

The University of Central Arkansas Board of Trustees convened in a regularly scheduled meeting at 3:00 p.m., October 18, 2018, in the Board of Trustees Conference Room in Wingo Hall with the following officers and members present:

Chair:	Mr. Joe Whisenhunt
Vice Chair:	Mr. Bunny Adcock
Secretary:	Rev. Cornell Maltbia
	Ms. Elizabeth Farris
	Ms. Kay Hinkle
	Mr. Brad Lacy
	Ms. Shelia Vaught

MINUTES

The board unanimously approved the minutes of the August 17, 2018, board meeting, as submitted upon motion and second.

REPORTS

President's Report – President Davis recognized the residence assistants. A copy of his report is attached to the original minutes.

Financial Update – Diane Newton, Vice President of Finance and Administration, gave a financial update. An outline of her report is attached to the original minutes.

Information Technology – Mike Lloyd, Vice President and Chief Information Officer, updated the board on the progress of his plan for the Department of Information Technology. An outline of his report is attached to the original minutes.

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:

- First Real Estate Limited Partnership LLLP (Robert Adcock, Jr. Partner)
- Eli Lilly and Company

The board unanimously adopted the following resolution regarding the First Real Estate Limited Partnership LLLP upon motion by Elizabeth Farris and second by Cornell Maltbia: Bunny Adcock recused from the vote.

“BE IT RESOLVED: That the Board of Trustees authorizes the administration to enter into a contract with First Real Estate Limited Partnership LLLP, listed above and on the following page.”

The board unanimously adopted the following resolution regarding the Eli Lilly and Company contract upon motion by Elizabeth Farris and second by Kay Hinkjle:

“BE IT RESOLVED: That the Board of Trustees authorizes the administration to enter into a contract with Eli Lilly and Company listed above and on the following page.”

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

Contract exceeds \$250,000 or with a term of more than one year

Vendor/Party: First Real Estate Limited Partnership LLLP (Robert Adcock, Jr., Partner)

Amount: \$95,521.20 for the three-year period.

Summary of Contract Information: The university is renewing its lease of approximately 2,500 square feet at 1107 Oak Street, Conway. This is the location of UCA Downtown. The initial lease was from December 1, 2015 to November 30, 2018. The lease amendment was drafted and approved by the Department of Finance and Administration, Division of Building Authority.

Term: December 1, 2018, to November 30, 2021.

Vendor/Party: Eli Lilly and Company

Amount: \$0.00.

Summary of Contract Information: The university is seeking approval to enter into the Open Innovation Drug Discovery Program and Material Transfer Agreement. The agreement allows the university to participate in the Eli Lilly Open Innovation Drug Discovery Program. The purpose of the program is to promote opportunities for collaboration with select institutions. Eli Lilly will assist the university in connecting with non-profit agencies that support research in

neglected and tropical diseases. The agreement requires board approval because Eli Lilly uses a template agreement for all institutions and did not agree to the requirement in Board Policy No. 416 to incorporate the terms of the UCA contract rider.

Term: Upon signing until termination by either party.

Property Acquisition – 233 Mitchell Street, Conway, Arkansas

Robert Clark owns the house located at 233 Mitchell Street. The house was built in the 1940s and is approximately 1,452 square feet. The total area of the property is approximately 12,000 square feet. The university plans to utilize the existing structure.

The house is located near the intersection of Bruce Street and Mitchell Street. This is an area that the university needs to acquire for future development. The university owns the adjacent house located on Bruce Street. In addition, the back of the property is adjacent to the university-owned gravel parking lot on Baridon Street.

The university has signed an offer and acceptance with the owner for \$159,000. A copy of the signed agreement is attached. The agreement requires that the closing occur by November 16, 2018. The closing of the proposed acquisition is conditioned upon the approval of the Board of Trustees.

The board unanimously adopted the following resolution upon motion by Shelia Vaught and second by Brad Lacy:

“BE IT RESOLVED: That the Board of Trustees approves the transaction described above with Robert Clark for the sale and purchase of a house with a street address of 233 Mitchell Street, Conway, Arkansas, for the sum of \$159,000, and the president and such 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 other documents, agreements and instruments as are necessary and required to consummate the foregoing purchase.”



September 19, 2018

Robert Clark
2111 South Western Avenue
Springfield, MO 65807
Via email: ClarkR233@gmail.com

RE: OFFER & ACCEPTANCE – 233 Mitchell Street, Conway, AR 72034

Dear Mr. Clark:

Subject to the satisfaction of all of the provisions and conditions set forth herein, the Board of Trustees of the University of Central Arkansas (“**Buyer**”) offers to purchase from Robert Clark (“**Seller**”) the property described below for the sum of One Hundred Fifty-Nine Thousand Dollars (\$159,000), plus the Buyer’s share of the closing costs.

The property subject to this offer and acceptance consists of a house and land located at 233 Mitchell Street, Conway, Arkansas, 72034, and is more particularly described as follows:

Lot 16 and the South Half of Lot 15, Block 70, Boulevard Addition to the City of Conway, Faulkner County, Arkansas, and also one half of a closed twenty foot alley on the western borders of Lots 15 and 16, Block 70.

