

**AGENDA**  
**ARKANSAS STATE UNIVERSITY**  
**BOARD OF TRUSTEES**  
**Thursday, August 27, 2015**  
**11:00 a.m.**  
**Teleconference**

I. Call to Order  
Charles Luter, Chair

\*II. Agenda

- Proposed ASU System Resolution
  - Resolution approving ASU System to proceed with the Wilson Hall Renovation Capital Project and related financing at ASU-Jonesboro
  
- Proposed ASU-Jonesboro Resolutions
  - Resolution approving ASU-Jonesboro to modify Stadium Lease Documents with the Red Wolves Foundation
  - Resolution naming the press box tower of Centennial Bank Stadium
  - Resolution naming the gateway to Centennial Bank Stadium
  - Resolution naming the club-level area of Centennial Bank Stadium
  - Resolution naming a ticket booth at Centennial Bank Stadium

VII. Other Business

\*VIII. Adjournment

\*Action Items

Arkansas State University  
Board of Trustees  
August 27, 2015

The Arkansas State University Board of Trustees met via teleconference on Thursday, August 27, 2015. Charles Luter, Chair of the Board of Trustees, called the meeting to order at 11:03 a.m. A roll call of the board confirmed that Mr. Luter, Howard Slinkard, Ron Rhodes, Tim Langford, and Niel Crowson were present by telephone.

Dr. Charles Welch: Thank you, Mr. Chairman and board members, for working out your schedules to fit in one of our infrequent conference calls. The fact is we have some items that are time-sensitive.

ASU System Resolution:

- Resolution 15-26 approving ASU-System to proceed with the Wilson Hall Renovation Capital Project and related financing at ASU-Jonesboro

Dr. Welch: As you know, since it was initially announced that we were seeking to bring the New York Institute of Technology (NYIT) Osteopathic Medical School to Jonesboro to be located on our campus, the discussions have centered on their use of Wilson Hall. Now that our students are fully housed in the new Humanities and Social Sciences Building, which, by the way, is phenomenal, Wilson Hall is vacant and ready for use. We have been working for at least a year with NYIT and making decisions about Wilson Hall, such as what types of renovations could be made and how we might get that done. I believe at this point, we are looking at doing a more extensive renovation to Wilson Hall than originally planned, and thereby, hopefully, delaying any need for an additional facility.

As the oldest building on our campus, Wilson Hall really has not had any significant renovations to it since the 1960s. You will recall that we had actually filed an appropriations request with the state for \$3 million to renovate Wilson Hall. Now this was all prior to any discussions with NYIT, but we knew that there was going to have to be work done to the building anyway, with asbestos removal and other types of general conditions that would need to be addressed. We really had no identified usage for the building, but as the discussions with NYIT began, obviously we saw a solution in terms of what we might use the facility for, and then brought about these discussions about the renovations that have evolved over time. With that has come additional needs, whether those be requested directly by NYIT, whether

those be requirements that were imposed by the accreditation agency, or perhaps changes in some of the medical requirements, and some additional changes that we wanted to make. And this brought us a changing perspective with regard to this particular building being used for the medical school. In the final analysis, the construction costs will be \$12.6 million. That is a total cost, including technology and the general condition repairs to Wilson Hall that I mentioned earlier. What we're requesting today is for \$8 million to be financed in a short-term loan, not to exceed eight years, at a rate not to exceed five percent. We do believe we can get a rate lower than that, but certainly have to put some cushion in there. The balance of that is being provided in payments from NYIT or from ASU-Jonesboro in terms of the things that we were going to have to do to the building anyway so that it could be occupied, whether by NYIT or for any other entity.

We will pay the annual debt service with revenues received from NYIT. We do fully anticipate that the entire cost of \$12.6 million will be paid from revenues from NYIT, and then at some point in the future, we will also receive revenues that actually exceed that \$12.6 million that will be additional revenue to the University. We are really addressing two things within this one resolution. First is just approval of the project itself, and the second is the approval for us to seek the loan for the \$8 million, again to be repaid with NYIT revenues over time. And I will open that up for questions.

Dr. Langford: I was looking at the estimated annual revenue that goes from 300 to 300 to 933 and 2.1 million. Is that just because in the first few years, the students are just doing classroom work? What's the difference?

