

University of Arkansas System

Request for Proposal (RFP)

RFP No. 685688

ERP Financing

PROPOSAL RELEASE DATE: August 3, 2018

PROPOSAL DUE DATE: August 24, 2018

PROPOSAL DUE TIME: 2:30 p.m.

**SUBMIT ALL PROPOSALS TO: University of Arkansas
Purchasing Division
Administration Bldg., Rm 321
1125 W. Maple St.
Fayetteville, AR 72701**

Signature Required For Response

Respondent complies with all articles of the Standard Terms and Conditions documents as counterpart to this RFP document, and with all articles within the RFP document. If Respondent receives the System's purchase order, Respondent agrees to furnish the items and/or services listed herein at the prices and/or under the conditions as indicated in the RFP.

Vendor Name:	
Mailing Address:	
City, State, Zip:	
Telephone:	
Email:	

Authorized Signature: _____ **Date:** _____

Typed/Printed Name of Signor: _____ **Title:** _____

1. DESCRIPTION AND OVERVIEW OF RFP

The Board of Trustees of the University of Arkansas, acting for and on behalf of the University of Arkansas System (the "System") is seeking proposals from qualified financial institutions for a tax-exempt loan or lease (the "Loan") pursuant to the specifications, terms and conditions stated in this RFP ("Proposal").

The System will use the proceeds from the Loan issuance to assist in financing the implementation costs of our new ERP system, Workday.

The System is seeking to award financing to the firm that can provide the best overall value. This value will be determined by the System based on the overall competence, compliance, pricing, format and presentation of each RFP response.

The data, specifications, and administrative requirements outlined herein are intended to serve as a general guideline for each proposal. Each firm is expected to submit a fully detailed proposal which adequately describes the advantages and benefits which the System would realize by accepting its proposal.

2. SCOPE OF WORK

The System is issuing this Request for Proposal ("RFP") to solicit proposals for a total principal amount of approximately \$27 million over a ten-year term provided by a qualified firm to assist the System in the financing of our ERP implementation. We expect to have an additional need in two to three years relating to the remainder of the project which encompasses our Student Information System that could be an additional principal amount of approximately \$40 million.

3. COSTS/PRICING

Please provide a description of the interest rate structure and any fees on the Official Bid Price Sheet provided within this RFP document (**see Appendix II**).

Any additional pricing lists should remain attached to the Official Price Sheet for purposes of accurate evaluation. Pricing must be valid for 60 days following the bid response due date and time. The University will not be obligated to pay any costs not identified on the Official Price Sheet. The respondent must certify that any costs not identified by the respondent, but subsequently incurred in order to achieve successful operation of the service, will be borne by the respondent. Failure to do so may result in rejection of the bid.

4. REFERENCES

Respondents must provide a minimum of three (3) references, preferably in higher education, (including the organization's name, address, persons to contact, telephone numbers, and email addresses) located in the continental United States currently served by respondent. References are to be parties who can attest to the qualifications relevant to providing services requested. The System reserves the right to contact any references provided to evaluate the level of performance and customer satisfaction. **See Appendix I for format.**

5. RESPONDENTS RESPONSIBILITY TO READ RFP

It is the Respondent's responsibility to thoroughly examine and read the entire RFP document, including any and all appendices. Failure of Respondents to fully acquaint themselves with existing

conditions or the amount of work involved will not be a basis for requesting extra compensation after the award of a Contract.

6. PROJECTED TIMETABLE OF ACTIVITIES

The following schedule will apply to this RFP, but may change in accordance with the University's needs:

8/03/18:	RFP released to prospective respondents
8/13/18:	5:00 PM CDT - Last date/time the System will accept questions
8/14/18:	Last date the System will issue an addendum
8/24/18:	Proposal submission deadline 2:30 PM CDT
8/31/18:	Notice of Intent to Award
Upon Award:	Contract Negotiations Begin (upon intent to award)
Upon Contract Approval:	Service to Commence

7. CONTRACT TERM AND TERMINATION

The term ("Term") of this contract will be for a period beginning from the date of commencement of contract. The terms, conditions, representations, and warranties contained in the agreement shall survive the termination of this contract.

8. GENERAL INFORMATION FOR BIDDERS

8.1 Distributing Organization

This Request for Proposal (RFP) is issued by the University of Arkansas System through the Office of Business Affairs, University of Arkansas, Fayetteville.

Bidder Questions and Addenda: Bidder questions concerning all matters of this RFP should be sent via email to:

Ellen Ferguson, Procurement Coordinator
Office of Business Affairs
ellenf@uark.edu

Questions received via email will be directly addressed via email, and compilation of *all* questions and answers (Q&A), as well as any revision, update and/or addenda specific to this RFP solicitation will be made available on HogBid, the University of Arkansas, Fayetteville bid solicitation website: <http://hogbid.uark.edu/index.php>. During the time between the bid opening and contract award(s), with the exception of bidder questions during this process, any contact concerning this RFP will be initiated by the issuing agency and not the respondent. Specifically, the persons named herein will initiate all contact.

