

The University of Central Arkansas Board of Trustees convened in a regularly scheduled meeting at 10:00 a.m. Friday, October 7, 2016, in the Board of Trustees Conference Room in Wingo Hall with the following officers and members present:

Chair: Ms. Shelia Vaught
Vice Chair: Ms. Elizabeth Farris
Secretary: Mr. Joe Whisenhunt
Mr. Bunny Adcock
Mr. Victor Green
Ms. Kay Hinkle

Mr. Brad Lacy was absent.

INTRODUCTIONS

Steven Shook, assistant director for Student Leadership, updated the board on former President Leadership Fellows and introduced the new class. His remarks are attached to the original minutes.

REPORTS

President Transition Committee – Elizabeth Farris told the board that a transition committee had been formed. The members are: Elizabeth Farris, Kelley Erstine, Kale Gober, Shelley Mehl, Art Gillaspay, and Johnny Adams.

Financial Update - Ms. Diane Newton, vice president for finance and administration, gave a financial update, which is attached to the original minutes.

Audit and Finance Committee - Mr. Bunny Adcock, chair of the Audit and Finance Committee, reported on the completed audits that were reviewed at the committee's October 6 meeting.

Greek Village Phase II – Mr. Ronnie Williams, vice president for student services, and Diane Newton presented the board with the proposed location for fraternity houses, Greek numbers, and pro-formas. The report is attached to the original minutes.

MINUTES

Minutes of the August 19 board meeting were unanimously approved as submitted upon motion by Kay Hinkle and second by Joe Whisenhunt.

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 any contract that requires the university to expend funds, at any time, in excess of \$250,000 or any contract with a term exceeding one year, unless the Office of General Counsel certifies, in writing, that the contract (a) may be terminated by the university on the giving of written notice of 90 days or less or (b) will not require the university to expend funds in excess of \$99,999.

The administration is seeking board approval for the university to enter into contracts with the following companies/organizations:

- Blackboard, Inc.
- Chainwheel, Inc.
- Caradine Companies Architecture
- Nabholz Construction Corporation

The following resolution was unanimously adopted upon motion by Bunny Adcock and second by Victor Green:

“BE IT RESOLVED: That the Board of Trustees authorizes the administration to enter into contracts with the companies/organizations listed above.”

UNIVERSITY OF CENTRAL ARKANSAS
REASON FOR REQUIRING BOARD REVIEW AND ACTION

(Board Policy No. 416)

Contract involving more than \$250,000 and with a term of more than one year

SUMMARY

1. Parties: University of Central Arkansas and Blackboard, Inc.
2. Purpose: Maintenance agreement for the Blackboard Transact system.
3. Term: May 1, 2017 to April 30, 2020.
4. University Funds to be Paid: \$285,378.
5. Funds Received: None.
6. Public Bid/Purchasing Approval: Maintenance agreement for an existing contract.
7. Special Provisions/Terms/Conditions: N/A.
8. Approval/Notification to UCA Foundation: N/A.

Form prepared by: Warren Readnour, General Counsel

Date: September 21, 2016

UNIVERSITY OF CENTRAL ARKANSAS

REASON FOR REQUIRING BOARD REVIEW AND ACTION

(Board Policy No. 416)

Contract with a term of more than one year

SUMMARY

1. Parties: Lease between the University of Central Arkansas (Lessor) and Chainwheel, Inc. (Tenant).
2. Purpose: Chainwheel is leasing approximately 2,000 square feet in Donaghey Hall on the Bruce Street side to operate a bicycle shop.
3. Term: The term of the lease is 5 years, beginning on the date Chainwheel has a certificate of occupancy for the space in Donaghey Hall. Chainwheel has an option to renew for an additional five years.
4. University Funds to be Paid: N/A.
5. Funds Received: The base rent is an annual amount of \$15.00 per square foot. (The renewal rate is \$17.00 per square foot.) In addition, the tenant will pay \$1.25 per square foot as its share of the costs of the common area maintenance. Common area maintenance includes taxes assessed against the building and utilities allocated to the common areas of the building. The tenant shall pay for its own utilities and taxes.
6. Public Bid/Purchasing Approval: N/A.
7. Special Provisions/Terms/Conditions: The university will initially provide tenant with up to \$33 per square foot as a tenant finish allowance.
8. Approval/Notification to UCA Foundation: N/A.