Dr. Welch: The answer to your question is that obviously, there are some significant start-up costs for NYIT, as well as you won't have the full number of students in the pipeline generating the total revenue in the early years. We will have a fewer number of students in the first class than we will have in subsequent classes, so it escalates as the program is up and running and those initial costs are considered.

Mr. Luter: It's my understanding that initially ASU will invest \$2 million into renovation and that NYIT will also put approximately \$2 to \$2.5 million into this renovation with a cash contribution in the beginning. Is that correct?

Welch: That is correct. NYIT will be providing \$2,331,426.00. A-State will actually commit \$2,275,839.00. The \$2.2 million roughly that we're putting in and the little over \$2.3 million that NYIT is putting in, in cash on the front end, is the difference between the \$12.6 million and the \$8 million loan. But we anticipate receiving revenues from NYIT that will cover the entire \$12.6 million, which will cover the loan. And then, as I said, revenue beyond that. So, I guess if we wanted to look at it from another perspective, our oldest and most historic building on campus will be getting an extensive renovation and improve the asset at no cost to the State of Arkansas or the taxpayers but totally from revenue coming from our private partner.

Mr. Rhodes: Back to the question that Tim had regarding the initial \$300,000 for that first two years, is that revenue coming from NYIT?

Dr. Welch: Yes sir. Every year, as outlined in the original contract, we will receive \$300,000 annually from NYIT as a lease payment for use of Wilson Hall. Additionally, we will receive \$300,000 per year from NYIT to pay for maintenance, repairs, cleaning, utilities, and the use of the building. These were figures that were calculated by our staff based on square footage and on other usage costs. So, every year, we will receive that \$600,000. We are not factoring the \$300,000 maintenance money into the repayment schedule because that will be used to cover direct costs to us for maintaining and operating the building.

Mr. Rhodes: That first two years of \$300,000 is not contingent upon anything other than it's just a lease payment?

Dr. Welch: That is correct. And then, as they get the program up and running and generating additional revenues, we will receive additional revenues from NYIT and that's where it begins to escalate, ultimately pays off the entire \$12.6 million, and provides us with additional income. We will also receive a \$50.00 per student payment from NYIT for security purposes. So that will be additional money that's not shown anywhere in this. The \$300,000 for lease is an automatic base payment as is the maintenance.

Mr. Slinkard: About the amount of the deficit in the first two years and then lesser in the third year, what is the Jonesboro campus plan for covering that as it's incurred?

Dr. Welch: Because there won't be all of the additional revenue coming in during the first three years, Jonesboro will have to underwrite some of that in the initial years. As you can see, by the end of year five, we should have totally recouped all of that and then by the end of the eight-year loan, we will have had a fairly significant overage. It will just be factored in and then it will be recouped in rather short order once NYIT is fully up and running and the revenues are in full stream.

Mr. Slinkard: Do we have a sense of where it's going to come from? I know it will be budgeted in but what would be the source of those funds for the first couple of years?

Dr. Welch: It won't come from a tuition increase or anything like that, if that's what you're asking. It will come from within the existing budget, whether it be from savings within a year, whether it be from delaying another potential project, whether it be from any number of different sources from which it could come. But that will be factored in on the front end.

Mr. Slinkard: Are there any provisions being made for earthquake considerations?

Dr. Len Frey: There are no significant seismic changes being made as part of this renovation.

Mr. Slinkard: We got a report about 4 or 5 years ago that showed significant concerns with Wilson Hall in the event of an earthquake, so I was just curious if that had been addressed as part of this renovation project.

Dr. Welch: We have two architects on the project. One is an out-of-state entity that has a lot of familiarity with osteopathic medical schools. The other is an in-state architect who we have worked with in the past. The challenge is just with buildings of that nature. It certainly is a building that can be used but is not going to have the modern-day specifications that you would be allowed to have from seismic activity. There is no perfect way in a building of this age to make it completely earthquake-proof but what little things could be done I'm sure are, but as Len said, there's nothing that's major that's being done.

Mr. Rhodes: Would it not make sense to put that in front of the architects at least to get an opinion or wouldn't it at least need to be on a watch list?

Dr. Frey: I would certainly have to defer to constructional engineers and architects who have greater expertise in this than I. But they are very aware of all of the seismic conditions of this building, and I don't want to overstate what it can or cannot withstand. But I am confident that our structural

engineers, external structural engineers, and architects have given full consideration to all of those matters.

