

AGENDA FOR THE BUILDINGS AND GROUNDS COMMITTEE
UNIVERSITY OF ARKANSAS BOARD OF TRUSTEES
VIA VIDEO CONFERENCE
11:00 A.M., JULY 7, 2021

University of Arkansas for Medical Sciences

1. Consideration of Request for Approval of Purchase of Land Located in Springdale, Arkansas, UAMS (Action)

2. Consideration of Request for Approval Concerning Lease of a Facility Located at 704 West Grove, El Dorado, Arkansas, UAMS (Action)

3. Consideration of Request for Approval of an Increase in the Child Development Center Construction Cost, UAMS (Action)

Office of the President

July 1, 2021

**TO MEMBERS OF THE BUILDINGS
AND GROUNDS COMMITTEE:**

Mr. Morrill Harriman, Chair
Mr. Steve Cox
Dr. Ed Fryar
Mr. Sheffield Nelson
Mr. Cliff Gibson

Dear Committee Members:

Chancellor Cam Patterson, University of Arkansas for Medical Sciences, is requesting approval of the Board of Trustees to purchase approximately 31.178 acres of real estate in Springdale, Arkansas.

The property would serve as home for the UAMS Health Orthopedics and Sports Medicine center, the facility to be built was approved by the Board in March 2021. The property is under contract to Natural Capital Fund I, LP, which has agreed to assign its interest in the contract to the Board of Trustees in exchange for payment of \$26,297.50 in satisfaction of costs incurred by Natural Capital. Subject to approval of the assignment, and the Board's approval of this purchase, the parties have signed an amendment to the real estate purchase contract conforming the terms to those agreed by UAMS. UAMS has agreed to pay the seller, Claypool Farms, LLC, \$30,000 in satisfaction of all claims in the event UAMS does not complete the transaction. The agreements provide for a purchase price of \$13,581,137, or about \$10 per square foot.

A proposed resolution is attached for your consideration. I recommend approval.

Sincerely,



Donald R. Bobbitt
President
Charles E. Scharlau Presidential Leadership Chair

Attachment

2404 North University Avenue / Little Rock, Arkansas 72207-3608 / 501-686-2505

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University of Arkansas for Medical Sciences / University of Arkansas at Monticello / Division of Agriculture / Criminal Justice Institute
Arkansas Archeological Survey / Phillips Community College of the University of Arkansas / University of Arkansas Community College at Hope - Texarkana
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RESOLUTION

WHEREAS, pursuant to a Real Estate Purchase Agreement between Natural Capital Fund I, LP (“Natural Capital”) and Claypool Farms, LLC (“Claypool”), dated as of June 10, 2021, (the “Purchase Agreement”), Natural Capital agreed to purchase certain real estate located in Springdale, Arkansas, and more specifically described herein; and

WHEREAS, Natural Capital and Claypool have agreed, subject to approval of the Board of Trustees of the University of Arkansas, to an Assignment of Real Estate Purchase Agreement dated as of June 10, 2021, (the “Assignment”), assigning the Purchase Agreement to the Board of Trustees for the use of the University of Arkansas for Medical Sciences; and

WHEREAS, the parties have executed a Seventh Amendment to the Real Estate Purchase Agreement dated as of June 10, 2021;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS THAT the Board hereby approves the Assignment and the Purchase Agreement, as amended by the Seventh Amendment dated as of June 10, 2021, and approves the purchase of the following described property for the price of \$13,581,137, on the terms and conditions set forth in the Purchase Agreement, the Assignment, and the Seventh Amendment to Real Estate Purchase Agreement:

