

**AGENDA**  
**(Revised 2/3/12)**  
**Higher Education Subcommittee**  
**of the**  
**Arkansas Legislative Council**

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**Tuesday, February 07, 2012**  
**01:00 PM**  
**Room A, MAC**  
**Little Rock, Arkansas**

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Sen. Sue Madison, Chair  
Sen. Jimmy Jeffress, Vice Chair  
Sen. Gilbert Baker  
Sen. Kim Hendren  
Sen. Gene Jeffress  
Sen. Johnny Key  
Sen. Joyce Elliott  
Sen. Bruce Holland  
Sen. Mary Anne Salmon, ex-officio  
Sen. Robert Thompson, ex-officio

Rep. Johnnie J. Roebuck, Chair  
Rep. Ann V. Clemmer, Vice Chair  
Rep. Eddie L. Cheatham  
Rep. James L. Word  
Rep. Les "Skip" Carnine  
Rep. Robert E. Dale  
Rep. Tiffany Rogers  
Rep. John Burris  
Rep. Tommy Lee Baker, ex-officio  
Rep. Terry Rice, ex-officio

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- A. Call to Order
- B. Report on Revenue-Producing Contracts in Four-Year Higher Education Institutions
  - 1. Arkansas State University at Jonesboro [EXHIBIT B-1]
  - 2. University of Arkansas at Fayetteville [EXHIBIT B-2]
  - 3. University of Arkansas at Fort Smith [EXHIBIT B-3]
  - 4. University of Arkansas at Pine Bluff [EXHIBIT B-4]
  - 5. University of Arkansas at Monticello [EXHIBIT B-5]
  - 6. University of Arkansas at Little Rock [EXHIBIT B-6]
  - 7. Arkansas Tech University [EXHIBIT B-7]
  - 8. University of Central Arkansas [EXHIBIT B-8]
  - 9. Southern Arkansas University [EXHIBIT B-9]
  - 10. Henderson State University [EXHIBIT B-10]
- C. Update on Implementation of Act 971 of 2009 by Institutions of Higher Education [EXHIBIT C]
  - Shane Broadway, Interim Director, Arkansas Department of Higher Education
- D. Presentation on the Issue of the Sales Tax on Student Textbooks
  - Autumn Lewis, State Student Advocacy Committee, University of Arkansas-Fayetteville
- E. Other Business
- F. Adjournment

**Notice: Silence your cell phones. Keep your personal conversations to a minimum. Observe restrictions designating areas as "*Members and Staff Only*"**

## Revenue Producing Vendor Contracts by Institution

**Institution:** Arkansas State University-Jonesboro

Vendor/Location	Purpose (Examples provided below of typical revenue producing contracts)	Method of Procurement	Original Contract Date (for contract with no break in service)	Most Recent Extension Date	Total Years Contract Has Been In Force (including extensions)	Contract Amount FY2010-11	Additional Contract Terms			Benefits according to the BLR survey request, defined as flow backs, kick backs, add ons, turn backs, etc.
							Infrastructure Improvements	Scholarships /Donations	Other	
Sodexo	Food Service	RFP	03/01/2000	06/01/2009	11		\$ 5,000.00	\$40,000 \$30,000 \$50,000 \$15,000 \$ 5,000 \$ 5,000 \$37,500	Annual maintenance; Annual meal plan ID system cost; Renovation fund; Chancellor's catering; President's catering; Student enhancement fund; Annual bond payment	
<b>Meal Plan Total Expenditures for FY2011:</b>						\$ (6,862,315.90)				
<b>Meal Plan Commissions Received for FY2011:</b>						\$ 864,211.58				
<b>Catering Total Expenditures for FY2011:</b>						\$ (659,510.73)				
<b>Catering Commissions Received for FY2011:</b>						\$ 93,854.56				
Follett Higher Education Group / Illinois	Bookstore	RFP	07/01/1999	07/01/2009	12	\$ 265,000.00	\$ 5,000.00		Scholarships	
Delta Beverage Group / Arkansas	Pouring Rights	RFP	11/01/1998	05/01/2001	13	\$ 178,598.00				
Sodexo	Vending	Part of Food Service	03/01/2000	06/01/2009	11	\$ 25,032.00				
First Bank	ATM Space Lease	Negotiated	03/01/2005		6	\$2,400				
NEA Federal Cr Un	ATM Space Lease	Negotiated	03/25/2005		6	\$2,400				
Liberty Bank	ATM Space Lease	Negotiated	03/15/2006		5	\$2,400				
Bank of America	ATM Space Lease	Negotiated	07/25/2006		5	\$2,400				
Trinity Broadcasting	Radio Tower Space	Negotiated	10/03/1997	10/03/2007	14	\$8,928				
Cingular Wireless	Space Lease	Negotiated	07/30/2004		7	\$27,000				