Upon a motion by Mr. Rhodes, seconded by Dr. Langford, Resolution 15-26 was approved.

Ayes: Luter, Slinkard, Rhodes, Langford, Crowson

Nays: None

ASU-Jonesboro Resolutions:

- Resolution 15-27 approving ASU-Jonesboro to modify Stadium Lease Documents with the Red Wolves Foundation
- Resolution 15-28 naming the press box tower of Centennial Bank Stadium
- Resolution 15-29 naming the gateway to Centennial Bank Stadium
- Resolution 15-30 naming the club-level area of Centennial Bank Stadium
- Resolution 15-31 naming a ticket booth at Centennial Bank Stadium

Dr. Welch: The first is a resolution asking your approval to modify a lease document that we have with the Red Wolves Foundation. You will recall that the Red Wolves Foundation secured financing in the amount of \$13 million for the purpose of the renovations to the press box. While the University did not secure that loan, the University did have to execute a lease with the Red Wolves Foundation for the usage of the football facility and for that renovation to occur. The Red Wolves Foundation has requested an additional \$4 million in financing, which is available and has been approved, that would change their loan from \$13 million to \$17 million. It does not change any of the terms of our lease agreement with the Red Wolves Foundation at all, except changing \$13 million to \$17 million, in terms of the amount that reflects what the Red Wolves Foundation took out. It's quite possible we might not have even needed to have Board action on this item, since it's not the University that's securing the loan. That said, I felt like it was appropriate since we had notated the amount in the original lease document, that we make that modification to publicly signify that that one particular change had occurred.

The remainder are all naming resolutions. As you know, we have a Board policy that allows the Board to bestow naming opportunities on buildings, whether it be for financial contributions or service to

the University. These are all instances in which financial contributions were made. But indeed, each one of these has provided service. The press box tower we would request to be named the Johnny Allison Tower. The gateway, which will be the primary entrance to the stadium, would be named the Wayne and Virginia Baker Gateway. As you will recall, Wayne and Virginia Baker were great supporters of the University and fans of the athletic program, and their estate has provided the support, which is why we request that naming. The third naming is the Woodard McAllister Family Club. That would be the newly renovated indoor club area of the press box. As you know, the Woodard and McAllister families again have been very good supporters of the University. The final naming resolution is the International Tours Ticket Booth. There will be multiple ticket booths around the stadium, and we are offering naming opportunities for any and all of those. International Tours and their principal owner, Johnny Frankel, have provided support, and we would request that one of those ticket booths carry that designation. Again, we will hopefully be naming other areas in Centennial Bank Stadium.

Upon a motion by Mr. Slinkard, seconded by Mr. Crowson, Resolutions 15-27 through 15-31 were approved.

Ayes: Luter, Slinkard, Rhodes, Langford, Crowson

Nays: None

Mr. Luter: Is there any other business that any of the Trustees or Dr. Welch would like to bring before the Board of Trustees?

Dr. Welch: I would just again thank you for your patience in allowing us to conduct this meeting. As I said earlier, there are some timely matters, the Wilson Hall renovation obviously, which required your approval. NYIT is gearing up for a hopeful Fall 2016 start, and we need to get that project moving very soon. We also have to get legislative approvals, so time was of the essence. Obviously, on the stadium, we've only got a couple of weeks until the season starts, and we certainly wanted to have your approval of the naming opportunities, so that everyone can see those for the first game. So, again, we appreciate your patience and hopefully won't have to do this again for a while.

Mr. Luter: Let me make a comment. Ron Rhodes and I were at the Fowler Center last night for an event honoring Chucki and Curt Bradbury. The Bradbury's made a kind contribution of \$500,000 to the University to expand the Bradbury Museum, not physically but its outreach program. It is a matching-type gift, so Jason Penry and his staff will need to get busy to raise the \$500,000 match.

Dr. Welch: Mr. Chairman, I would add in, first of all thank you to you and Mr. Rhodes. I was unable to attend the reception last evening that was honoring the Bradbury's and thanking them for their gift. But we had a similar social event in our System office in Little Rock the previous evening and were able to thank them here and I tell you, the level of interest and the excitement and the exposure that it brought to the University for many people, who otherwise may not have been able to attend an event in Jonesboro, was significant. And I feel very comfortable that Dr. Penry and his staff will be able to raise those additional funds. And that \$500,000 is allowing us to elevate it from a gallery to an actual museum. This is a great gift, not only to the University, but indeed to the entire region.

