the University. The twenty-foot easement was proposed to be a line running east/west on the University’s property as it borders the Erbach property and run from Donaghey Avenue in a westerly direction to an existing sewer main behind the UCA Physical Plant.

The line has been surveyed by Tyler Surveying of Conway, and after discussions with the developer and review by UCA officials, it has been determined that the proposed line (and sewer easement) should be moved ten feet to the south. The reason for the proposed move is to make construction of the sewer line easier, but most importantly to save many large oak trees. This has been reviewed and the administration believes the request should be granted. Moving the line will not affect any operations of the University.

The following resolution was unanimously adopted upon motion by Elizabeth Farris with a second by Rush Harding:

**“BE IT RESOLVED: That the Board of Trustees hereby modifies the terms of an easement previously granted to the City of Conway, Arkansas (and the Conway Corporation) for the construction of a sewer line by keeping the same easement at twenty feet in width, but moving it ten feet to the south from the location previously authorized, and further hereby authorizes the Chairman of the Board of Trustees and the Secretary of**

**the Board of Trustees to execute and deliver an appropriate easement to the City of Conway, Arkansas, and take such other steps and execute such other documents as may be necessary or required to carry out the intent of this resolution.”**





**Consideration of Property Acquisition - 321 Western Avenue (Eight Unit Condominium)**

From time-to-time, certain improved and unimproved real property in the University's identified "core" area becomes available for purchase. For most purposes, the "core" growth area is the area bounded by Donaghey Avenue and Farris Road, and by Dave Ward Drive and College Avenue. This area includes Western Avenue, a street running north/south from Bruce Street to College Avenue.

A few years ago, an eight-unit condominium project was constructed on property with a street address of 321 Western Avenue. The project is situated on the west side of the street and is adjacent to Lewis Science Center. The project consists of four two-bedroom, one-bath units with single garages and four two-bedroom, two-bath units with double garages. Each unit is three stories, with the ground floor being a parking garage, the second floor being a living area and kitchen, and the third floor being the bedrooms.

The proposed use of the property is for student housing. Attached is a revenue projection based on two different occupancy scenarios: (a) single occupancy (one person per bedroom), and (b) 4 units with one person per bedroom and 4 units with two persons per bedroom. Both scenarios demonstrate a positive cash flow and provide between an eight and ten-year payback.

As of this date, only one condominium has been sold to a third party. The remaining seven units are owned by Metropolitan National Bank ("Bank").

The Bank and the administration have been in discussions concerning the possible purchase and sale of the condos. The condos have been reviewed by members of the administration. The Bank, which owns seven of them, will sell the seven units for an aggregate price of \$625,000. In May, 2011, the Bank had an appraisal performed by Tom Ferstl and his company, and the appraised value was \$640,000. A copy of this appraisal is attached to this write-up. (An appraisal in September, 2007 by the same company placed the value at \$1,368,500.)

The Bank has also negotiated with the owner of the eighth unit, and the owner has agreed to give the Bank until August 16, 2012, to obtain the unit under contract for a selling price of \$145,000.

The total sales price for the entire project is \$770,000, plus any closing costs and other miscellaneous expenses associated with other real estate transactions. Because the project is within the University's core growth area and because the project, if fully occupied and utilized through the University's housing program, will generate sufficient cash flow to pay for itself, the administration recommends to the Board of Trustees that the project be purchased. Currently, there is approximately \$1.5 million in the University's property acquisition fund. This purchase would reduce the fund by approximately one-half, but there would still be sufficient funds for any additional property acquisitions in the coming fiscal year.

The following resolution was unanimously adopted upon motion by Victor Green with a second by Bunny Adcock. Rush Harding recused from voting.

**“BE IT RESOLVED: That the Board of Trustees authorizes the University to enter into a Real Estate Contract/Agreement with Metropolitan National Bank for the purchase of a condominium project with a street address of 321 Western Avenue, Conway, Arkansas, provided that before the transaction shall close, the University must receive at closing, clear, unencumbered fee title to all eight units in the project; and**

**BE IT FURTHER RESOLVED: That the total aggregate purchase price for the entire project and all eight units (both with the Bank and any third party) shall not exceed \$770,000 (but not to include any closing costs and miscellaneous expenses); and**

**BE IT FURTHER RESOLVED: That the President of the University is hereby authorized and directed to enter into any and all contracts or agreements consistent with this resolution, including but not limited to the execution and delivery of a real estate contract, and to close said transaction consistent with the terms of this resolution; and**

**BE IT FINALLY RESOLVED: That the administration is authorized and directed to take such other steps and execute such other documents as may be necessary or required to consummate the transactions contemplated by this resolution.”**

**321 Western Avenue  
Year 2012-13**

Scenario A  
Single Occupancy  
16 beds @ \$2,800

Scenario B  
4 Single Occupancy/4 Double Occupancy  
8 privates @ \$2,800/16 doubles @ \$2,010

