

The Board of Trustees of the University of Central Arkansas convened in a called meeting at 1:30 p.m., Friday, April 5, 2013, in the Board of Trustees Conference Room in Wingo Hall with the following officers and members present

Chair:	Mr. Victor Green
Vice Chair:	Ms. Kay Hinkle
Secretary:	Mr. Brad Lacy
	Mr. Bunny Adcock
	Ms. Elizabeth Farris
	Mr. Bobby Reynolds
	Ms. Shelia Vaught

ACTION AGENDA

“Contract Review Procedures” - Board Policy No. 416

Pursuant to Board Policy No. 416, “Contract Review Procedures,” the administration must seek Board approval for (i) any contract which will require the expenditure by the University of funds (at any time) in excess of \$250,000; or (ii) any contract with a term exceeding one (1) year, unless the Office of General Counsel certifies, in writing, that the contract may be terminated by the University on the giving of written notice of ninety (90) days or less.

The administration is seeking Board approval for the following contract:

- Agreement between the University of Central Arkansas and Adidas for procurement and sponsorship of athletic apparel, footwear, and uniforms for a period of five (5) years.

The following resolution was unanimously approved upon motion by Bobby Reynolds and second by Brad Lacy:

“BE IT RESOLVED: That the Board of Trustees authorizes the administration to enter into a contract with Adidas for the purposes set forth above.”

UNIVERSITY OF CENTRAL ARKANSAS

REASON FOR REQUIRING BOARD REVIEW AND ACTION:

(Board Policy #416)

Contract with a term exceeding one year

SUMMARY

1. Parties: University of Central Arkansas and Adidas.
2. Purpose: Exclusive procurement and sponsorship of athletic apparel, footwear, and uniforms for football, baseball, basketball, softball, soccer, track and field, cross country, golf, women's volleyball, and women's tennis.
3. Term: Five years, beginning on July 1, 2013 and ending on June 30, 2018.
4. University Funds to be paid: In fiscal year 2012, the University purchased \$224,200.58 in athletic apparel, footwear, and uniforms, and \$196,260.55 in 2011.
5. Funds Received: The University will receive wholesale pricing for team products, as follows:
 - a. 50% off retail pricing for all apparel and accessories
 - b. 45% off retail pricing for footwear

In addition, custom uniforms, inflatables, and TaylorMade golf products will be purchased directly through Adidas at standard wholesale cost.

Promotional Allotments:

If the University purchases between \$145,000 and \$149,000 of wholesale products, the University will receive \$60,000 in promotional products (at retail value); between \$150,000 and \$199,999, \$75,000 in promotional products (at retail value); and \$200,000 and above, \$90,000 in promotional products (at retail value).

Sign-on bonus:

Adidas will provide the University with a \$5,000 sign-on bonus (products at retail value), to be used at the discretion of the head football and men's basketball coach.

Bonus Compensation:

Football:

- Head football coach will receive \$2,500 in product (at retail value) for being named conference coach of the year;
- Football program will receive \$25,000 in product (at retail value) for winning the Football Championship Subdivision (FCS).

Basketball:

- NCAA appearance: \$5,000 in product (at retail value);
- NCAA Sweet Sixteen appearance: \$10,000 in product (at retail value);
- Conference coach of the year: \$2,500 in product (at retail value).

Baseball and Softball:

- NCAA appearance: \$2,000 in product (at retail value);
- Conference coach of the year: \$2,500 in product (at retail value);
- NCAA National Champions: \$25,000 in product (at retail value).

Olympic Sports:

- Coach of the year-conference: \$1,000 in product (at retail value);
- NCAA tournament: \$1,000 in product (at retail value).

6. Public Bid/Purchasing Approval: A Request for Proposals (RFP) was issued with a response deadline of March 5, 2013. One proposal was received from Adidas.

A committee of three (3) persons was selected by the Office of Purchasing to evaluate the proposal. The committee determined that negotiations should be entered into with Adidas.

7. Special Provisions/Terms/Conditions: University agrees to the following:
 - a. Place Adidas logo in all sports-related publications, game-day programs, all collateral materials used to promote UCA (schedules, posters, camp brochures, and coaches' clinics), and the option to include a flyer/brochure (provided by Adidas) in UCA season ticket holder mailings;
 - b. Football stadium signage;
 - c. Adidas link on <http://www.ucasports.com> website, listing Adidas as the "Official Corporate Sponsor";
 - d. Public address announcements;
 - e. Direct mail inserts;
 - f. Appearances by head football coach at Adidas-sponsored event; and
 - g. Season tickets (football and NCAA play-off games).

8. Approval/Notification to UCA Foundation: None

Request to Proceed with the Feasibility Study for a Loan to Defease Foundation Debt for the Weight Training Facility and Skybox

This matter is brought before the Board of Trustees requesting authority to proceed with a feasibility study for a loan to be obtained by the University of Central Arkansas (“University”) from a private financial institution to defease (extinguish) funds advanced by the University of Central Arkansas Foundation, Inc. (“Foundation”) for skyboxes and a weight training facility.