The foregoing legal description shall be referred to as the “Property.” If a survey shall establish a different legal description, the parties agree to modify the legal description to conform to the survey, the intent of the parties being that the entire parcel owned by the Seller is to be conveyed at closing.

The terms and conditions of this offer to purchase are as follows:

1. The closing date will occur at a mutually acceptable date to be agreed upon by both parties, but shall occur not later than **November 16, 2018**;
2. Buyer shall be entitled to possession of the Property at closing;
3. A policy of title insurance satisfactory to Buyer, insuring unencumbered fee simple title to the Property in Buyer as of closing shall be procured and paid for by Seller;
4. Seller shall deliver at closing (a) a warranty deed in standard form conveying fee simple absolute title to the Property (and any mineral interests owned by Seller), free from all liens,

claims or encumbrances of any kind with the grantee being "The Board of Trustees of the University of Central Arkansas" and (b) an assignment of any leases and all rents from the Property, if any;

5. Any and all taxes or assessments on the Property for the current year will be prorated at closing. Seller shall be responsible for all real property taxes for previous years;
6. Buyer and Seller will share the cost of closing fees and document preparation. No revenue stamps shall be required due to an exemption under Arkansas law for conveyances by or to a state agency (Buyer);
7. If any personal property shall be stored or situated on the Property, the same shall be removed prior to closing;
8. Seller represents and warrants to Buyer that Seller is the sole owner of the Property, and no other person or entity has any form of ownership interest in, or right to use or occupy the Property, and further, that Seller is in sole and exclusive possession of the Property, except for leases, copies of which have been delivered to representatives of Buyer;
9. Seller represents and warrants to Buyer that all liens against the Property and all money owed on the Property, if any, are the responsibility of Seller, and if existing will be satisfied and paid in full at, or prior to, closing;
10. Seller represents and warrants to Buyer that there are no unrecorded rights-of-way for roadway, utilities or other matters affecting the Property;
11. Seller represents and warrants to Buyer that there is no loss arising from oil, gas, or other minerals conveyed, retained, or assigned, or from any other activity concerning sub-surface rights or ownership of the subject property, including but not limited to the right of egress or ingress for said sub-surface purposes;
12. Seller represents and warrants to Buyer that there are no proceedings, either pending or threatened, which, if decided adversely to Seller, would constitute a lien on the Property; nor are there any money judgments entered by a court against Seller that constitute a lien on the Property.
13. Seller represents and warrants to Buyer that there are no unrecorded contracts of sale, options to purchase, or any other kind of agreement with any person or entity, affecting the Property;
14. Seller shall be responsible for all risk of loss to the Property and improvements thereon (if any) prior to closing;

Robert Clark
September 19, 2018
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15. If Buyer desires to have a survey of the Property performed prior to closing, Seller agrees to cooperate in having the survey performed. Any survey shall be at the expense of Buyer;

16. Seller represents and warrants that to the best of Seller's knowledge, no hazardous wastes or materials of any kind have been generated, produced or stored upon the Property, and that to the best of Seller's knowledge, no such hazardous wastes exist today on the Property; and

17. Seller shall complete and deliver, prior to closing, the attached "Disclosure Form" which will become part of the Offer and Acceptance document. Failure to make any disclosure required by the Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that order, shall be a material breach of the terms of the contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the Buyer.

18. Buyer's obligations under this agreement are expressly conditioned upon the prior approval of the Board of Trustees of the University of Central Arkansas. This agreement and Buyer's obligations hereunder shall not be a valid and binding legal obligation of Buyer until approved by resolution duly adopted by the Board of Trustees of the University of Central Arkansas.

If the terms are agreeable to you, please sign and deliver the original to Warren Readnour, General Counsel, University of Central Arkansas, Wingo Hall 207, 201 Donaghey Avenue, Conway, AR 72035. If you have any questions, you may call Mr. Readnour at 501-450-5007.

This offer shall terminate and be of no effect unless it is signed by Seller, and delivered to Warren Readnour, General Counsel, by 4:30 P.M. Central Time on Wednesday, September 26, 2018.

Sincerely,



Houston D. Davis, Ph.D.
President

Robert Clark
September 19, 2018
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ACCEPTANCE BY SELLER

The offer set forth above and all terms and conditions are hereby accepted on this 23 day of September, 2018, at 9 a.m. (A.M. or P.M.).

Robert Clark

By: 

Employee Benefits Program – Board Policy No. 526

Board Policy No. 526, Employee Benefits Program, has been revised to eliminate the references to specific vendors with regard to investment fund options.

TIAA will continue to be the record-keeper for the Alternate Retirement Plan; however, the university is reviewing the investment options offered as part of the Alternate Retirement Plan and the Supplemental Retirement Account.

The Retirement Plan Committee has been working with UCA’s consultant, Cammack Retirement Group, to review the plan documents, fees and expenses, investment menu, and compliance.

The language to be deleted is stricken through, and language to be added is highlighted.

The board unanimously adopted the following resolution upon motion by Kay Hinkle and second by Shelia Vaught:

“BE IT RESOLVED: That the Board of Trustees approve the following revisions to Board Policy No. 526, Employee Benefits Program, as attached to this resolution, and the changes set forth shall be effective from and after this date.”

