

The Board of Trustees of the University of Central Arkansas convened in a special called meeting Thursday, February 15, 1996, at 8:00 p.m. at the Holiday Inn Select in Little Rock, Arkansas with the following officers and members present, to-wit:

Chair:	Mr. Madison P. Aydelott III
Vice Chair:	Mr. Rush F. Harding III
Secretary:	Dr. Harold H. Chakales
	Mrs. Elaine W. Goode
	Mr. Rickey H. Hicks
	Mr. Joe M. White
	Mr. Dalda F. Womack

and with the following absent, to-wit: None

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

INFORMATION AGENDA

At President Thompson's request, Mary Stallcup, General Counsel, gave an update on the Crawford v. Davis case.

ACTION AGENDA

Athletics and Educational and General Facilities Needs - At several previous meetings, the Board has discussed the antiquated and deteriorating condition of the university's football stadium. Although Board members have expressed concerns about the costs, there has been general agreement that the existing west stands at Estes Stadium, built by the WPA in the Great Depression, should be replaced.

In those discussions, it has also been recognized that although our existing educational and general (e and g) facilities are probably better maintained than facilities at any other four-year university in the state, new projects and renovations are necessary for the improvement of our academic programs. Our rapidly growing programs in the health sciences and the related laboratory and classroom needs in the sciences present especially pressing challenges.

Athletics Facilities

At the December 8, 1995 meeting, the Board approved the issuance of bonds for the athletics facilities, not to exceed amounts determined to be economically feasible by the Board of Higher Education. The authorization was made subject to provision by the administration to the Board of information about the source of funds for the repayment of the loans.

Following is an explanation of the proposed source of funds for the stadium renovation.

In the university's 1995-96 budget, an operating reserve of approximately \$500,000 was set aside. During the course of the budget year, much of that \$500,000 has been allocated. However, the allocations were primarily for one-time expenditures that have not been built into the university's base budget.

It is possible, therefore, to allocate funds from that reserve to retire bonds issued for the construction or renovation of athletics facilities so long as the \$450,000 limitation imposed by state law and the more specific regulatory requirements specified by the Board of Higher Education are not exceeded. Because of the existence of that reserve, this commitment of these funds can be made without impinging upon the current operating budget of any other university program and without increasing student fees.

Educational and General Facilities

Although other university programs can demonstrate a need for more and better facilities, the President recommends to the Board that the most critical "e and g" capital needs not yet provided for by state funding are in the College of Health and Applied Sciences and, in the College of Natural Science and Mathematics. The needs in the College of Health and Applied Sciences are especially important because programs in that college, notably the physical therapy program, have grown rapidly in recent years and have become such important parts of the university's academic strength.

The President recommends to the Board that the university undertake a long-range effort to provide outstanding facilities for those programs, with priority being assigned to physical therapy. As discussed previously with the Board, the main components of those needs, and the approximate anticipated costs, are as follows:

Old Gymnasium Renovation	\$ 4,000,000
Lewis Science Center Laboratory Renovations	\$ 1,000,000
Speech Language Pathology Building Addition (max)	\$ 500,000
Health Sciences Center	\$15,000,000

The cost of the additions to the Speech-Language Pathology building are modest enough that we should be able to fund them from year-end balances and miscellaneous sources.

Leaving aside this modest cost, then, the foreseeable expenditures for athletics, the sciences, and the health sciences can be estimated as follows:

Estes Stadium	\$ 5,000,000
Health Sciences Center	\$15,000,000
Old Gymnasium Renovations	\$ 4,000,000
Lewis Science Center Laboratory Renovations	\$ 1,000,000
TOTAL	\$25,000,000

As desirable as it might be to make all these facilities available to our students immediately, and even though according to the Department of Higher Education calculations it would be economically feasible for the university to issue bonds in this amount, the Administration does not recommend so large a bond issue at one time, even with the favorable interest rates now prevailing.

A more cautious approach is to develop the project in phases so that the administration and the Board can analyze enrollment trends and other relevant factors over the next few years.

Even a more modest "e and g" bond issue cannot be undertaken without increasing student fees to some extent to cover the cost of present and future retirement of the bonds.

After careful weighing of the benefits to the students of constructing and renovating these facilities and the burden imposed by the increase of existing fees and establishment of new ones, the President recommends that the university proceed with Phase I of this \$25,000,000 project by the issuance of not to exceed \$10,000,000 in bonds.

He recommends that not less than \$2,500,000 and not more than \$5,000,000 be allocated to construction of athletics facilities at Estes Stadium (following the limitations specified by state law and the Department of Higher Education on this project).

He recommends that the balance of the \$10,000,000 in Phase I be allocated to the other three projects listed above (Health Sciences Center, Old Gymnasium Renovation, and Lewis Science Center Renovation).