Respondents shall not rely on any other interpretations, changes, or corrections. It is the Respondent's responsibility to thoroughly examine and read the entire RFP document and any Q&A or addenda to this RFP. Failure of Respondents to fully acquaint themselves with existing conditions or information provided will not be a basis for requesting extra compensation after the award of a Contract.

8.2 Agency Employees and Agents

The Company shall be responsible for the acts of its employees and agents while performing services pursuant to the Agreement. Accordingly, the Company agrees to take all necessary measures to prevent injury and loss to persons or property while on the System premises. The Company shall be responsible for all damages to persons or property on and off campus caused solely or partially by the Company or any of its agents or employees. Company employees shall conduct themselves in a professional manner and shall not use the System's facilities for any activity or operation other than the operation and performance of services as herein stated. The System reserves the right to deny access to any individual. The following conduct is unacceptable for the Company's employees and agents: foul language, offensive or distasteful comments related to age, race, ethnic background or sex, evidence of alcohol influence or influence of drugs, refusal to provide services requested, refusal to make arrangements for additional services needed and general rudeness. The Company shall require standard criminal background checks on all employees of the Company in advance of the performance of any on-campus duties. Employees whose background checks reveal felony convictions of any type are to be either removed from all support activities on the System's campus or reported to the University for review and approval in advance of the performance of any on-campus duties.

8.3 Tobacco Free Campus

Smoking and the use of tobacco products (including cigarettes, cigars, pipes, smokeless tobacco, and other tobacco products), as well as the use of electronic cigarettes, by students, faculty, staff, contractors, and visitors, are prohibited at all times on and within all property, including buildings, grounds, and Athletic facilities, owned or operated by the System and on and within all vehicles on System property, and on and within all System vehicles at any location.

8.4 Disputes

The successful vendor and the System agree that they will attempt to resolve any disputes in good faith. The vendor and the System agree that the State of Arkansas shall be the sole and exclusive venue for any litigation or proceeding that may arise out of or in connection with this contract. The vendor acknowledges, understands and agrees that any actions for damages against the System may only be initiated and pursued in the Arkansas Claims Commission. Under no circumstances does the System agree to binding arbitration of any disputes or to the payment of attorney fees, court costs or litigation expenses.

8.5 Conditions of Contract

The successful bidder shall at all times observe and comply with federal and Arkansas State laws, local laws, ordinances, orders, and regulations existing at the time of or enacted subsequent to the execution of this contract which in any manner affect the completion of work. The successful bidder shall indemnify and save harmless the System and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order or decree by an employee, representative, or subcontractor of the successful bidder.

8.6 Contract Information

Respondents should note the following regarding the State's contracting authority, and amend any documents accordingly. Failure to conform to these standards may result in rejection of agency response:

A. The State of Arkansas may not contract with another party:

1. To pay any penalties or charges for late payment or any penalties or charges which in fact are penalties for any reason.
2. To indemnify and defend that party for liability and damages. Under Arkansas law the Board of Trustees of the University of Arkansas may not enter into a covenant or agreement to hold a party harmless or to indemnify a party from prospective damages. However, with respect to loss, expense, damage, liability, claims or demands either at law or in equity for actual or alleged injuries to persons or property arising out of any negligent act or omission by the System and its employees or agents in the performance of this Agreement, the System agrees with the successful party that: (a) it will cooperate with the successful party in the defense of any action or claim brought against the successful party seeking the foregoing damages or relief; (b) it will in good faith cooperate with the successful party should the successful party present any claims of the foregoing nature against the System to the Claims Commission of the State of Arkansas; (c) it will not take any action to frustrate or delay the prompt hearing on claims of the foregoing nature by the said Claims Commission and will make reasonable efforts to expedite said hearing; provided, however, the System reserves its right to assert in good faith all claims and defenses available to it in any proceedings in said Claims Commission or other appropriate forum. The obligations of this paragraph shall survive the expiration or termination of this agreement.
3. Upon default, to pay all sums that become due under a contract.
4. To pay damages, legal expenses, or other costs and expenses of any party.
5. To conduct litigation in a place other than Pulaski County, Arkansas.
6. To agree to any provision of a contract that violates the laws or constitution of the State of Arkansas.

B. A party wishing to contract with the System should:

1. Remove any language from its contract which grants to it any remedies other than:
 - The right to possession.
 - The right to accrued payment.
 - The right to expenses of de-installation.
2. Include in its contract that the laws of the State of Arkansas govern the contract.
3. Acknowledge in its contract that contracts become effective when awarded by the University Purchasing Official.