This matter is required so that the University of Central Arkansas Board of Trustees may seek the approval of the Arkansas Higher Education Coordinating Board (“Coordinating Board”) at its meeting on April 26, 2013, concerning the economic feasibility of obtaining a loan not to exceed \$3 million with a maximum term of up to fifteen (15) years at an estimated annual interest rate not to exceed five (5%).

The proceeds of a loan, if approved by the Coordinating Board, and then this Board, will be used to pay off the construction indebtedness owed by the Foundation. The Foundation debt was incurred in order to fund projects benefitting the University; these include the skyboxes and weight training facility.

The skyboxes are located on the fifth floor of “Bear Hall,” and private funds from the Foundation were obtained in the amount of \$2,193,733. Due to prepayments of skybox leases, \$1,000,000 was raised, so that the remaining amount on the skyboxes is \$1,193,733. The indebtedness on the Foundation loan for the weight training facility is \$1,602,588, so that the aggregate amount owed by the Foundation to a financial institution for the combined projects is \$2,796,321.

These amounts are being re-paid by the University to the Foundation, under and pursuant to a lease agreement, and the source of funds is from lease payments on the skyboxes and NCAA revenues received by the University’s athletic department.

The Coordinating Board’s policy regarding debt service for auxiliary projects provides that annual net auxiliary revenues should be no less than 120 percent of the total annual auxiliary debt service.

Auxiliary Debt Restrictions

Net Auxiliary Revenue Projected 2012-13	\$ 9,598,978
Maximum Allowable Debt Service (\$9,598,978/120%)	7,999,148
Existing Maximum Auxiliary Debt Service	6,617,614
Estimated Maximum Project Debt Service	284,685
Amount Remaining for Additional Debt Service	\$ 1,096,849

The above data demonstrates that the University has sufficient revenue to support an auxiliary loan of approximately \$3 million with a term of fifteen (15) years at an estimated annual interest rate not to exceed five percent (5%).

In accordance with the Coordinating Board's policy, the University will establish and maintain a building maintenance fund to be supported by auxiliary revenue. The institution will annually reserve a minimum of \$1.25 per square foot of the combined square feet for ongoing maintenance issues. This annual transfer of \$16,904, based on the combined square feet, will be held in Plant Funds' Repair and Replacement Fund.

If approved by the Coordinating Board, another resolution on this topic will be presented to the Board of Trustees at the May 3, 2013, meeting.

The following resolution was unanimously approved upon motion by Kay Hinkle and second by Bunny Adcock. Elizabeth Farris recused from the vote.

**A RESOLUTION BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF
CENTRAL ARKANSAS AUTHORIZING ALL STEPS NECESSARY TO OBTAIN A
LOAN NOT TO EXCEED THE AGGREGATE PRINCIPAL AMOUNT OF \$3,000,000**

WHEREAS, The Board of Trustees of the University of Central Arkansas ("University") must approve all requests for financing; and

WHEREAS, The University desires to obtain a loan, based upon bids, in an amount not to exceed \$3 million, with a term not to exceed 15 years at an interest rate not to exceed 5% with a projected debt service of \$284,685; and

WHEREAS, The proceeds from the loan will be used to defease (extinguish) that certain indebtedness owed by the University of Central Arkansas Foundation, Inc. to a third party lender for projects benefitting the University, namely skyboxes located on the fifth floor of Bear Hall and a weight training facility; and

WHEREAS, If approved and obtained, the loan will be re-paid from auxiliary revenues of the University, the same being lease payments on the skyboxes as well as the revenues received by the University's athletic department from the NCAA; and

WHEREAS, The Board of Trustees recommends the commencement of preparations for securing a loan in an aggregate principal amount not to exceed \$3,000,000 for the purposes described above.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES THAT;

Section 1. The Board of Trustees of the University of Central Arkansas hereby authorizes the administration to commence all necessary preparations for the issuance of the Bonds in an amount not to exceed \$3,000,000 with a term not exceeding 15 years and at an interest rate not to exceed 5%, with terms and conditions satisfactory to the administration, subject to final review and approval by resolution of this Board.

Section 2. The Board further authorizes the administration to seek approval from the Arkansas Higher Education Coordinating Board for securing of the loan.

Section 3. The loan will be secured for the purpose of defeasance of a specific loan held by the University of Central Arkansas Foundation, Inc.

ADOPTED AND APPROVED April 5, 2013

**BOARD OF TRUSTEES OF THE UNIVERSITY OF
CENTRAL ARKANSAS**

By: _____
Victor Green, Chairman

ATTEST:

By: _____
Brad Lacy, Secretary

There being no further business to come before the Board the meeting was adjourned upon motion by Bunny Adcock and second by Brad Lacy.

University of Central Arkansas Board of Trustees

Victor Green, Chair

Brad Lacy, Secretary