UNIVERSITY OF CENTRAL ARKANSAS

BOARD POLICY

Policy Number: 526 _____

Subject: Employee Benefits Program _____

Date Adopted: 12/12 _____ Revised: 8/16, 10/18 _____

Eligibility

Employees are eligible for the Employee Benefits Program based on the following criteria:

1. 12-month non-classified, classified, and faculty appointments – employees appointed on an appointment period of 10 months or more at a minimum of 75% time.
2. 9-month faculty appointments – faculty appointed on a nine-month appointment period at a minimum of 75% time.
3. part-time faculty appointments – faculty appointed on a semester-by-semester appointment period if their semester appointment is at a minimum of 75% time.

Group Benefits Program

The Group Benefits Program contains the following:

1. health insurance;
2. dental insurance;
3. life insurance;
4. long-term disability (LTD) insurance; and
5. Section 125 Plan/Cafeteria Plan/Flexible Spending Accounts

Enrollment must take place prior to the first date of employment. Health insurance is effective as of the first day of employment. All other benefits listed above take effect on the first day of the month following a 90-day waiting period.

Voluntary Benefits Program

The Voluntary Group Benefits Program consists of an array of individual benefit products that the employee may select. The effective date of these individual benefit products will be the first of the month following a 90-day waiting period.

Retirement Program

The retirement program consists of three different options. Once an employee makes an election between the Alternate Retirement Plan or Arkansas Teacher Retirement System (ATRS), the decision is irrevocable.

a. **Alternate Retirement Plan (~~TIAA~~)**

The Alternate Retirement Plan is a 403(b) plan, also known as a defined contribution plan, in which the employee must contribute six (6%) percent of his or her annual salary. UCA will contribute 10% as an employer contribution.

The effective date of this plan is the first day of employment. Employees are vested based on the following schedule:

- i. 25% vested – employed at least one (1) year;
- ii. 50% vested – employed at least two (2) years;
- iii. 75% vested – employed at least three (3) years; and
- iv. 100% vested – employed at least four (4) years.

b. **Arkansas Teacher Retirement System (ATRS)**

The Arkansas Teacher Retirement System is a 401 plan, also known as a defined benefit program. Only new UCA employees who are vested with ATRS may select this plan. UCA will contribute the mandated employer contribution as set forth by ATRS, which may vary from year-to-year.

c. **Supplemental Retirement Account (SRA)**

Employees participating in ~~any~~ **either** of the two retirement plans ~~under a. or c.~~ may contribute above the required employee contribution of each plan, in an SRA only, up to

the Internal Revenue Service maximum employee contribution limits. There is no employer contribution for the SRA. All SRA employee contributions are immediately vested.

All full-time and part-time employees, except students, are eligible to participate in the SRA. ~~Employees can choose investment funds offered by TIAA and VALIC for the SRA.~~

Administration

The president of the university, or his or her designee, may adopt rules and regulations for interpreting the Employee Benefits Program and for administering its provisions in a manner consistent with this board policy.

NOTE: UCA will continue to contribute the mandated employer contribution as set forth by the Arkansas Public Employee Retirement System (APERS) for anyone employed by the university as of August 31, 2016, that is a member of APERS.

Insurance Services

Health Insurance

The Employee Benefits Advisory Committee and Stephens, Inc., UCA's health plan consultant, have met and recommended that health rates be increased by 5.1% (\$612,000) for 2019. The rate increase for 2018 was 6.4%. The 2019 increase is based on a review of claims data and medical and pharmacy trend analysis. It is anticipated that costs over the next 12-16 months will increase between 8% and 12%. The original projection by Stephens was for a 9% increase. In order to reduce the increase, the university has negotiated a flat renewal on administration expenses and a lower renewal on the reinsurance premiums, which helps lower the original projection of 9% to 7.5%. Finally, by allocating \$250,000 of the current surplus and increasing UCA's stop-loss claim exposure from \$175,000 to \$200,000, the rate increase is reduced to 5.1%. There will be no changes to the plan design for 2019.

The UCA health plan is in its third year of self-insurance. As of September 30, 2018, the health plan has a surplus of \$632,827. By allocating \$250,000 to reduce the premium increase for 2019, the surplus amount will be reduced to approximately \$382,827. The remaining surplus amount will be maintained as part of the overall reserve fund for claims. The health plan had a surplus of \$854,479 as of September 30, 2017. Of that amount, \$175,000 was allocated to reduce the premium increase for 2018.

While the overall increase to the health plan rates is 5.1%, there is no increase for the employee-only monthly rate if the employee participated in the UCA BeWell wellness program. If the employee did not participate in the BeWell wellness program, the employee-only monthly rate for both plans increased by \$10. The employee monthly rate increase for the other tiers

(employee/spouse, employee/child(ren), and employee/family) ranged from 1.9% to 8.5%. The amount of increase depends on which plan and tier the employee selects and whether the employee participated in the BeWell wellness program. UCA pays approximately 72% of the health plan premium, which means the UCA annual cost of the increase will be approximately \$440,000.