*Room rates for both scenarios are per semester*

Income (annualized)		
Student rents	<u>\$89,600</u>	<u>109,120</u>
Expenses (annualized)		
Utilities	16,500	16,500
Repairs/Mt	<u>2,000</u>	<u>2,000</u>
Net Revenues	<u>\$71,100</u>	<u>\$90,620</u>
<b>Est. Payback</b>	<b>10.82 years</b>	<b>8.49 years</b>

Other apartment rates per semester

Stadium Park, College View, Elizabeth Place and Oak Tree	\$1,710 double	\$2,260 private
---	----------------	-----------------

Bear Village, Torreyson and Erbach	\$1,810 double	\$2,600 private
--	----------------	-----------------

Condo Appraisal

Free Standing, residential development  
321 Western Avenue  
Conway, Arkansas 72034



Summary Appraisal Report  
Effective Date:  
May 2, 2011

Prepared for:

Blake Casey  
Metropolitan National Bank  
P.O. Box 8010  
Little Rock, Arkansas 72203







May 6, 2011

Blake Casey  
Appraisal Review  
Metropolitan National Bank  
P.O. Box 8010  
Little Rock, Arkansas 72203

RE: 7 units, residential development  
321 Western Avenue  
Conway, Arkansas 72034

Dear Mr. Casey:

We have appraised the property captioned above, in accordance with your instructions, for the purpose of rendering an opinion of the "market value" of the Fee Simple interest in the property "as is". In accordance with the 2010-2011 USPAP we disclose we have appraised this property within 36 months as of the date of this report. The client and intended user of this report is aware of this fact, prior to us accepting this assignment.

The property is inspected and photographed on May 2, 2011. The following report contains data gathered during our investigation and shows the method of appraisal in detail. Your attention is directed to the "Limiting and Contingent Conditions" and the "Certificate of Appraisal" sections and in particular to the remarks contained in the "Reconciliation" section of this report.

The subject property has no known significant natural, cultural, recreational, or scientific value.

The appraisers signing this report have no knowledge concerning the presence or absence of toxic materials, asbestos, and/or urea formaldehyde foam insulation in existing improvements; if such is present, the value of the property may be adversely affected, and a reanalysis at additional cost necessary to estimate the effects of such.

This appraisal report conforms to the 2010-2011 Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. This appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan. This report is a Summary Appraisal Report.

Our opinion of the market values of the fee simple interest in the subject property "As is" as of May 2, 2011, is:

"As is": \$640,000

Respectfully submitted,



Alex McIntosh, MAI  
AR. Cert CG2328



Tom M. Ferstl, MAI, SRA, EAC  
Life Member Appraisal Institute  
AR Cert. CG0029  
TX Cert. TX-132-8672-G  
MO Cert. RA-003362  
MS Cert. GA-652



**SUMMARY OF SALIENT DATA AND CONCLUSIONS**

**PROPERTY:** Free standing, residential development (7 units)

**LOCATION:** 321 Western Avenue  
Conway, Arkansas 72034

**LAND AREA:** 21,000 sq ft, or +/-0.482 Acres

**IMPROVEMENTS:** The existing improvements consist of a single freestanding, 3-story, class "C" condominiums building containing 8 total units. 1 of the 8 units has been sold off to a third party. Five (5) of the other 7 units are tenant occupied as of the date of the report. There is a garage on the ground level with a total of 8 garages in the building or 1 per condo. There are 2 different floor plans with a gross building area (GBA) of +/-12,365 gross square feet including the parking garages and a total of 9,092 sq ft of gross living area. Unit A floor plans are +/-1,469 sq ft while the Unit B Floor plans are +/-1,072 sq ft of living area per unit. In addition there are 2 uncovered parking spaces for each unit.

**ZONING:** MP-3, High Density Multi-Family District

**HIGHEST AND BEST USE:** Current use as multi-family residential use/occupancy

**ESTIMATED REASONABLE EXPOSURE TIME:** Approximately 6-12 months at values within this report.

**VALUE INDICATONS:**

<b>COST APPROACH:</b>		<b>\$1,075,000</b>
<b>SALES COMAPRISON APPROACH:</b>		<b>\$640,000</b>
<b>INCOME CAPITALIZATION APPROACH:</b>	<b>DCF</b>	<b>\$650,000</b>
<b>INCOME CAPITALIZATION APPROACH:</b>	<b>Direct Cap</b>	<b>\$610,000</b>
<b>FINAL OPINION OF MARKET VALUE "AS IS":</b>		<b>\$640,000</b>
<b>DATE OF APPRAISAL:</b>		<b>May 2, 2011</b>

**APPRAISERS:**

Alex McIntosh, MAI  
AR. Cert CG2328

Tom M. Ferstl, MAI, SRA, EAC  
Life Member Appraisal Institute  
AR Cert. CG0029  
TX Cert. TX-132-8672-G  
MO Cert. RA-003362  
MS Cert. GA-652

There being no further business to come before the Board the meeting was adjourned upon motion and second.

**The University of Central  
Arkansas Board of Trustees**

---

**Bobby Reynolds**  
**Chair**

---

**Kay Hinkle**  
**Secretary**