Please give a brief description of each of your contracts in its entirety. For example, if you have a seven-year contract that began in 2002 and was extended another ten years in 2009, include those terms from the 2002 contract and the terms of the extension negotiated/proposed in 2009. If you have a renewal of a contract that begins in 2011-12, please give a brief description of the terms of the renewal.

The food service contract began in March 2000 following a request for proposals, and was extended in 2009 through June 2019. Space improvements were included in the contract at an initial amount of \$1,878,269, which is amortized at a rate of \$187,827 per year.

The bookstore contract was entered into in July 1999 following a request for proposals, and was extended in 2009 through June 2014. Follett invested a total of \$723,498.55 in the renovation of the bookstore space. ASU is reimbursing Follett for \$300,000 of this (amortized over 7 years, \$42,857 per year, which is deducted from one commission payment quarterly). Follett is amortizing the remaining \$423,498.55 internally over 7 years (\$60,500 per year).

The pouring rights contract was in effect from November 1998 through June 2011, and was also a result of a request for proposals. The contract's initial end date was 2005, but this was extended to 2011 in May 2001.





Revenue Producing Vendor Contracts by Institution

Institution: University of Arkansas at Pine Bluff

Vendor/Location	Purpose (Examples provided below of typical revenue producing contracts)	Method of Procurement	Original Contract Date (for contract with no break in service)	Most Recent Extension Date	Total Years Contract Has Been In Force (including extensions)	Contract Amount FY2010-11	Additional Contract Terms	Benefits
THOMPSONS Alameda, Va	Food Service	RFP	7/1/2003-2010	7/1/2010-6/30/2017 (3YRS) EXT.			Infrastructure Improvements \$1,350,000.00 Scholarships/Donations \$616,062.00 Other \$466,506	Benefits according to the BIR survey request, defined as flow backs, kick backs, add ons, turn backs, etc. NONE
				Meal Plan Total Expenditures for FY2011: (2,784,305)				
				Meal Plan Commissions Received for FY2011:				
				Catering Total Expenditures for FY2011:				
				Catering Commissions Received for FY2011:	43,708			
Follat/Oak Brook, IL	Bookstore	RFP	Jan 1996-Dec 2003	JAN 2004-Dec 2011	14 yrs (see blow)*	\$90,000/yr.	10% discount to faculty on purchases over \$1.00 excluding books	\$50,000/yr.
Coke/Little Rock, Ar	Pouring Rights	GC Agreement	Feb/1/2002	2011   10 yrs as of 2/2012		\$25,174.89	Donations to the Athletic Prog. 25% on vending commission	\$434,500
							Term donation to Athletics	
							Purchase of tickets; marketing;	
							Exclusive vending rights	
							Cases of coke product valued at \$1,500	
Mid Ark/Little Rock, Ark	Vending	Product Survey*	1998	07/01/2011   13 years		\$14,000/yr**	App. 20% commission from sale of snacks	NA

PRODUCT SURVEY

\* Explanation of Method of Procurement for Vending Services:  
The State's position under the Ed Ernster Admin. Was that bid were not required since we made no payment to the provider. Thus, we conducted an on campus survey based on annual benefit of product.

Mid Ark Vending rated highest in the survey.  
The ratio of product sold to product liability affects the commission received by UAPB. There were also other challenges with securing other company's equipment as the University is without any liability for the vendor's equipment. This also impacted our decision to go with Mid Ark Vending.

