

Following appropriate notice to members of the press, the Board of Trustees of the University of Central Arkansas met via telephone conference at 2:00 p.m., Tuesday, December 8, 1998. The following trustees participated in the call:

Chair:	Mrs. Elaine Goode
Secretary:	Mr. Dalda Womack
	Dr. Harold Chakales
	Mr. Rush Harding III
	Mr. Randy Sims

and with the following absent, to-wit: Vice Chair: Mr. Rickey Hicks  
Mr. Madison P. Aydelott III

constituting a quorum of said Board, at which meeting the following business was transacted, to-wit:

### **INFORMATION ITEMS**

**Arkansas Department of Higher Education Trustee Conference** - Lu Hardin, Director of the Arkansas Department of Higher Education, has announced that the annual Trustee Conference will be held on Friday, January 22, 1999, at the Holiday Inn Select in Little Rock from 9:00 a.m. to 2:00 p.m. Lunch will be served.

The conference will provide an opportunity to obtain training required each year by Arkansas law for Board members who have not received training for 1998.

Details of the meeting will be sent to the President's Office in the next few weeks and will be forwarded to Board members.

**December Commencement** - December commencement ceremonies are scheduled for Saturday, December 19, 1998, at 10:30 a.m. and 3:00 p.m. in the Farris Center. Robing will begin thirty minutes before each ceremony in the Purple Circle Room. Parking spaces will be reserved in front of the Farris Center for Board members.

**Teleconference Board Meeting** - Another teleconference Board meeting has been scheduled for Tuesday, December 15, at 2:00 p.m. to consider revisions to the *Faculty Handbook*.

**Next Regular Board Meeting** - The next regularly scheduled Board meeting will be held Friday, January 22, 1999, in the Fireplace Room in McCastlain Hall.

### **ACTION AGENDA**

**Bond Issue** - On June 25, 1998, the Board of Trustees authorized the Administration to take action necessary to prepare for the refunding of appropriate existing bond issues and the issuance of up to \$6,000,000 in new bonds. On July 24, 1998, the Arkansas Higher Education Coordinating Board reviewed and approved the economic feasibility of the sale of these bonds.

Following is a list of those bonds to be refunded, along with current outstanding principal amounts, funds already set aside in debt service reserve accounts and the additional cash in excess of bond proceeds needed for retirement of these bonds:

	<u>Principal Outstanding</u>	<u>Current Funds Set Aside</u>	<u>Additional Cash Requirements</u>
1972 Series A	\$ 155,000	\$ 50,000	\$ 105,000
1974 Series A	\$ 270,000		\$ 270,000
1992 Series B	<u>\$1,155,000</u>	<u>                    </u>	<u>\$ 325,000</u>
	\$1,580,000	\$ 50,000	\$ 700,000

The Board previously approved the funding of the Donald W. Reynolds Performance Hall by the transfer of \$541,830 from the university's contingency funds. This amount, along with \$158,170 of our current year's debt service budget for the refunding issues, will be used to satisfy the \$700,000 cash requirement.

To refund the three existing bond issues listed above and provide funds for other projects, a total of \$6,170,000 in bonds will be issued. After monies have been placed in an escrow fund for the retirement of the previous issues, \$5,300,000 will be deposited to the project construction fund. Of this amount, \$541,830 will be used to replace the money previously earmarked for the Donald W. Reynolds Performance Hall, along with an additional \$801,016 for the Donald W. Reynolds Performance Hall approved by the Board earlier this year. This will allow approximately \$4 million to be used for new projects.

The estimated debt service for the new issue will be approximately \$415,000 per year, which represents an additional \$112,000 per year in debt service over the current budget.

Information regarding results of the bid opening for the bonds held this morning was provided by Dr. John Smith, Vice President for Administrative Services. The low bid was 4.87% in true interest costs. Dr. Smith expressed appreciation to Edmund Hurst and Jim Buttry for their assistance with the bond issue.