Mr. Rhodes: We applaud the commitment that the Bradbury's have made to Arkansas State University and Northeast Arkansas.

Upon a motion by Mr. Rhodes, seconded by Mr. Slinkard, the meeting adjourned at 11:32 a.m.

Ayes: Luter, Slinkard, Rhodes, Langford, Crowson

Nays: None

  
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Ron Rhodes, Secretary

  
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Charles Luter, Chair

**EXECUTIVE SUMMARY**

Contact: Jeff Hankins (501) 660-1004

**ACTION ITEM:** The Arkansas State University System requests approval to proceed with the Wilson Hall Renovation Capital Project and related financing at Arkansas State University-Jonesboro (ASUJ).

**ISSUE:** The Board of Trustees must approve all capital projects and their financing.

**BACKGROUND:**

- ASUJ desires to renovate and modernize Wilson Hall, the first major renovation for the academic building since the 1960s. The renovation project includes the reconfiguration of building infrastructure for new laboratories and learning environments, plus life and safety, technology, and ADA improvements. The New York Institute of Technology (NYIT) will lease Wilson Hall to provide appropriate space for the new Doctor of Osteopathy Program. The cost of the project is estimated to be \$12.6 million.
- The ASU System is requesting approval to cash-flow the project with a short-term note of \$8 million at an interest rate not to exceed 5% for a term not to exceed 8 years. The projected debt service of approximately \$1,192,000 will be paid from revenues received from NYIT.
- This loan information must be sent to the Arkansas Department of Higher Education to determine its economic feasibility after the Board of Trustees adopts this resolution. This request meets the Arkansas Higher Education Coordinating Board requirement for feasibility.

**RECOMMENDATION/RESOLUTION:**

Be it resolved that the Arkansas State University System is approved to proceed with the Wilson Hall Renovation Capital Project at Arkansas State University-Jonesboro and to borrow a sum not to exceed \$8 million at an interest rate not to exceed 5% for a term not to exceed 8 years to finance the project.

  
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Ron Rhodes, Secretary

  
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Charles Luter, Chair

**EXECUTIVE SUMMARY**

Contact: Jeff Hankins (501) 660-1004

**ACTION ITEM:** Arkansas State University-Jonesboro (ASUJ) requests approval to modify Stadium Lease Documents with the Red Wolves Foundation.

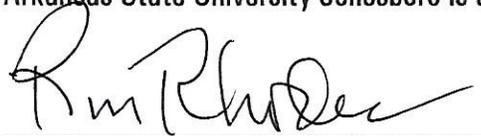
**ISSUE:** The Board of Trustees approves lease agreements.

**BACKGROUND:**

- Arkansas law allows an institution of higher education to enter into lease agreements.
- On January 29, 2015, the Board of Trustees approved a lease agreement, a sublease agreement, and other instruments (collectively, the "Stadium Lease Documents") between ASUJ and the Red Wolves Foundation related to the construction and future use of the press box at Centennial Bank Stadium.
- The Stadium Lease Documents between ASUJ and the Red Wolves Foundation require certain modifications to allow the Red Wolves Foundation the flexibility to secure additional financing related to the construction at Centennial Bank Stadium.

**RECOMMENDATIONS/RESOLUTIONS:**

Be it resolved that Arkansas State University-Jonesboro is approved to modify the Stadium Lease Documents with the Red Wolves Foundation, and the vice chancellor for Finance and Administration of Arkansas State University-Jonesboro is authorized to execute documents to effect these modifications.