\*\* Average annual commission for Snacks app. \$14,000 all locations

THOMPSONS HOSPITALITY EXPLANATION

RE: <sup>11</sup> Additional Contract Terms\*

All is projected over the 7 year contract:

Scholarships- includes \$20,000/annual plus meal scholarships for 7 years  
\*\* Actual Scholarship funds received for Contract Period FY2003-FY2010 was \$47,875.68

INFRASTRUCTURE-AS NEEDED	Other includes: small equipment purchases as updates are necessary and a vehicle for delivery as well as Wellnest Education
\$900,000 Davis Union	
325,000 JBU	
325,000 Delta	
\$1,550,000	

FOLLETTE EXPLANATION - We will enter a new agreement based on the RFP starting Jan 2012 for 7 years

## Revenue Producing Vendor Contracts by Institution

**Institution:** University of Arkansas at Monticello

Vendor/Location	Purpose (Examples provided below of typical revenue producing contracts)	Method of Procurement	Original Contract Date (for contract with no break in service)	Most Recent Extension Date	Total Years Contract Has Been In Force (including extensions)	Contract Amount FY2010-11	Additional Contract Terms			Benefits according to the BLR survey request, defined as flow backs, kick backs, add ons, turn backs, etc.
							Infrastructure Improvements	Scholarships /Donations	Other	
Aramark	Food Service	RFP	07/01/2009	05/20/2011	2	\$ 250,000.00				
			Meal Plan Total Expenditures for FY2011: \$ (1,024,617.78)							
			Meal Plan Commissions Received for FY2011: \$ -							
			Catering Total Expenditures for FY2011: \$ (132,850.03)							
			Catering Commissions Received for FY2011: \$ 10,628.00							
N/A	Bookstore	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Coca-Cola	Pouring Rights	RFP	02/04/2002	N/A	9	\$ 11,479.98			\$ 60,000.00	Sponsorship fees
Automatic Vending of Arkansas, Inc.	Vending	RFP	11/29/1999	N/A	12	\$ 2,061.67			N/A	N/A

**Brief Description:**  
 Aramark - Infrastructure improvements include financial commitment of \$250,000 for renovating retail restaurant space in the University's library building (\$200,000) as well as catering facility improvements (\$50,000). This financial commitment is being amortized over 120 months and any amount not fully amortized by the end of the contract term is required to be paid back to Aramark by the University.  
 Coca-Cola - Original contract began in 2002 running for a period of 10 years. Sponsorship fees were paid in annual installments through Year 5 of the contract (2007). RFP process is currently underway for pouring rights due to the expiration of this contract in February 2012.

Revenue Producing Vendor Contracts by Institution

Institution: University of Arkansas at Little Rock

Vendor/Location	Purpose (Examples provided below of typical revenue producing contracts)	Method of Procurement	Original Contract Date (for contract with no break in service)	Most Recent Extension Date	Total Years Contract Has Been In Force (including extensions)	Contract Amount FY2010-11	Additional Contract Terms			Benefits according to the BLR survey request, defined as flow backs, kick backs, add ons, turn backs, etc.
							Infrastructure Improvements	Scholarships/ Donations	Other	
Sodexo, Buffalo, NY	Food Service	RFP	07/01/2008	07/01/2011	3			\$ 150,000		
				Meal Plan Total Expenditures for FY2011:		\$ (360,000)				
				Meal Plan Commissions Received for FY2011:		\$ -				
				Catering Total Expenditures for FY2011:		\$ (728,897)				
				Catering Commissions Received for FY2011:		\$ -				
Barnes & Noble (Baskingridge, NJ)	Bookstore	RFP	07/01/1992	07/01/2011	19	\$ 387,767		\$ 19,840		
Pepsi (Little Rock, AR)	Pouring Rights	RFP	01/01/2003	01/01/2010	9	\$ 200,017		\$ 10,000	\$ 45,821	Commissions
No current contract	Vending									

Sodexo - In FY09, UALR solicited RFPs for foodservice on campus, received several bids and selected Sodexo as the best bidder. Sodexo's bid included provisions to compensate UALR a commission of 10% of net undiscounted sales, annual support of \$100,000 for support of the Donaghy Center, \$8,000 for the Chancellor's Fund, \$5,000 for the VCESS fund, and \$2,000 for the SGA fund. In addition, Sodexo committed to invest \$60,000 in equipment and renovation for the foodservice area. In contract negotiation for FY11, Sodexo's agreement was to pay \$150,000 for unrestricted auxiliary use. Starting July 1, 2011, UALR enacted mandatory meal plans for all resident hall students which gave Sodexo a more stable base to spread fixed costs over. To capitalize on this change, the University agreed to extend the contract three additional years to June 30, 2018, in return for Sodexo's agreement to provide \$150,000 in unrestricted support annually and a one time unrestricted contribution of \$500,000 in September 2011.