The following chart reflects the proposed rates:

2019 Proposed Health Rates (Monthly)							
	Current POS				Proposed POS		
	Regular	BeWell			Regular	BeWell	BeWell
	Employee	Employee	Employer		Employee	Employee	Employer
Employee Only	\$ 54.26	\$ 34.26	\$ 391.71		\$ 64.26	\$ 34.26	\$ 434.45
Employee/Spouse	\$ 289.41	\$ 269.41	\$ 630.69		\$ 304.44	\$ 274.44	\$ 692.59
Employee/Child(ren)	\$ 197.71	\$ 177.71	\$ 649.13		\$ 211.02	\$ 181.02	\$ 709.01
Employee/Family	\$ 460.69	\$ 440.69	\$ 801.43		\$ 478.92	\$ 448.92	\$ 877.57
*Special Family	\$ 214.99	\$ 184.99	\$ 1,047.12		\$ 228.63	\$ 198.63	\$ 1,130.52
	Current CDHP				Proposed CDHP		
	Regular	BeWell			Regular	BeWell	BeWell
	Employee	Employee	Employer		Employee	Employee	Employer
Employee Only	\$ 27.66	\$ 7.66	\$ 297.73		\$ 37.66	\$ 7.66	\$ 334.32
Employee/Spouse	\$ 209.61	\$ 189.61	\$ 468.49		\$ 223.15	\$ 193.15	\$ 519.54
Employee/Child(ren)	\$ 144.51	\$ 124.51	\$ 483.83		\$ 156.83	\$ 126.83	\$ 533.56
Employee/Family	\$ 354.29	\$ 334.29	\$ 573.22		\$ 370.53	\$ 340.53	\$ 634.28
*Special Family	\$ 161.79	\$ 131.79	\$ 765.72		\$ 174.43	\$ 142.01	\$ 864.77
*Special Family applies when two married employees are on the same plan.							

Dental Plan

There will be no rate increase or plan design change for the self-funded dental plan for calendar year 2019.

Life, Long-term Disability, and Vision Insurance

There are no rate increases or plan design changes for life, long-term disability, and vision insurance.

The board unanimously adopted the following resolution upon motion by Bunny Adcock and second by Brad Lacy:

“BE IT RESOLVED: That the Administration is authorized to make the above changes to the UCA Health Plan.”

Bond Feasibility Study and Reimbursement Resolution

Request to Proceed with a Feasibility Study for the issuance of bonds, in an amount not to exceed \$57,315,000. This includes an estimated \$37,470,000 to finance the design, construction and necessary property purchases for the Integrated Health Sciences Building; an estimated \$7,700,000 for the Information Technology Refresh; and an estimated \$12,145,000 to renovate State and Carmichael Halls and make repairs to Bernard Hall.

PROJECTS

Integrated Health Sciences Building (IHSB)

The Integrated Health Sciences Building (IHSB) at the University of Central Arkansas will support UCA’s commitment to the health and well-being of Arkansans through the preparation of health care professionals, the development and advancement of knowledge, and service to its constituencies.

The current physical facilities at UCA restrict the enrollment of students in nursing and other health related programs. The IHSB will assist all programs in the College of Health and Behavioral Sciences meet accreditation requirements by providing students with innovative interprofessional education and practice opportunities. The IHSB will accommodate an increased number of students in nursing and other programs in the college as they engage in interprofessional training and will help ensure that UCA graduates are better prepared to meet the ever-changing challenges of Arkansas’ healthcare systems. Students will have the opportunity to practice critical skills in state of the art educational models in both the Nabholz Center for Healthcare Simulation and the interprofessional practice clinic.

The structure, being designed as an 80,000 square feet, four-story facility, is expected to be located on the northeast corner of the intersection of Western and Bruce, which will require the purchase of certain properties. The university engaged the design group Taggart Architects in 2013 to assist in envisioning, designing, and constructing, the Integrated Health Sciences Building.

Information Technology Refresh

The university began a study in 2017 to determine the current state of information technology and the dependencies associated with technology to carry out the mission of the university. One of the key themes of the study centered on the lack of investment in core and evolving

technology. In particular, there were concerns with age, design, and condition of the university's network solution which provides critical connectivity to all university systems. A follow-up network assessment was conducted by a third party to evaluate the current state and to design a remediation plan to bring the university's network solution to a stable and reliable condition.

The scope of the technology refresh will include (1) all of the core networking technology from the point the internet enters the university's campus through border routers in Burdick Hall and the bunker (Disaster Recovery Site); (2) the core network switches in Burdick Hall, Snow Fine Arts (a critical data room for network distribution) and the bunker; (3) network edge switches in all buildings on campus, (4) wireless access points in all buildings on campus; and (5) an upgrade to Extreme's Fabric Connect technology.

In addition to the core network infrastructure, the refresh will include the migration from multi-mode fiber to single-mode fiber for the remaining 16 fiber runs on campus that have not yet been upgraded. Single-mode fiber is required to enable the bandwidth expansion the university will receive in the refresh from 1GB uplinks to 10GB uplinks in all campus buildings. The migration to single-mode fiber is also a requirement to deploy voice-over IP (VOIP) which will allow the university to take advantage of managing voice communications over the network resulting in future cost efficiencies.