The following resolution was adopted unanimously upon motion by Mr. Harding with a second by Dr. Chakales:

**RESOLUTION AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF CENTRAL ARKANSAS STUDENT FEE REFUNDING AND CONSTRUCTION REVENUE BONDS, SERIES 1998 AND PRESCRIBING OTHER MATTERS PERTAINING THERETO**

**BE IT RESOLVED** by the Board of Trustees of the University of Central Arkansas:

**Section 1. Findings.**

(a) The Board of Trustees of the University of Central Arkansas (the "Board"), as the governing body of the University of Central Arkansas (the "University"), has offered for purchase its Student Fee Refunding and Construction Revenue Bonds, Series 1998 (the "Series 1998 Bonds") pursuant to the Official Notice of Sale and Preliminary Official Statement, copies of which have been presented to the Board.

(b) On December 8, 1998, the Vice President for Administrative Services received two qualifying bids for the Series 1998 Bonds, and subject to approval of the Board, did accept a bid for the Series 1998 Bonds which resulted in the lowest true interest cost to the University, and the results of the sales are set forth hereinafter.

(c) The purpose of this Resolution is to award and ratify the award of bids for sale of the Series 1998 Bonds, and to authorize the issuance and delivery of the Bonds.

**Section 2. Sale of Bonds.** The Board offered its Series 1998 Bonds for public sale on competitive bids. The Board received two qualifying bids for the Series 1998 Bonds, as set forth in Exhibit A to this Resolution.

The bid submitted by Dean Witter Reynolds (Morgan Stanley Dean Witter), on behalf of itself and others, being the best bid, was accepted. Such acceptance is hereby ratified by the Board. A copy of the bid form, as accepted, is attached to this Resolution as Exhibit B and made a part hereof.

**Section 3. Preliminary Official Statement.** The Preliminary Official Statement for the Series 1998 Bonds, heretofore presented to the Board, is hereby ratified, approved and confirmed. The Preliminary Official Statement is "deemed final" for the purpose of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule").

**Section 4. Trust Indenture.** There has been presented to the Board the proposed form of Trust Indenture for the Series 1998 Bonds (the "Indenture"), between the Board and Regions Bank, Little Rock, Arkansas. The Indenture is hereby approved in substantially the form presented to this meeting, and the Chair of the Board and the President of the University are empowered to execute and deliver the Indenture, but with such changes therein as the Chair or

President may approve upon the advice of the Vice President for Administrative Services and Bond Counsel (Friday, Eldredge & Clark), execution and delivery of the Indenture by either of them to be conclusive evidence of such approval.

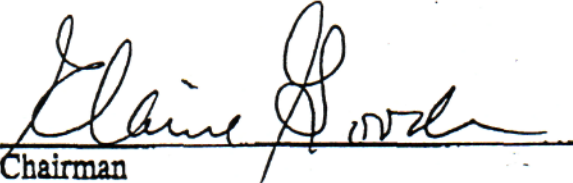
Section 5. *Small Issuer Exemption from Bank Non-Deductibility Restriction.* The Board hereby designates the Series 1998 Bonds for purposes of paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986, as amended, and covenants that the Bonds do not constitute "private activity bonds" as defined in Section 141 of the Code and states that it is aware of no reason to expect that more than \$10 million dollars of aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding however, private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) Bonds as defined in Section 145 of the Code), including the Series 1998 Bonds, have been or shall be issued by the Board, including all subordinate entities of the Board, during the current calendar year.

Section 6. *Official Statement and Closing Documents.* The Chair of the Board and the President of the University are authorized to execute such writings and take such action as may be appropriate to cause the Series 1998 Bonds to be issued, including, without limitation, the execution and delivery of a Continuing Disclosure Agreement, in compliance with the Rule, the Indenture, and an Official Statement. The Official Statement shall be of substantially the form and content of the Preliminary Official Statement heretofore presented.

**CERTIFICATE**

The undersigned, Chairman of the Board of Trustees of the University of Central Arkansas, hereby certifies that the foregoing is a true copy of a resolution duly adopted by said Board of Trustees at a meeting duly called and held on December 8, 1998, and that such Resolution has not been repealed or modified, but remains in full force and effect.