Barnes & Noble - In FY94, UALR solicited RFPs for book/copying vendors, received several bids, selected Barnes & Noble as the best bidder and entered into a 5 year contract. This original contract included provision to compensate UALR for book sales in years 1 through 5 \$325,000, \$325,000, \$350,000, \$375,000 & \$425,000 respectively and \$6,000, \$6,000, \$10,000 & \$10,000 for copying sales. This contract was amended to add two additional years and expired June 30, 2000. In FY00, UALR solicited bids for book vendors, received several bids, selected Barnes & Noble as the best bidder and entered into a 7 year contract scheduled to expire June 30, 2007. This contract included provision to compensate UALR the greater of a guaranteed amount of \$300,000 annual in years 1 through 7, or 9% of sales up to \$3.5 million and 10.5% of sales greater than \$3.5 million. Additionally, Barnes & Noble agreed to spend up to \$68,000 to renovate the Bookstore sales area and to annually donate \$10,000 to an unrestricted fund and to fund 9 full-time book scholarships. Prior to the end of this contract, the University agreed to extend the contract period to June 30, 2013 with all of the existing financial commitments plus Barnes & Noble's one time donation of \$200,000 to the UALR unrestricted fund. Provision of this extension modified the percentage of sales to 10% of sales up to \$4.0 million and 11% of sales over \$4.0 million. Effective July 1, 2011, this agreement was extended to June 30, 2020, in exchange for a commitment of up to \$100,000 in renovations to the Bookstore sales area, a one time \$350,000 donation, which was used on a new student foodservice facility and increases in sales commissions to 11% up to \$4.0 million and 12% of sales over \$4.0 million. All of the other existing financial commitments remained in force.

Pepsi - In FY03, UALR solicited RFPs for sole pouring rights to beverage services on campus, received bids from Coke and Pepsi and selected Pepsi as the best bidder. Pepsi's bid included year 1 funding of \$520,000 in unrestricted support, \$100,000 in guaranteed commissions, \$10,000 for scholarships and 600 cases for free products. In years 2-7, the bid provided \$100,000 in guaranteed commissions, \$20,000 in unrestricted support, \$10,000 for scholarships and 600 cases of free products. At the end of this seven-year contract, the University advertised again for sole pouring rights and received bids from Pepsi and Coke, with Pepsi being the highest bidder. The terms of this contract provided for annual support of \$170,000 in unrestricted support, \$20,000 in athletic sponsorships, \$10,000 for scholarships, \$5,000 for campus activity products, \$5,000 for sustainability / recycling initiatives and estimated annual commissions of \$65,300. The current contract will expire 12/31/2017.

Revenue Producing Vendor Contracts by Institution

Institution: Arkansas Tech University

Vendor/Location	Purpose (Examples provided below of typical revenue producing contracts)	Method of Procurement	Original Contract Date (for contract with no break in service)	Most Recent Extension Date	Total Years Contract Has Been In Force (including extensions)	Contract Amount FY2010-11	Additional Contract Terms			Benefits according to the BLR survey request, defined as flow backs, kick backs, add ons, turn backs, etc.
							Infrastructure Improvements	Scholarships /Donations	Other	
Chartwells/North Carolina	Food Service	RFP	07/01/1996	07/01/2004	15	(2,796,538)				
				Meal Plan Total Expenditures for FY2011:						
				Meal Plan Commissions Received for FY2011:		-				
				Catering Total Expenditures for FY2011:		(222,259)				
				Catering Commissions Received for FY2011:		18,567				
Coca Cola/Arkansas	Pouring Rights	RFP	07/01/2000	07/01/2007	11	40,590				
Midwest-Canteen/Arkansas	Vending	RFP	08/20/2001	08/20/2011	10	2,357				
SBA Towers II/Olben Ration, FL	Communication	Lease	05/03/2006	no extension	5	15,000				

The food service contract extension entered into 7-1-2004 provided an additional \$1,260,000 of the original contract to the institution to fund certain improvements. An amendment on 7-1-2010 provided for a sum of \$1,270,000 to fund dining service capital needs without an extension in years.