Residence Hall Renovations Phase II

Phase two of housing renovations includes State and Carmichael residence halls, which were built in the mid-1960's. The condition and design of the buildings are not in line with the university's expectation for a living and learning environment for students. The project is divided into two phases. Phase one is in progress with the completion of Hughes Hall and Conway Hall scheduled to reopen fall 2019. Funding for phase one was obtained through a previous bond issue.

The scope of phase two will include (1) updating the outdated community style bathrooms to private family style bathrooms; (2) replacement or repair of heating, ventilation, and air conditioning (HVAC) systems; (3) replacement of lighting; and (4) replacement of old, inefficient windows. Other work will include paint, doors, locks/hardware, closets, and ceiling tiles.

An additional housing project is brick remediation and roof replacement for portions of Bernard Hall.

The proceeds of the bonds, if approved by the Arkansas Higher Education Coordinating Board (AHECB) and then by UCA's board, will be used to fund the projects.

Education and General (E&G) Debt Repayment

The **Integrated Health Sciences Building** debt service will be repaid from educational and general funds. The facility fee will increase annually at an amount necessary to support the additional debt service.

The **Information Technology Refresh** debt service will be repaid from E&G funds. The technology fee will increase annually at an amount necessary to support the additional debt service.

The AHECB policy states educational and general projects may be financed by obligating a maximum of 25 percent of **net** student tuition and fee revenue (**gross tuition and fees less unrestricted educational and general scholarship expenditures**) for total debt service.

E&G Debt Restrictions

Actual Net Tuition and Fee Revenue for FY 2017-18	\$ 62,889,305
Maximum Allowable Debt Service (\$62,889,305 x 25%)	15,722,326
Existing Maximum E&G Debt Service	3,452,618
Estimated Maximum Project Debt Service	<u>2,760,000</u>
Amount Remaining for Additional Debt Service	\$ 9,509,708

The above data demonstrates that the university has sufficient revenue to support E&G debt of approximately \$5,170,000 with a term of 30 years at an estimated annual interest rate not to exceed five percent. The debt service payment will require the increase in both the facility fee and technology fee to supplement revenue to maintain current budget availability.

In accordance with the AHECB’s policy, the university will establish and maintain a building maintenance fund to be supported by student tuition and fee revenue. The institution will reserve a minimum of \$2.50 per square foot of the addition, annually, for ongoing maintenance issues. This annual transfer of \$200,000, based on the estimated square feet of the facility will be held in Plant Funds’ Repair and Replacement Fund.

Housing Debt Repayment

The **housing** debt service will be repaid with housing revenue. Housing rates will increase annually at an amount necessary to support the additional debt service.

The AHECB’s policy regarding debt service for housing projects provides that annual net housing revenues should be no less than 125% of the total annual housing debt service.

Actual Net Housing Revenue for FY 2017-18	\$ 11,783,520
Maximum Allowable Debt Service (\$11,783,520/125%)	9,426,816
Existing Maximum Auxiliary Debt Service	7,206,039
Estimated Maximum Project Debt Service	<u>765,000</u>
Amount Remaining for Additional Debt Service	\$ 1,455,777

The above data demonstrates that the university has sufficient revenue to support a housing loan of approximately \$12,145,000 with a term of 30 years at an estimated annual interest rate not to exceed five percent.

In accordance with the AHECB's policy, the university will establish and maintain a building maintenance fund to be supported by housing revenue. The institution will reserve a minimum of \$1.25 per square foot of the combined square feet, annually, for ongoing maintenance issues. This annual transfer of \$129,175, based on the 103,340 combined square feet of State and Carmichael Halls will be held in Plant Funds' Repair and Replacement Fund.

The administration is requesting that the Board of Trustees grant authority to proceed with a feasibility study for a bond issue to fund the design and construction of the Integrated Health Sciences Building; to fund the purchase and installation of the hardware, software and cloud services, known as the Information Technology Refresh; and to fund the design and renovation of State and Carmichael Halls and repairs for Bernard Hall.

The administration is also requesting approval of a resolution that, in part, authorizes the university to use certain bond proceeds to reimburse expenses incurred prior to issuance of bonds, designates Friday, Eldredge & Clark, LLP, as bond counsel, and designates Crews & Associates, Inc. as underwriter for the bonds.

If the request to issues bonds is approved by the AHECB, another resolution on this topic will be presented to the Board of Trustees at a future meeting.

The board unanimously adopted the following resolution upon motion by Shelia Vaught and second by Elizabeth Farris:

“BE IT RESOLVED: That the Board of Trustees hereby approves the two attached resolutions and authorizes the administration to proceed with the planning of the projects to include actions necessary in securing architects, engineers and contractors, and authorizes the president of the university, or his designee, to take such other steps and execute such other documents as may be necessary or required to carry out the projects and the intent of this resolution.”