Dated: December 22, 1998.

  
Chairman

(SEAL)

**Health Insurance Plan** - Currently, UCA provides health insurance coverage for employees under a Blue Cross-Health Advantage HMO plan. Earlier this year the University began working with Health Advantage to improve the reporting and review of claims experience. As reporting improved, it became clear that claims costs within the plan were substantially exceeding premiums paid. In October UCA received a formal renewal from Health Advantage proposing a 57% rate increase for calendar year 1999. UCA immediately began the request for proposal (RFP) process to explore other coverage options.

In response to the RFP the University received five health plan proposals which included HMO plans, a PPO plan and a Partially Self-Funded plan. The plans and rates were reviewed by the University Fringe Benefits Committee and the selection was narrowed to two options, a Blue Cross PPO plan and a Cigna/Health Source HMO plan. Following extensive review of the benefits and costs of the two plans the Cigna/Health Source HMO was selected for recommendation.

The Cigna HMO is very similar in design to the current plan. The network includes Conway Regional Medical Center and the Conway Physician Organization. The Blue Cross - Baptist System access in the Little Rock area is replaced by St. Vincent's Medical Center and Southwest Hospital. Below is a comparison of the major coverage items and costs for the current and proposed plans.

#### Plan Services and Costs to Participants

	<u>Current Plan</u>	<u>Proposed Plan</u>
Primary Care Physician Visits	\$10	\$20
Specialty Care Visits	\$25	\$25
Emergency Room Access	\$50	\$75
Hospital In-Patient Access	\$100/day*	\$400/admit*
Pharmacy	\$10/\$15	\$5/\$15/\$25

(\*Current - \$500 maximum/admit and \$2,000/family per year  
Proposed - \$800/family per year)

#### Total Monthly Premiums

	<u>Current Plan</u>	<u>Proposed Plan</u>
Employee Only Coverage	\$141.17	\$180.75
Employee Plus One Coverage	\$282.36	\$361.51
Family Coverage	\$407.76	\$522.38

Rates for the proposed plan are very competitive with those received in the request for proposal process. Rates for Employee Only coverage ranged from \$222.20 to renew the current plan to \$188.60 for the PPO plan and up to \$320.00 in the Partially Self-Funded plan.

Based upon the plan design, access to care, the premiums proposed and upon the unanimous recommendation of the University Fringe Benefits Committee, the following resolution was adopted unanimously upon motion by Dr. Chakales with a second by Mr. Womack:

**“BE IT RESOLVED: THAT THE PRESIDENT IS AUTHORIZED TO ESTABLISH THE HEALTH INSURANCE CONTRACT WITH CIGNA/HEALTH SOURCE HMO FOR THE PERIOD OF JANUARY 1, 1999 THROUGH DECEMBER 31, 1999, AT THE RATES AND TERMS INDICATED ABOVE.”**

**Health Insurance Premium Contributions** - Historically UCA has funded the entire cost of Employee Only coverage in the health insurance plan. For employees who cover a spouse or family, the University contribution equals 50% of total premium for Employee Plus One coverage and 35% of total premium for Family coverage. With each previous change in total premiums, only those employees with dependent coverage actually experienced an increase in cost to participate in the plan. With no change in the distribution of premiums, cost for dependent coverage will again increase significantly in the proposed Health Source Plan. Monthly cost to Employee Plus One participants would increase from \$141.19 to \$180.76 or by an additional \$39.57 per month. Monthly cost to Family participants would increase from \$266.59 to \$341.63 or by an additional \$75.04 per month.

In an effort to more evenly distribute the cost of coverage across all employees who use the plan, a change in the premium contribution mix is proposed. After extensive review and discussion the University Fringe Benefits Committee recommends that UCA contribute 85% of Employee Only coverage, 55% of Employee Plus One coverage and 45% of Family coverage.