Form prepared by: Warren Readnour, General Counsel

Date: September 21, 2015

UNIVERSITY OF CENTRAL ARKANSAS
REASON FOR REQUIRING BOARD REVIEW AND ACTION
(Board Policy No. 416)

Contract involving more than \$250,000 and with a term of more than one year

SUMMARY

1. Parties: University of Central Arkansas and Caradine Companies Architecture.
2. Purpose: Professional architectural design and engineering services for the construction of Greek Village Phase II.
3. Term: October 24, 2016 to June 30, 2020.
4. University Funds to be Paid: \$719,338.75. (We are seeking legislative approval for the amount necessary if project completed, but initial expenditures will be for preliminary designs and cost estimates.)
5. Funds Received: None.
6. Public Bid/Purchasing Approval: Firm was selected at the time of design and construction of Greek Village Phase I.
7. Special Provisions/Terms/Conditions: N/A.
8. Approval/Notification to UCA Foundation: N/A.

Form prepared by: Warren Readnour, General Counsel

Date: September 26, 2016

UNIVERSITY OF CENTRAL ARKANSAS
REASON FOR REQUIRING BOARD REVIEW AND ACTION
(Board Policy No. 416)

Contract involving more than \$250,000

SUMMARY

1. Parties: Agreement between the University of Central Arkansas and Nabholz Construction Corporation.
2. Purpose: General Contractor and Construction Manager for Greek Village Phase II.
3. Term: N/A.
4. University Funds to be Paid: Project estimate is \$10,603,675.00. (We are seeking legislative approval for the amount necessary for project completion, but initial expenditures will be for preliminary designs and cost estimates.)
5. Funds Received: N/A.
6. Public Bid/Purchasing Approval: Company was selected at the time of design and construction of Greek Village Phase I.
7. Special Provisions/Terms/Conditions: This is an alternative deliver method (ADM) project. The general contractor will work with the architectural firm on the project design and development of construction documents for the construction of Greek Village Phase II. The project will be bid and/or negotiated by the general contractor, who will provide the university with a guaranteed maximum price (GMP).
8. Approval/Notification to UCA Foundation: N/A.

Form prepared by: Warren Readnour, General Counsel

Date: September 28, 2016

Rights-of-way and Easements to City of Conway

Conway Corporation installed utilities for Donaghey Hall. The City of Conway is now requesting that the university grant three 15-foot-wide rights-of-way and easements for purposes of utilities provided by Conway Corporation. The easements are near the intersection of Bruce Street and Donaghey Avenue. A survey has been obtained, and the UCA Physical Plant has reviewed the easements and verified that the utilities are located in the designated areas.

The following resolution was unanimously adopted upon motion by Joe Whisenhunt and second by Kay Hinkle:

“BE IT RESOLVED: That the Board of Trustees authorizes the administration to grant to the City of Conway the rights-of-way and easements for utilities provided by Conway Corporation, and the president and other officials of the University of Central Arkansas, as the president may from time-to-time designate, are hereby authorized and directed to enter into and execute such documents, agreements and instruments as are necessary and required to grant the rights-of-way and easements.”

Central Pool Position

The State of Arkansas (Section 38 of Act 236 of 2016) provides that the Department of Higher Education shall maintain a central pool of positions to be used for additional positions when a university does not have sufficient positions available. The university must provide justification to the Department of Higher Education for the need to allocate a position from the central pool. We are seeking the addition of one non-classified position to serve as an admissions counselor for the greater Dallas/Ft. Worth area. As part of the university’s strategic plan, UCA has increased its presence and participation in various college fairs, high school visits, and other events within the Dallas/Ft. Worth area. However, currently there is not adequate staff support to reach the strategic goals.

The following resolution was unanimously adopted upon motion by Elizabeth Farris and second by Joe Whisenhunt:

"BE IT RESOLVED: That the Board of Trustees authorizes the administration to proceed with a request for an additional non-classified position from the central pool maintained by the Department of Higher Education."

Alternate Retirement Plan (TIAA)

The Alternate Retirement Plan (TIAA) established pursuant to Board Policy No. 526 is a 403(b) plan, also known as a defined contribution plan, in which the employee must contribute six percent of his or her annual salary and UCA contributes 10% as an employer contribution.

The TIAA plan is currently governed by adoption agreements with TIAA-CREF entered into in 2008, 2011, and 2013. These documents are identified as an amendment or restatement of an existing plan that was initially established in 1967. The current plan agreement generally allows a participant to receive distributions from the plan upon severance from employment or on account of hardship. The current plan agreement does not allow a participant who enters the university's phased retirement program to receive distributions and continue to work in a part-time capacity. It has come to the attention of the administration that amendments to the prior plan that were approved by the Board of Trustees in April 1996 and October 2006 indicate that such withdrawals were to be permitted. At least one other state institution allows an employee over age 59 ½ and participating in an early retirement program to receive distributions from a 403(b) plan.