A RESOLUTION BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF CENTRAL ARKANSAS AUTHORIZING ALL STEPS NECESSARY TO ISSUE BONDS NOT TO EXCEED THE AGGREGATE PRINCIPAL AMOUNT OF \$57,315,000

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

WHEREAS, The University desires to secure funds in an amount not to exceed \$57,315,000 by the issuance of bonds, with a term not to exceed 30 years at an interest rate

not to exceed 5.00% and with a projected maximum annual E&G debt service of \$2,760,000 and Housing debt service of \$765,000; and

WHEREAS, The proceeds from the bonds will be for the design and construction of the Integrated Health Sciences Building, the Information Technology Refresh, the renovation of State and Carmichael residence halls, repairs to Bernard Hall, and necessary property purchases; and

WHEREAS, If approved and issued, the bonds will be serviced in part from student tuition and fees, the same being facility fee revenue from students, and in part from housing system revenues of the University, the same being housing revenue from residents; and

WHEREAS, The Board of Trustees authorizes and recommends the commencement of preparations for securing a bond issue in an aggregate principal amount not to exceed \$57,315,000 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 to issue bonds in an amount not to exceed \$57,315,000 with a term not exceeding 30 years and at an interest rate not to exceed 5.00%, 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 issuing the bonds.

Section 3. The bonds will be secured for the purpose of design and construction of the Integrated Health Sciences Building, the Information Technology Refresh, Housing Renovations Phase II, and Bernard Hall repairs.

ADOPTED AND APPROVED October 18, 2018

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

By: _____
Joe Whisenhunt, Chairman

ATTEST:

By: _____
Cornell Maltbia, Secretary

RESOLUTION OF THE BOARD OF TRUSTEES OF
THE UNIVERSITY OF CENTRAL ARKANSAS

EXPRESSING THE INTENT OF THE BOARD OF TRUSTEES OF THE UNIVERSITY OF CENTRAL ARKANSAS TO ISSUE BONDS AND TO REIMBURSE FROM THE PROCEEDS OF SUCH BONDS CERTAIN COSTS INCURRED FOR THE UNIVERSITY CONSISTING OF (A) THE RENOVATION, CONSTRUCTION, IMPROVEMENT, EQUIPPING AND FURNISHING OF CARMICHAEL HALL, STATE HALL AND BERNARD HALL, (B) THE ACQUISITION, CONSTRUCTION, EQUIPPING AND FURNISHING OF THE INTEGRATED HEALTH SCIENCES BUILDING, (C) THE ACQUISITION, EQUIPPING AND INSTALLATION OF INFORMATION TECHNOLOGY FACILITIES AND EQUIPMENT, (D) THE ACQUISITION OF CERTAIN PROPERTIES IN CONNECTION WITH THE ACQUISITION AND CONSTRUCTION OF THE INTEGRATED HEALTH SCIENCES BUILDING, AND (E) THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, RENOVATION, EQUIPPING AND/OR FURNISHING OF OTHER CAPITAL IMPROVEMENTS AND INFRASTRUCTURE AND THE ACQUISITION OF VARIOUS EQUIPMENT AND/OR REAL PROPERTY FOR THE UNIVERSITY; DESIGNATING AN UNDERWRITER AND BOND COUNSEL TO ASSIST THE BOARD IN THE ISSUANCE OF THE BONDS; AND SETTING FORTH OTHER MATTERS PERTAINING THERETO.

WHEREAS, the Board of Trustees (the "Board") of the University of Central Arkansas (the "University") is authorized under the Constitution and laws of the State of Arkansas, including particularly Act No. 62 of 1947 (codified at Sections 6-62-301 et seq. of the Arkansas Code Annotated) (the "Act") to borrow money for the acquisition, construction, renovation, improvement, equipping, and furnishing of buildings, structures, and other capital improvements which the Board deems proper or suitable for the purposes of the University; and

WHEREAS, the Board has determined and hereby finds and declares that there is a need for certain capital improvements on or for the campus of the University, including the following: (i) the renovation, construction, improvement, equipping, and furnishing of Carmichael Hall, (ii) the renovation, construction, improvement, equipping, and furnishing of State Hall, (iii) the renovation, construction, improvement, equipping, and furnishing of Bernard Hall, and (iv) the acquisition, construction, improvement, renovation, equipping, and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for the University's Housing System (collectively, the "Housing Project"); and

WHEREAS, the Board has determined and hereby finds and declares that there is a need for certain capital improvements on or for the campus of the University, including the following: (i) the acquisition, construction, equipping and furnishing of the Integrated Health Sciences Building, (ii) the acquisition, equipping and installation of information technology facilities and equipment, (iii) the acquisition of certain properties in connection with the acquisition and construction of the Integrated Health Sciences Building, and (iv) the acquisition, construction, improvement, renovation, equipping and/or furnishing of other capital improvements and infrastructure and the acquisition of various equipment and/or real property for the University (collectively, the "Campus Improvement Project"); and

