AGENDA FOR THE SPECIAL MEETING OF THE
UNIVERSITY OF ARKANSAS BOARD OF TRUSTEES
VIA VIDEO CONFERENCE
10:00 A.M., OCTOBER 30, 2020

1. EXECUTIVE SESSION

REGULAR SESSION BEGINS (approximately 11:00 A.M.)

2. Consideration of Request for Approval to Negotiate and Enter into a Lease, UAMS (Action)

3. Other Business
   a. Next Regular Meeting November 19-20, 2020
October 27, 2020

TO MEMBERS OF THE BOARD OF TRUSTEES:

Dear Trustees:

Chancellor Cam Patterson and the University of Arkansas for Medical Sciences (UAMS) request approval authorizing UAMS to negotiate and enter into a 30-year lease with Sage Partners for a 185,000 square foot outpatient surgery center and multi-specialty medical office building in Northwest Arkansas (“Surgical Annex”). As part of the negotiated lease, UAMS will have the option to assume the outstanding debt at a mutually agreeable date or purchase the facility for $1 at the end of the 30-year term. Any lease with Sage Partners will need approval by the Arkansas State Building Authority.

This Surgical Annex would help further UAMS’ mission to educate, provide high quality healthcare, and advance healthcare knowledge through research in the fastest growing section of the State.

Currently, UAMS does not have any surgical centers or hospitals in Northwest Arkansas, so the five orthopedic surgeons that UAMS recently hired in that area are performing cases at other facilities. These surgeons are only able to generate professional fees for such cases; the technical/hospital-based part of the fee is collected by the facility where the surgery is performed. If the cases could be performed at a UAMS facility, this technical fee would also be secured by UAMS, which would result in a projected $3-4 million margin on the orthopedic practice alone. This includes savings that would accrue as UAMS currently leases two sites in Northwest Arkansas to provide orthopedic clinical services. UAMS would close these sites once it opened the Surgical Annex.

UAMS seeks to lease space close to other newly built medical facilities in the Northwest Arkansas area. Sage Partners will be responsible for acquiring land in UAMS’s preferred location and for building a facility suitable for the Surgical Annex. As part of the lease, UAMS will work with Sage Partners on the design and completion of the property. UAMS recently worked with Sage Partners on the lease, design and remodel of space housing the UAMS Women’s Clinic located in midtown Little Rock.

UAMS weighed constructing a facility and financing the project through bonded indebtedness, but under the contemplated lease terms with Sage Partners, the estimated costs under the lease will be nearly the same amount as bonded indebtedness. Significantly, by moving forward with
this lease arrangement, UAMS will be in a position to occupy the space much faster, as UAMS is currently engaged in several other large building projects in Little Rock, most notably the East Campus Energy Plant, that preclude their having a building manager supervise this project in Northwest Arkansas.

If approved, UAMS estimates that the Surgical Annex will not be ready to occupy until sometime in 2023.

Finally, although the current pro forma for this project is based upon utilization of the space for orthopedic surgery, UAMS will be able to expand services beyond orthopedics in the years to come to include coronary, cancer, and other specialties.

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 resolution is attached and I recommend its approval.

Sincerely,

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

Attachment
BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ARKANSAS
THAT the President of the University of Arkansas System, the Chancellor of UAMS and other
appropriate officials of the University of Arkansas System and UAMS shall be, and hereby are,
authorized to negotiate the terms of a lease with a term of up to 30 years, and including a purchase
option, of a building to be constructed to house an outpatient surgery center and a multi-specialty
medical office building in Northwest Arkansas.

BE IT FURTHER RESOLVED THAT the lease shall meet the specifications of the Arkansas
Division of Building Authority and its content and form shall be acceptable to the General Counsel.

BE IT FURTHER RESOLVED THAT the UAMS may utilize appropriate funds to pay for the
lease.

BE IT FURTHER RESOLVED THAT the President shall be and hereby is authorized to execute
such lease and such other documents and instruments and to take such further action as may be
necessary in order to carry out the purpose and intent of this resolution.