He further recommends that final decision on the exact allocation of funds for the various projects be deferred pending the development of more detailed plans for the projects by university architects working in conjunction with the Deans of the College of Health and Applied Sciences, the Dean of the College of Natural Sciences and Mathematics, the Director of Athletics, and the President and his staff.

It is to be hoped that Phase II of the "e and g" projects may be undertaken if release of the \$5,000,000 appropriated by the legislature for a Health, Physical Education, and Recreation Building can be secured. The president intends also that the university should look at the possibility of a capital campaign to attempt to raise at least a portion of the Phase II cost.

Impact Upon Tuition and Fees

The administration has previously shared with the Board information confirming that UCA's per student educational and general expenditures are lower than comparable expenditures at our peer institutions. Therefore, the administration does not recommend the reallocation of existing budgets to undertake additional "e and g" capital construction described above.

Rather, the President recommends an equipment and facility fee to cover these costs.

If imposed upon all students, an equipment and facility fee of approximately \$3.00 per credit hour (\$36 per semester) will produce sufficient revenue to cover the cost of \$7,500,000, the maximum in "e and g" bonds which would be authorized under this proposal.

Although it is not necessary (or possible) to finalize the university's 1996-97 budget at this meeting, the President requests in the below resolution, that the Board authorize the imposition of a new facilities and equipment fee to cover the cost of not to exceed \$7,500,000 to construct the "e and g" facilities itemized above.

If the Board approves this resolution, the Administration will not request a general registration fee increase for current undergraduate students next year. Therefore, the total of tuition and fees for current undergraduate students returning to UCA will increase a modest 3-4 percent which is in line with current rates of inflation.

Tuition and fees for graduate students and new students will be presented to the Board at a later meeting.

President Thompson displayed and discussed a chart indicating major capital projects funded from 1988 through 1996.

At President Thompson's request, Mr. Robert McCormack, Vice President for Financial Services distributed and discussed the following charts concerning athletics expenditures:

1. Non-Athletics Generated Revenues Allocated to Athletics - Budgeted Fiscal Year 1995/96 (Among Arkansas Four-Year Public Universities);
2. Comparison of 1995/96 Budgeted Athletics Expenditures Among Arkansas Four-Year Public Universities;
3. ADHE Summary of 1995-96 Athletics Certification Data From Institutional Boards of Trustees (Budgeted).

Mr. Aydelott discussed the need to increase athletics generated revenues from concessions, ticket and merchandise sales, and athletics fund raising.

Mr. Harding pointed out that during the last two years UCA has had 100% retention of freshman athletes in both major men and women sports. He also pointed out that the average GPA of UCA's athletes is higher than the average GPA for the overall student population. He stated that this indicates that UCA's athletics program is successful even though the athletics expenditure per student is the lowest in the state; and will remain low if the proposed resolution is adopted. Mr. Harding commended President Thompson and the athletics staff for the level of success that has been achieved with UCA's athletics programs.

President Thompson stated that for the last two years during which DHE has accumulated figures, UCA has had the highest retention rates for athletes of any institution in the state.

Mr. White stated that he feels that both projects being considered are worthwhile. In response to a question from Mr. White, Mr. McCormack assured him that the use of the \$450,000 for athletics will not reduce current E & G budgets. Mr. White asked if the E & G budgets could be affected in future years if the state decided to reduce the allowance for athletics. Mr. McCormack explained that current general revenues are strong and a reduction in the athletics allowance is not indicated; however, if this did occur UCA would be able "to take a \$450,000 hit based on where we are now."

Mr. White asked where UCA would be in relation to other institutions regarding student fees based on the proposed \$3.00 per semester credit hour. Mr. McCormack stated that UCA would stay substantially below UALR.

In response to a question from Mr. Aydelott, Mr. McCormack stated that the proposed \$3.00 per semester credit hour would have a maximum of \$36.00 per semester.

President Thompson stated that as indicated by the allocation of funds by category, UCA's percentage of E & G budget that is allocated to debt repayment is very low in comparison to other institutions.

Mrs. Goode pointed out that job opportunities are very good in Conway; also that the local pay scale has increased. Therefore, the proposed \$3.00 per semester credit hour would be offset by local employment opportunities.

President Thompson stated that in addition to favorable job opportunities, UCA's scholarship reimbursement is at a level equal to or slightly greater than the other public institutions in the state. Also, UCA's tuition is substantially lower than the other institutions located in Conway.

Mr. Harding pointed out that UCA is "killing two birds with one stone" since the proposed renovation/construction of athletics facilities will include athletics offices, thereby, making space available in the old gym for the expansion of the physical therapy program.