## Monthly Premiums for the Proposed Insurance Plan

	<u>Premium Distribution without Change</u>		<u>Proposed Distribution of Premiums</u>	
	<u>UCA Paid</u>	<u>Employee Paid</u>	<u>UCA Paid</u>	<u>Employee Paid</u>
Empl. Only	\$180.75	\$00.00	\$153.75	\$27.00
Empl./One	\$180.75	\$180.76	\$198.51	\$163.00
Family	\$180.75	\$341.63	\$235.38	\$287.00

Under the proposed distribution of premiums Employee Only participants will pay \$27 per month, Employee Plus One participants will pay an additional \$22 over their current cost and Family participants will pay an additional \$21 over their current monthly cost.

Based upon the recommendation of the University Fringe Benefits Committee, the following resolution was adopted unanimously upon motion by Dr. Chakales with a second by Mr. Harding:

**“BE IT RESOLVED: THAT THE BOARD OF TRUSTEES APPROVES THE UNIVERSITY PERCENTAGE COVERAGE OF TOTAL PREMIUM OF APPROXIMATELY 85% OF PREMIUM FOR EMPLOYEE ONLY, 55% OF PREMIUM FOR EMPLOYEE PLUS ONE AND 45% OF PREMIUM FOR FAMILY COVERAGE.”**

**Property Acquisitions:**

Olsen Property - Mr. and Mrs. J. M. Olsen have approached the university about purchasing their property at 206 South Donaghey. This property is adjacent to property currently owned by the university and would be used as rental housing for faculty, staff, or student groups until a permanent usage is identified.

The administration obtained appraisals on the property and signed an offer and acceptance agreement with the owners, subject to Board of Trustees and State of Arkansas approval. The legal description of the proper is: *South 155', Lots 10, 11, 12, Block 68, Blvd. Addition, Faulkner County, Conway, Arkansas.*

Williamson Property - Mr. and Mrs. Allen Williamson have approached the university about purchasing their property at 1969 Robins Street. This property is adjacent to property currently owned by the university and would be used as rental housing for faculty, staff, or student groups until a permanent usage is identified.

The administration obtained appraisals on the property and signed an offer and acceptance agreement with the owners, subject to Board of Trustees and State of Arkansas approval. The legal description of the property is: *Lots 9, 10, and part of 11, Block 4, College Oaks Addition, Faulkner County, Conway, Arkansas.*

The following resolution was adopted unanimously upon motion by Mr. Sims with a second by Dr. Chakales:

**“BE IT RESOLVED: THAT THE BOARD OF TRUSTEES AUTHORIZES THE ADMINISTRATION TO PURCHASE THE PROPERTY AT 206 SOUTH DONAGHEY OWNED BY MR. & MRS. J. M. OLSEN.**

**THIS PROPERTY IS DESCRIBED AS FOLLOWS:**

**S 155', LOTS 10, 11, 12, BLOCK 68, BLVD. ADDITION, FAULKNER COUNTY, CONWAY, ARKANSAS.**

**BE IT FURTHER RESOLVED: THAT THE BOARD OF TRUSTEES AUTHORIZES THE ADMINISTRATION TO PURCHASE THE PROPERTY AT 1969 ROBINS STREET OWNED BY MR. & MRS. ALLEN WILLIAMSON.**

**THIS PROPERTY IS DESCRIBED AS FOLLOWS:**

**LOTS 9, 10, AND PART OF 11, BLOCK 4, COLLEGE OAKS ADDITION, FAULKNER COUNTY, CONWAY, ARKANSAS.”**

#### **EXECUTIVE SESSION**

A brief executive session was held at the request of President Thompson.



**OPEN SESSION**

Executive session was adjourned and open session declared upon motion by Mr. Harding with a second by Mr. Sims.

Mrs. Goode stated that no action was taken during the executive session.

There being no further business to come before the Board, the meeting was adjourned upon motion by Dr. Chakales with a second by Mr. Womack.

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Mrs. Elaine Goode, Chair

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Mr. Dalda Womack, Secretary