WHEREAS, it is anticipated that all or a portion of the costs of the Housing Project will be financed with proceeds of revenue bonds in an aggregate principal amount not to exceed \$12,145,000 to be subsequently approved by the Board (the "Housing Bonds") and secured by a pledge of "Housing System Revenues," which are generally revenues received by the University from operation of all student housing facilities (including the Housing Project) and independent living facilities now or hereafter owned and operated by the University (including any parlor fees or similar fees paid by any students or organizations with respect to the use of any University-owned sorority or fraternity house, or the National Pan-Hellenic Council facility), the Christian Dining Hall Building, the Student Union building, including particularly but not limited to the bookstore, snack bar and game room therein, remaining after "Current Expenses" (defined as all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, cost of food served, properly allocated share of charges for insurance, and all other expenses incident to the operation of the student housing facilities, but shall not include depreciation and all general administrative expenses of the University); and

WHEREAS, it is anticipated that all or a portion of the costs of the Campus Improvement Project will be financed with proceeds of revenue bonds in an aggregate principal amount not to exceed \$45,170,000 to be subsequently approved by the Board (the "Student Fee Bonds") and secured by a portion of the general tuition and fees paid by students attending the University; and

WHEREAS, the Board intends (i) that prior to the issuance of the Housing Bonds certain costs relating to the Housing Project will be incurred and paid from certain funds and accounts established and administered by the University, and (ii) that prior to the issuance of Student Fee Bonds certain costs relating to the Campus Improvement Project will be incurred and paid from certain funds and accounts established and administered by the University; and

WHEREAS, the Board wishes to express its current intent to reimburse certain funds and accounts for all expenditures related to the Housing Project from the proceeds of the Housing Bonds and desires that, with respect to the Housing Bonds, such reimbursement comply with Treasury Regulation Section 1.150-2 (the "Regulation") so that proceeds of the Housing Bonds will be deemed spent when such reimbursement is made; and

WHEREAS, the Board wishes to express its current intent to reimburse certain funds and accounts for all expenditures related to the Campus Improvement Project from the proceeds of the Student Fee Bonds and desires that, with respect to the Student Fee Bonds, such reimbursement comply with the Regulation so that proceeds of the Student Fee Bonds will be deemed spent when such reimbursement is made; and

WHEREAS, the Board intends to issue the Housing Bonds and Student Fee Bonds pursuant to a definitive resolution or resolutions to be subsequently adopted for such purpose or purposes;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the University of Central Arkansas:

Section 1. The Board currently contemplates that the Housing Project and the Campus Improvement Project (collectively, the "Projects") will include the capital improvements described above.

Section 2. The Board intends to issue the Housing Bonds, in an aggregate principal amount not to exceed \$12,145,000, for the purposes of financing all or a portion of the costs of the Housing Project, providing a debt service reserve (if necessary), and paying costs of issuing the Housing Bonds. The Housing Bonds will not be issued until the final terms of the proposed issuance have been presented to and approved by the Board.

The Board intends to issue the Student Fee Bonds, in an aggregate principal amount not to exceed \$45,170,000, for the purposes of financing all or a portion of the costs of the Campus Improvement Project and paying costs of issuing the Student Fee Bonds. The Student Fee Bonds will not be issued until the final terms of the proposed issuance have been presented to and approved by the Board.

Section 3. Costs incurred in accomplishing the Housing Project prior to the issuance of the Bonds will be paid from certain funds and accounts established and administered by the University. The Board intends to use certain proceeds from the issuance of the Housing Bonds to reimburse such accounts. This Resolution shall constitute an "official intent" for purposes of the Regulation.

Costs incurred in accomplishing the Campus Improvement Project prior to the issuance of the Student Fee Bonds will be paid from certain funds and accounts established and administered by the University. The Board intends to use certain proceeds from the issuance of the Student Fee Bonds to reimburse such accounts. This Resolution shall constitute an "official intent" for purposes of the Regulation.

Section 4. The President of the University and other appropriate officials are hereby authorized to present such information as they deem appropriate to the Arkansas Higher Education Coordinating Board for its advice with respect to the economic feasibility of the Projects.

Section 5. The Board hereby designates Friday, Eldredge & Clark, LLP, Little Rock, Arkansas as bond counsel for the Housing Bonds and the Student Fee Bonds and Crews & Associates, Inc. as underwriter for the Housing Bonds and the Student Fee Bonds.

Section 6. The provisions of this Resolution are hereby declared to be separable and if any provision shall for any reason be held illegal or invalid, such holding shall not affect the validity of the remainder of this Resolution.

Section 7. All resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

ADOPTED: October 18, 2018.

ATTEST:

By _____
Joe Whisenhunt, Chair

Everette Cornell Maltbia, Secretary

(SEAL)

Acceptance of Legislative Audit Report for Fiscal Year 2017

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 no audit report findings for fiscal year 2017. The audit was provided to management and was submitted for the board's review prior to the October 18, 2018 meeting.

The board unanimously adopted the following resolution upon motion by Cornell Maltbia and second by Brad Lacy:

“BE IT RESOLVED: That the Board of Trustees accepts the audit report for fiscal year 2017 as prepared by the Arkansas Division of Legislative Audit.”

October Revised Operating Budget

This agenda item revises the FY 2018-19 original operating budget approved at the May 2018 meeting of the Board of Trustees. The October revised operating budget includes all permanent adjustments made through September 21, 2018. The total budget increased \$272,019.