The following resolution was unanimously adopted upon motion by Bunny Adcock and second by Joe Whisenhunt:

“BE IT RESOLVED: That the Board of Trustees authorizes the administration to pursue a change to the TIAA plan in accordance with federal law to allow a plan participant who enters the university's phased retirement program to receive distributions and continue to work in a part-time capacity.”

Insurance Services

Health Insurance

The UCA health plan is in its first year of self-insurance. Through 8 months, the health plan has a surplus of approximately \$660,000. However, UCA's health plan consultants (Stephens, Inc.) have estimated a need to provide for an anticipated increase of up to \$1 million more in claims for the next year. This estimate takes into account what they believe is a surge in prescription drug costs (35% increase for UCA), increased reinsurance costs, the removal of plan coverage maximums required under federal law, aging population, and an increase in the sophistication and usage of medical diagnostic testing. This would mean a potential premium increase of 11%. If UCA were still fully-insured, the anticipated rate increase would be in the 20% - 22% range or approximately \$1.8 million. UCA employees have not had a rate increase since 2010.

The university administration, Stephens, Inc., and the Employee Benefits Advisory Committee have met and recommend the following action plan:

1. Maintain the current \$660,000 as part of the overall reserve fund for claims.
2. Implement plan design changes that will account for \$350,000 in plan savings.

The university has made very few plan design changes over the last several years. The following plan design changes are recommended:

1. Increase Point of Service Plan (POS) deductible from \$1,000 to \$1,500 with the last \$500 covered by the UCA Gap Plan.
2. Increase the preferred brand prescription copay from \$35 to \$40.
3. Increase the non-preferred brand prescription copay from \$50 to \$60.

When comparing the new plan design changes to other universities in Arkansas, UCA employees will continue to generally pay less for health care utilization than employees at other institutions. The university is not making any changes to the high deductible plan.

The university administration will continue to monitor the utilization of the health plan. Should the health plan require an increase in funding at any time during the remainder of the fiscal year, the university will provide that funding from contingency funds.

Dental Plan

UCA's dental plan is self-insured. After review of the plan's utilization by Stephens, Inc., there are no recommended rate increases or plan design changes for 2017.

Life Insurance (includes Accidental Death and Dismemberment) and Long-term Disability

Currently, the Life Insurance and Long-term Disability (LTD) is through USABLE. After working with Stephens Inc., the university requested that USABLE review current pricing based on a review of UCA's claims experience. The current rates of \$0.134 for group life and \$0.209 for LTD are guaranteed through December 31, 2016.

As a result of this review, USABLE has offered a two-year extension of current rates, ending December 31, 2018.

The following resolutions were unanimously adopted upon motion by Joe Whisenhunt and second by Elizabeth Farris:

“BE IT RESOLVED: That the changes and revisions to the health insurance plan as set forth above be implemented by the administration on January 1, 2017.”

“BE IT FURTHER RESOLVED: That the administration is authorized to extend the contract with USABLE for Life Insurance and Long-term Disability coverage for the period from January 1, 2017 through December 31, 2018.”

Acceptance of Legislative Audit Report for Fiscal Year 2015

In accordance with Act 4 of 1991, the Board of Trustees is required to review audit reports and the accompanying comments related to publicly-funded institutions. The act requires that the board take appropriate action related to each finding and recommendation contained in the report.

There were two audit report findings for fiscal year 2015, both of which were related to the same transaction. The findings along with the supplemental comment were provided to management and were submitted for the board's review prior to the October 7, 2016 meeting.

The following resolution was unanimously adopted upon motion by Elizabeth Farris and second by Victor Green:

“BE IT RESOLVED: That the Board of Trustees accepts the audit report for the fiscal year 2015 as prepared by the Arkansas Division of Legislative Audit.”

EXECUTIVE SESSION

Executive session, for the purpose of reviewing appointments, adjustments, resignations and other personnel matters, was unanimously declared upon motion by Joe Whisenhunt with a second by Bunny Adcock.

OPEN SESSION

The following motion made by Kay Hinkle with a second by Joe Whisenhunt was unanimously approved:

“I move that all appointments, adjustments, resignations and other matters set forth on the personnel list and addendum discussed in executive session be approved.”

ADJOURNMENT

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**

**Shelia Vaught
Chair**

**Joe Whisenhunt
Secretary**