Ron Rhodes, Secretary



Charles Luter, Chair

**ARKANSAS STATE UNIVERSITY  
BOARD OF TRUSTEES**

A Resolution Recognizing the Significant Contributions of  
Johnny Allison  
to Arkansas State University-Jonesboro

**WHEREAS**, the Board of Trustees has retained unto itself the authority to name facilities of the university in honor of individuals who have significantly distinguished themselves through service to and support of the nation, the state, the community, or the university; and

**WHEREAS**, Johnny Allison, a respected leader in the banking and financial industry in Arkansas, is a supporter of higher education and the students we serve; and

**WHEREAS**, Johnny Allison has made outstanding contributions to Arkansas State University-Jonesboro of a magnitude worthy of special gratitude and lasting recognition.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of Arkansas State University, that the press box tower of Centennial Bank Stadium shall be known henceforth as:

**Johnny Allison Tower**

DULY ADOPTED AND APPROVED this 27<sup>th</sup> day of August 2015

  
Charles Luter, Chair

  
Howard L. Slinkard, Vice Chair

  
Ron Rhodes, Secretary

  
Tim Langford, Member

  
Niel Crowson, Member

  
Charles L. Welch, President

**ARKANSAS STATE UNIVERSITY  
BOARD OF TRUSTEES**

**A Resolution Recognizing the Significant Contributions of  
Wayne and Virginia Baker  
to Arkansas State University-Jonesboro**

**WHEREAS**, the Board of Trustees has retained unto itself the authority to name facilities of the university in honor of individuals who have significantly distinguished themselves through service to and support of the nation, the state, the community, or the university; and

**WHEREAS**, Wayne and Virginia Baker were respected leaders in the community and advocates for higher education and the students we serve; and

**WHEREAS**, the Wayne and Virginia Baker Estate has made substantial monetary contributions to Arkansas State University-Jonesboro of a magnitude worthy of special gratitude and lasting recognition.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of Arkansas State University, that the gateway to Centennial Bank Stadium shall be known henceforth as:

**Wayne and Virginia Baker Gateway**

DULY ADOPTED AND APPROVED this 27<sup>th</sup> day of August 2015

  
Charles Luter, Chair

  
Howard L. Slinkard, Vice Chair

  
Ron Rhodes, Secretary

  
Tim Langford, Member

  
Niel Crowson, Member

  
Charles L. Welch, President

**ARKANSAS STATE UNIVERSITY  
BOARD OF TRUSTEES**

A Resolution Recognizing the Significant Contributions of the  
Woodard and McAlister Families  
to Arkansas State University-Jonesboro

**WHEREAS**, the Board of Trustees has retained unto itself the authority to name facilities of the university; and

**WHEREAS**, the members of the Woodard and McAlister families are respected leaders in the community and supporters of higher education and the students we serve; and

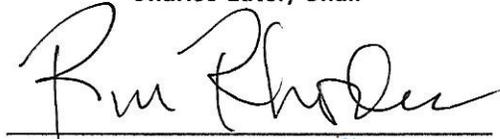
**WHEREAS**, the Woodard and McAlister families have made outstanding contributions to Arkansas State University-Jonesboro of a magnitude worthy of special gratitude and lasting recognition.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of Arkansas State University, that the club-level area of Centennial Bank Stadium shall be known henceforth as:

**Woodard McAlister Family Club**

DULY ADOPTED AND APPROVED this 27<sup>th</sup> day of August 2015

  
Charles Luter, Chair

  
Ron Rhodes, Secretary

  
Niel Crowson, Member

  
Howard L. Slinkard, Vice Chair

  
Tim Langford, Member

  
Charles L. Welch, President

**ARKANSAS STATE UNIVERSITY  
BOARD OF TRUSTEES**

**A Resolution Recognizing the Significant Contributions of  
International Tours of Jonesboro  
to Arkansas State University-Jonesboro**

**WHEREAS**, the Board of Trustees has retained unto itself the authority to name facilities of the university; and

**WHEREAS**, International Tours of Jonesboro is a respected leader in the travel industry of Arkansas; and

**WHEREAS**, International Tours of Jonesboro has made outstanding contributions to Arkansas State University-Jonesboro.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of Arkansas State University, that a ticket booth at Centennial Bank Stadium shall be known henceforth as:

**International Tours Ticket Booth**

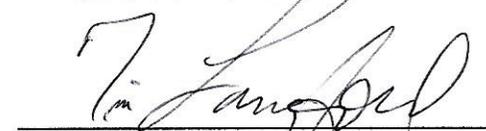
DULY ADOPTED AND APPROVED this 27<sup>th</sup> day of August 2015

  
Charles Luter, Chair

  
Ron Rhodes, Secretary

  
Niel Crowson, Member

  
Howard L. Slinkard, Vice Chair

  
Tim Langford, Member

  
Charles L. Welch, President