The pouring rights contract entered into on 7-1-2000 included a sponsorship fee for promotional rights of \$30,000 upfront and Bonus funding based on total yearly volume (6300 cases = \$8,000, 6500 = \$10,000, 6800 = \$12,000, 7100 = \$14,000). The renewal entered into on 7/1/2001 included an agreement to pay the university for sponsorship fees an aggregate of \$95,000 (year one - \$85,000, year two through year 5 \$2,500 each year for capital expenditures as directed by the university).



# EXHIBIT B-8

## Revenue Producing Vendor Contracts by Institution

Institution: University of Central Arkansas

Vendor/Location	Purpose (Examples provided below of typical revenue producing contracts)	Method of Procurement	Original Contract Date (for contract with no break in service)	Most Recent Extension Date	Total Years Contract Has Been In Force (including extensions)	Contract Amount FY2010-11	Infrastructure Improvements	Scholarships /Donations	Other	Additional Contract Terms	Describe	Benefits
ARAMARK/Philadelphia PA	Food Service	RFP	6/1/2006	5/26/2011	6	See below*	2005 contract to purchase \$2,970,000 (student center expansion, concessions food cart, Starbucks, Einsteins, Java City, one card software). Current extension includes an amount not to exceed \$100,000 for equipment replacement. Prior years also included equipment replacement dollars if needed. There are projects from previous contracts that are still being authorized by ABA. The total amount for current and previous contracts with interest is over \$6.7 million.	\$10,000 annually (athletic department)	Current extension = Campus catering \$47,500; 1,000 meal tickets	Campus Food and Catering Service		Benefits according to the BLR survey request, defined as flow backs, kick backs, add ons, turn backs, etc.
						Meal Plan Total Expenditures for FY2011: (\$182,166)						
						Meal Plan Commissions Received for FY2011: 7,261,466						
						Meal Plan Revenue & Commissions less Expenses to ABA: 2,079,300						
						Catering Total Expenditures for FY2011: (\$70,973)						
						Catering Commissions Received for FY2011: 116,945						
Burnes & Noble**/Basking Ridge, NJ	Bookstore	RFP	7/1/2007	7/1/2011	4	350,000	2011 Bookstore upgrades = \$60,000	\$18,000 annually (\$15,000 unrestricted, \$3,000 book scholarship); 2007 one-time unrestricted donation \$150,000		Campus Bookstore		From time to time products will be provided to students in need or for door prizes for campus events.
Pepsi*/North Little Rock, AR	Pouring rights	RFP	6/1/2003	No extensions*	8	50,000						
Imperial/Tulsa, OK	Vending	RFP	7/1/2009	7/1/2011	2	13,019						
American/Woburn, MA	Cell Tower Lease	RFP/ABA Lease	7/15/2010	No extensions*	2	8,045						
Verizon(Alto)/Folsom, CA	Cell Tower Lease	ABA Lease	7/1/2011	No extensions*	6 months							
AT & T(Cingular)/Syracuse, NY	Cell Tower Lease	ABA Lease	5/21/2004	5/21/2009	7	67,349						
T-Mobile/Baltimore, VA	Cell Tower Lease	ABA Lease	6/14/2010	2/23/2011	1	3,382						
Entantries/North Little Rock, AR	Fleet Car Leasing	RFP	1/10/2005	7/1/2009	6	8,096						
Alto Cellular Associates of Ark. LMT, Partnership Little Rock, AR	Cell Tower Lease	ABA Lease	6/24/2004	No extensions*	7	37,230						
ERG, Inc/Holland, MI (Licensing Resource Group)	AMeric Trademark	Negotiated	1/1/2004	1/1/2012 Ann Ext	8	18,932						
Arkansas Federal Credit Union, Jacksonville, AR	ATM	Negotiated	9/1/2009	7/1/2011	2	600						
Bank of the Ozarks, Little Rock, AR	ATM	RFP	5/20/2003	7/1/2011	8	600						
First Security Bank, Conway, AR	ATM	Negotiated	8/14/2007	7/1/2011	4	600						
Regions Financial Corp., Hoover, AL	ATM	RFP	9/1/2002	7/1/2011	9	600						
Simmons First National Bank, Conway, AR	ATM	Negotiated	1/23/2008	7/1/2011	4	600						

\*Meal plan revenues of \$6,890,804 from student meal plans, plus commissions of \$370,662 sales.