Part of the Northwest Quarter of the Southwest Quarter of Section 9, Township 17 North, Range 30 West, Washington County, Arkansas, being more particularly described as follows: Beginning at a set 1/2" capped rebar PLS #1826 marking the southeast corner of said forty-acre tract; thence running along the south line of said forty-acre tract N87°21'29"W, passing through a set 1/2" rebar located on the easterly right-of-way line of South 56th Street, at a distance of 1275.21 feet, and continuing for a total distance of 1319.93 feet to the southwest corner of said forty-acre tract; thence along the west line of said forty-acre tract N02°26'58"E 398.53 feet; thence leaving said west line S87°21'21"E, passing through a set 1/2" rebar located on the easterly right-of-way of South 56th Street, at a distance of 42.30 feet, and continuing for a total distance of 392.44 feet to a set 1/2" rebar; thence N02°26'07"E 726.74 feet to a set 1/2" rebar; thence S87°21'24"E 95.00 feet to a set 1/2" rebar; thence N02°38'36"E 196.35 feet to the north line of said forty-acre tract, and running along said north line S87°21'22"E 613.16 feet to a found 5/8" rebar with orange cap; thence leaving said north line S02°21'47"W 20.70 feet to a found 5/8" rebar with aluminum cap located on the south right-of-way line of Watkins Avenue; thence along said right-of-way line S 85°51'31"E 149.84 feet to a found 5/8" rebar with aluminum cap; thence S87°46'05"E 68.49 to a set 1/2" capped rebar PLS #1826; thence leaving said right-of-way S02°25'29"W 1297.46 feet to the point of beginning, containing in all 31.178 acres, more or less.

BE IT FURTHER RESOLVED THAT the purchase shall be subject to a determination by the General Counsel that the seller has good and merchantable title to the property. The President, the Chief Financial Officer, the Chancellor and the Chief Financial Officer of the University of Arkansas for Medical Sciences, or their designee, shall be, and hereby are, authorized to take such further action and execute such documents and instruments as may be necessary to close the transaction in accordance with the Assignment and the Purchase Agreement, as amended by the Seventh Amendment to Real Estate Purchase Agreement dated as of June 10, 2021.



UNIVERSITY OF ARKANSAS SYSTEM

Office of the President

July 1, 2021

TO MEMBERS OF THE BUILDINGS
AND GROUNDS COMMITTEE:

Mr. Morrill Harriman, Chair
Mr. Steve Cox
Dr. Ed Fryar
Mr. Sheffield Nelson
Mr. Cliff Gibson

Dear Committee Members:

To further the University of Arkansas for Medical Sciences (UAMS) mission to educate, provide high quality healthcare, and advance healthcare knowledge through research, Dr. Cam Patterson, Chancellor of UAMS requests approval to authorize UAMS to enter into a twenty-year facility lease and to expand the scope of operations for the previously approved UAMS-Baptist Health limited liability company.

As presented to the Board at its September 2020 meeting, UAMS and Baptist Health entered into an oncology services affiliation agreement (Affiliation) to develop co-branded, clinical projects throughout the State to maximize treatment options for Arkansans and to support the progress of UAMS in achieving National Cancer Institute (NCI) designation. As part of the Affiliation's first project, UAMS and Baptist Health formed BH-UAMS Oncology Services, LLC (LLC) to own and operate a radiation therapy clinic on the campus of Baptist Health Medical Center in North Little Rock (NLR Project). Each party owns fifty percent of the LLC's membership interests, allowing them to have equal shares in the risk and reward of the project.

Although the parties initially formed the LLC for the NLR project, they wish to expand its operations to other project sites across the State. The first planned expansion is to El Dorado, Arkansas. This expansion will increase the UAMS presence in the communities of South Arkansas and increase access to quality cancer treatment services. Like the NLR project, the El Dorado project will have a radiation therapy clinic owned and operated by the LLC and a medical oncology and infusion clinic owned and operated by UAMS. The division of ownership is because of restrictive Medicare regulations regarding provider-based joint ventures and the parties' desire to retain the financial benefits of their respective provider-based statuses.

UAMS will locate the El Dorado cancer center on the first floor of a three-story medical office building (MOB) located at 704 West Grove, El Dorado, Arkansas. The MOB also will house two other UAMS programs—the ninth UAMS Regional Programs campus (second and third floors)

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and an Institute on Aging outreach center (third floor). UAMS entered into a fifteen-year lease on October 15, 2020 for the Regional Programs space. UAMS plans to enter a twenty-year lease for the first floor cancer center and a five year lease for the Institute on Aging. The lease term for the cancer center is longer than the other terms because of the increased costs of constructing a radiation therapy vault. UAMS will sublease a portion of the first floor to the LLC for the radiation therapy clinic. The MOB is located in close proximity to the Medical Center of South Arkansas and is currently under construction with a target completion date of February 2022.