Revenue budget increased by \$272,019

The major increase is the \$197,385 additional state disbursement from the Educational Education Trust Fund (EETF). In addition, lab fee revenue was increased to align with actual collections and Arkansas Coding Academy revenue was increased due to an increase in the sessions offered.

Expense budget increased by \$272,019

The increase reflects the placement of the EETF funds into a contingency account and revisions to expenses related to the additional revenue noted above. In addition, some departmental reorganizations resulted in a realignment of duties between E&G and auxiliary units. Most of the revisions affected auxiliary units and are reflected by the change between the lines for transfers and salaries.

The board unanimously adopted the following resolution upon motion by Brad Lacy and second by Cornell Maltbia:

“BE IT RESOLVED: That the Board of Trustees approves the 2018-19 October revised operating budget in the amount of \$192,820,987.”

**University of Central Arkansas
October Revised Base FY19
Compared to FY19 Original Base**

	FY19 Original Base	FY19 October Revised Base	Change over July Original	% Change	% of Budget
1 Tuition & Fees	87,066,711	87,141,345	74,634	0.09%	45.19%
2 Appropriations	58,746,431	58,943,816	197,385	0.33%	30.57%
3 Sales & Services	281,500	281,500	-	0.00%	0.15%
4 Organized Activities	250,000	250,000	-	0.00%	0.13%
5 Grants & Contracts	145,000	145,000	-	0.00%	0.08%
6 Other Sources	1,676,784	1,676,784	-	0.00%	0.87%
7 Total E&G Revenue	148,166,426	148,438,445	272,019	0.18%	76.98%
8 Auxiliary Income	44,382,542	44,382,542	0	0.00%	23.02%
9 Total Income	192,548,968	192,820,987	272,019	0.14%	100.00%
10 Salaries & Wages	85,719,985	86,042,372	322,387	0.37%	44.62%
11 Benefits	25,224,244	25,338,320	114,076	0.45%	13.14%
12 M&O	34,002,880	34,100,484	97,604	0.29%	17.69%
13 Scholarships & Waivers	28,707,076	28,707,076	-	0.00%	14.89%
14 Purchased Utilities	5,877,035	5,877,035	-	0.00%	3.05%
15 Debt Service	12,126,697	12,126,697	-	0.00%	6.29%
16 Transfers	891,051	629,003	(262,048)	-41.66%	0.33%
17 Total Expenditures	192,548,968	192,820,987	272,019	0.14%	100.00%

Undergraduate Admission: English Proficiency Documentation

The Division of International Engagement has in the past relied primarily upon TOEFL or IELTS scores as documentation of English proficiency for applicants whose first language is not English. Based on trends in this sector of higher education, the availability of additional means to document English proficiency, and emerging best practices, the Division of International Engagement proposes to provide a significantly wider range of acceptable documentation methods. The changes are detailed below for the board's review, consideration, and approval, as required by Board Policy No. 310, Undergraduate Admission.

Applicants whose first language is not English must demonstrate proficiency by submitting **one** of the following:

- A. TOEFL PBT* score of 500 or higher (UCA's ETS code is 6012.); or
- ~~B. TOEFL CBT score of 173 or higher~~
- B. TOEFL iBT* score of 61 or higher (UCA's ETS code is 6012.); or
- C. IELTS score of 5.5 or higher; or
- D. Cambridge English: B2 First score of 162 or higher; or
- E. Pearson Test of English Academic (PTE Academic) score of 43 or higher; or
- F. ACT** score of 19 or above on the English and Reading portion of the exam (UCA's ACT code is 0118); or
- G. SAT** score (pre-March 2016 version) of 470 or above on the Writing and Critical Reading portions; SAT score (3-1-2016 or after version) of 26 on the Writing/Language and Reading portions (UCA's SAT code is 6016); or
- H. A score of 5, 6, or 7 on the Language A (English): Literature or Language A (English): Language and Literature exam administered by an International Baccalaureate school; or
- I. Grade of "C" or above in English Composition I or II from an accredited U.S. university or college; or
- J. Completion of UCA's Intensive English Program.

Scores from other comparable English Proficiency assessments can be considered by the Office of International Engagement in consultation with the Intensive English Program.

* TOEFL Scores must be no more than two years old.

**ACT and SAT Scores must be no more than five years old.

All appropriate university councils and administrators have recommended approval of this change.

The board unanimously adopted the following resolution upon motion by Kay Hinkle and second by Shelia Vaught:

“BE IT RESOLVED: That the Board of Trustees hereby approves the proposed changes to undergraduate admission policies for applicants whose first language is not English.”

EXECUTIVE SESSION

The board unanimously declared an executive session to consider employment, appointments, promotions, demotions, disciplining and resignations of employees, upon motion by Elizabeth Farris with a second by Bunny Adcock.

OPEN SESSION

The board unanimously approved the following motion made by Elizabeth Farris with a second by Bunny Adcock:

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

ADJOURNMENT

There being no further business to come before the board, the meeting was adjourned upon motion by Kay Hinkle and second by Brad Lacy.

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

Joe Whisenhunt
Chair

Cornell Maltbia
Secretary