\*\*No extensions-Alto/Verizon: start date of 7/1/2011 end date of 05/31/2016 with automatic renewals for 4 additional 5 year periods

\*No extensions-American: start date of 8/30/2010 end date of 8/30/2015 with automatic renewals for 4 additional 5 year periods

\*No extensions-Pepsi contract is a ten year contract with no extensions.





# EXHIBIT C

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

## Act 971 of the Regular Session

1 State of Arkansas

*As Engrossed: H3/13/09 S3/24/09*

2 87th General Assembly

## A Bill

3 Regular Session, 2009

HOUSE BILL 1990

4

5 By: Representatives J. Roebuck, D. Hutchinson, M. Burris, Carmine, Clemmer, Cole, Nickels, Saunders,  
6 G. Smith, Stewart, *Abernathy*

7 By: Senators G. Baker, Madison

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### For An Act To Be Entitled

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AN ACT TO REQUIRE CLEAR EXIT STANDARDS FOR ALL

12

REMEDIAL COURSES TAKEN AT STATE-SUPPORTED

13

INSTITUTIONS OF HIGHER EDUCATION; TO IMPROVE THE

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TEACHING TECHNIQUES OF REMEDIAL COURSES; AND FOR

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OTHER PURPOSES.

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### Subtitle

18

TO REQUIRE CLEAR EXIT STANDARDS FOR ALL

19

REMEDIAL COURSES TAKEN AT STATE-

20

SUPPORTED INSTITUTIONS OF HIGHER

21

EDUCATION AND TO IMPROVE THE TEACHING

22

TECHNIQUES OF REMEDIAL COURSES.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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SECTION 1. Arkansas Code § 6-61-110 is amended to read as follows:

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6-61-110. Testing of entering freshmen for remedial courses.

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(a) All a first-time entering ~~freshmen~~ freshman at ~~all~~ a state-

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~~supported colleges and universities in Arkansas~~ institution of higher

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education who ~~are~~ is admitted to enroll in ~~all~~ an associate or a bachelor's

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degree ~~programs~~ program shall be tested by the admitting institution for

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purposes of placement in either college-level credit courses in English and

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mathematics or remedial courses in English composition, reading, and

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mathematics.



(b) Remedial courses shall not provide credit toward a degree.

(c)(1) The Arkansas Higher Education Coordinating Board shall determine the:

(A) ~~tests~~ Test to be used;

(B) ~~the testing~~ Testing procedures and exemptions; and

(C) ~~the minimum~~ Minimum scores below which students at all state-supported institutions of higher education must take remedial courses.

(2) The board shall base these decisions on:

(A) ~~consultation~~ Consultation with representatives of the state-supported institutions of higher education;

(B) ~~analysis~~ Analysis of the placement procedures presently used by institutions in Arkansas the state;

(C) ~~statewide~~ Statewide placement testing programs in other states; and

(D) ~~pilot~~ Pilot projects involving testing of entering freshmen at selected institutions in Arkansas the state.

(3) The board, in collaboration with state-supported institutions of higher education, shall develop by institution uniform measurable exit standards for remedial courses that are comparable to the ACT or SAT equivalent required for college-level enrollment in credit courses to be implemented no later than the fall semester of 2010.

(d)(1) The board shall work with state-supported institutions of higher education to:

(A) Develop innovative alternatives to traditional instruction and delivery methods for remedial courses; and

(B) Provide professional development opportunities to help remedial education faculty gain knowledge in best practices and trends in the instruction and delivery of remedial education.

(2) The board shall report to the House Committee on Education and the Senate Committee on Education by February 1, 2010 on the progress made in addressing the requirements in subdivision (d)(1) of this section.

/s/ J. Roebuck

APPROVED: 4/6/2009