Mr. Womack stated that he fully supported this issue. He moved to adopt the following resolution; the motion was seconded by Mrs. Goode:

"BE IT RESOLVED: THAT THE ADMINISTRATION IS AUTHORIZED TO ISSUE NOT TO EXCEED \$10,000,000 IN BONDS TO BE REPAID OVER A PERIOD NOT TO EXCEED 30 YEARS AT A RATE OF INTEREST NOT TO EXCEED APPROXIMATELY 5.9 PER CENT PER ANNUM;

PROVIDED, HOWEVER, THAT NO MORE THAN \$5,000,000 SHALL BE USED FOR THE RENOVATION AND/OR CONSTRUCTION OF ATHLETICS FACILITIES AND THAT THE BALANCE SHALL BE UTILIZED TO FINANCE THE RENOVATION AND/OR CONSTRUCTION OF SUCH EDUCATIONAL AND GENERAL FACILITIES (WITH EMPHASIS UPON THE NEEDS OF THE COLLEGE OF HEALTH AND

APPLIED SCIENCES AND THE COLLEGE OF NATURAL SCIENCES AND MATHEMATICS) AS MAY HEREAFTER BE SPECIFICALLY PROPOSED BY THE ADMINISTRATION AND APPROVED BY THE BOARD OF TRUSTEES.

PROVIDED FURTHER, THAT A TRANSFER OF NOT TO EXCEED \$450,000 FROM STATE APPROPRIATED FUNDS, AS AUTHORIZED BY LAW AND APPROVED BY THE BOARD OF HIGHER EDUCATION, IS AUTHORIZED AS NECESSARY TO REPAY ANY BONDS ISSUED FOR CONSTRUCTION AND/OR RENOVATION OF THE ATHLETICS STADIUM AND TO MEET OTHER ATHLETICS PROGRAM NEEDS; AND

PROVIDED FURTHER THAT THE ADMINISTRATION IS AUTHORIZED TO ESTABLISH AN EQUIPMENT AND BUILDING FEE OF \$3.00 PER SEMESTER CREDIT HOUR TO FUND THE RETIREMENT OF BONDS ISSUED FOR EDUCATIONAL AND GENERAL CONSTRUCTION PROJECTS APPROVED BY THE BOARD OF TRUSTEES”.

Mr. White pointed out that discussion to this point concerned only athletics facilities. At Mr. Aydelott's request, President Thompson addressed the issue of educational and general facilities. Dr. Thompson stated that he does not think the board should attempt to make a final decision concerning E & G facilities at this meeting. However, he thinks that the emphasis should be placed upon the health sciences program with particular emphasis on the physical therapy program because that program is very important to the institution, is growing rapidly, and offers tremendous job opportunities for graduates. President Thompson stated that the administration needs to work with the architects to determine exactly how facilities for physical therapy, occupational therapy, kinesiology and physical education, and recreational space for students can be accommodated as inexpensively and with as much shared utilization of space as possible. President Thompson stated that with the construction of this proposed facility, space will be made available for other programs.

Dr. Chakales arrived at the meeting at this point.

President Thompson stated that even with all the construction over the past decade, UCA's square feet per student remains one of the lowest in the state. This indicates that UCA utilizes its space well; however, it also reflects that during a period of rapid growth, UCA has not kept up with the growth in terms of making academic space available.

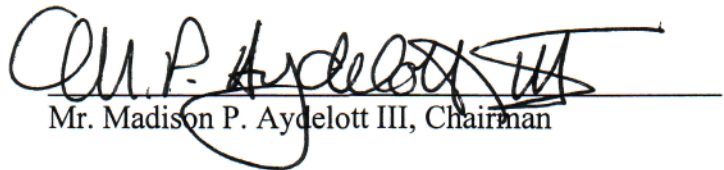
President Thompson stated that funding for the proposed health sciences academic facility would be from the proposed \$3.00 per semester credit hour student fee. He emphasized that this student fee would not be utilized for the athletics facilities.

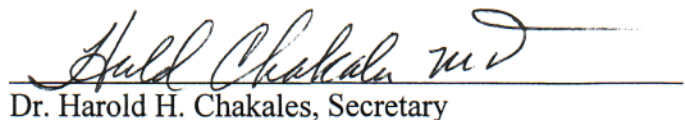
Mr. Hicks expressed his appreciation to President Thompson for the chart indicating capital projects funded from 1988 through 1996. Mr. Aydelott requested that copies of the chart be provided to Board members for future reference.

At President Thompson's request, Mr. McCormack distributed information concerning "Average Salary Increase of Continuing Faculty by Rank for the Fiscal Years 1989-90 through 1995-96" compared to national figures which confirms that UCA has allocated substantial resources to the improvement of faculty salaries. Discussion followed.

Mrs. Goode called for the question. The above motion by Mr. Womack and second by Mrs. Goode passed unanimously.

There being no further business to come before the Board, the meeting was adjourned upon motion by Mr. White with a second by Mrs. Goode.


Mr. Madison P. Aydelott III, Chairman


Dr. Harold H. Chakales, Secretary