Dr. Patterson, members of the UAMS leadership team, and members of the General Counsel's office will be present at the meeting to discuss this with you and answer any questions.

A proposed resolution follows and I recommend its approval.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS THAT the President of the University of Arkansas System and the Chancellor of UAMS and other appropriate officials of the University of Arkansas System and UAMS shall be, and hereby are, authorized to expand the scope of operations of BH-UAMS Oncology Services, LLC to other locations within the State of Arkansas.

BE IT FURTHER RESOLVED THAT the President, subject to review by the Office of General Counsel, shall be and hereby is authorized to execute such contracts and such other documents and instruments, including the twenty-year lease in connection with the property located at 704 West Grove, El Dorado, Arkansas, that will be used for the El Dorado cancer center, and to take such further action as may be necessary in order to carry out the purpose and intent of this resolution.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald R. Bobbitt", with a long horizontal flourish extending to the right.

Donald R. Bobbitt

President

Charles E. Scharlau Presidential Leadership Chair

July 1, 2021

TO MEMBERS OF THE BUILDINGS
AND GROUNDS COMMITTEE:

Mr. Morril Harriman, Chair
Mr. Steve Cox
Dr. Ed Fryar
Mr. Sheffield Nelson
Mr. Cliff Gibson

Dear Committee Members:

The Board previously approved the use of federal new markets tax credits pursuant to Section 45D of the Internal Revenue Code in connection with financing not to exceed \$6,750,000 (the “NMTC Financing”) as the financing vehicle for the development of a child care and early childhood education center for the benefit of UAMS families and the central Little Rock community. The Board has also approved the necessary structure for the NMTC Financing, including the lease arrangement between UAMS and Delta Student Housing, Inc., an Arkansas non-profit corporation, which will serve as the borrower in the NMTC Financing; and

Since that time, the cost of construction for the development of the project has increased because of nationwide supply chain issues. Dr. Cam Patterson, Chancellor for UAMS, requests that the Board approve increasing the amount it previously authorized to an approximate amount not to exceed \$8,500,000. Necessarily, this increased debt obligation will be reflected in the lease payments between UAMS and Delta Student Housing, Inc. Even with these increased costs, UAMS believes continuing the project is needed and that the financing structure will be beneficial to UAMS. I have asked Christina Clark and Amanda George to be available to answer any questions. As well, Jay Taylor, with Friday, Eldredge, & Clark, LLP who is assisting with this transaction, will also be available.

A proposed resolution is attached for your consideration. I recommend its approval.

Sincerely,



Donald R. Bobbitt, President
Charles E. Scharlau Presidential Leadership Chair

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RESOLUTION

WHEREAS, the Board has previously approved the use of federal new markets tax credits pursuant to Section 45D of the Internal Revenue Code of 1986, as amended, in an approximate amount not to exceed \$6,750,000 (the “NMTC Financing”) as the financing vehicle for the development of a child care and early childhood education center for the benefit of UAMS families and the central Little Rock community (the “Project”) and has approved the necessary structure for the NMTC Financing, including the lease arrangement between UAMS and Delta Student Housing, Inc., an Arkansas non-profit corporation, which will serve as the borrower in the NMTC Financing; and

WHEREAS, the cost of construction for the development of the Project has increased during recent months because of nationwide supply chain issues, which now requires an increase in the financing cost from an approximate amount not to exceed \$6,750,000 to an approximate amount not to exceed \$8,500,000, with that greater amount being the debt service that will be subject to the lease between UAMS and Delta Student Housing, Inc.;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS THAT the Board hereby approves continuing the Project and the use of the NMTC Financing for the Project, with the total amount financed not to exceed \$8,500,000, and continuing with the lease arrangement between UAMS and Delta Student Housing, Inc., which will be structured in a manner to service the increased amount of the financing.

BE IT FURTHER RESOLVED THAT the Board authorizes the President, Chief Financial Officer, Chancellor, Vice Chancellor for Finance and CFO, or their designees, to execute such documents and instruments as may be necessary to accomplish the Project and NMTC Financing provided that such documents and instruments shall be reviewed by the General Counsel.