8.7 Reservation

This RFP does not commit the System to award a contract, to pay costs incurred in the preparation of a response to this request, or to procure or contract for services or supplies. The System reserves the right to accept or reject (in its entirety), any response received as a result of this RFP, if it is in the best interest of the System to do so. In responding to this RFP, respondents recognize that the

System may make an award to a primary vendor; however, the System reserves the right to purchase like and similar services from other agencies as necessary to meet operation requirements.

8.8 Qualifications of Bidder

The System may make such investigations as it deems necessary to determine the ability of the bidder to meet all requirements as stated within this bid request, and the bidder shall furnish to the System all such information and data for this purpose that the System may request. The System reserves the right to reject any bid if the evidence submitted by, or investigations of, such bidder fails to satisfy the System that such bidder is properly qualified to carry out the obligations of the Agreement.

8.9 Default

In the event that the contractor fails to carry out or comply with any of the Terms and Conditions of the contract with the System, the System may notify the Contractor of such failure or default in writing and demand that the failure or default be remedied within ten (10) working days, and in the event the Proposer fails to remedy such failure or default within the ten (10) working day period, the System shall have the right to cancel the contract upon thirty (30) days written notice. The cancellation of the contract, under any circumstances whatsoever, shall not effect or relieve contractor from any obligation or liability that may have been incurred or will be incurred pursuant to the contract and such cancellation by the System shall not limit any other right or remedy available to the System by law or inequity.

8.10 Non Waiver of Defaults

Any failure of the System at any time, to enforce or require the strict keeping and performance of any of the terms and conditions of this agreement shall not constitute a waiver of such terms, conditions, or rights, and shall not affect or impair same, or the right of the System at any time to avail itself of same.

8.11 Independent Parties

Vendor acknowledges that under this contract it is an independent vendor and is not operating in any fashion as the agent of the System. The relationship of the vendor and System is that of independent contractors, and nothing in this contract should be construed to create any agency, joint venture, or partnership relationship between the parties.

8.12 Governing Law

The parties agree that this contract, including all amendments thereto, shall be construed and enforced in accordance with the laws of the State of Arkansas, without regard to choice of law principles. Consistent with the foregoing, this contract shall be subject to the Uniform Commercial Code as enacted in Arkansas.

8.13 Proprietary Information

Proprietary information submitted in response to this bid will be processed in accordance with applicable University of Arkansas procurement procedures. All material submitted in response to this bid becomes the public property of the State of Arkansas and will be a matter of public record and open to public inspection subsequent to bid opening as defined by the Arkansas Freedom of Information Act. The Respondent is hereby cautioned that any part of its bid that is considered

confidential, proprietary, or trade secret, must be labeled as such and submitted in a separate envelope along with the bid, and can only be protected to the extent permitted by Arkansas law.

8.14 Disclosure

Disclosure is a condition of this contract and the University of Arkansas cannot enter into any contract for which disclosure is not made. Arkansas's Executive Order 98-04 requires all potential contractors disclose whether the individual or anyone who owns or controls the business is a member of the Arkansas General Assembly, constitutional officer, state board or commission member, state employee, or the spouse or family member of any of these. If this applies to the bidder's business, the bidder must state so in writing.

8.15 Proposal Modification

Proposals submitted prior to the Proposal opening date may be modified or withdrawn only by written notice to the University of Arkansas. Such notice must be received by the University Purchasing Official prior to the time designated for opening of the Proposal. Respondent may change or withdraw the Proposal at any time prior to Proposal opening; however, no oral modifications will be allowed. Only letters or other formal written requests for modifications or corrections of a previously submitted Proposal that are addressed in the same manner as the Proposal and that are received prior to the scheduled Proposal opening time will be accepted. The Proposal, when opened, will then be corrected in accordance with such written requests, provided that the written request is contained in a sealed envelope that is clearly marked with the RFP number and "Modification of Proposal". No modifications of the Proposal will be accepted at any time after the Proposal due date and time.

8.16 Prime Contractor Responsibility

Single and joint vendor bids and multiple bids by vendors are acceptable. However, the selected bidder(s) will be required to assume prime contractor responsibility for the contract and will be the sole point of contact with regard to the award of this RFP.

8.17 Period of Firm Proposal

Prices for the proposed services must be kept firm for at least 60 days after the Proposal Due Date specified on the cover sheet of this RFP. Firm Proposals for periods of less than this number of days may be considered non-responsive. The Respondent may specify a longer period of firm price than indicated here. If no period is indicated by the Respondent in the Proposal, the price will be firm for 60 days or until written notice to the contrary is received from the Respondent, whichever is longer.

8.18 Errors and Omissions

The Respondent is expected to comply with the true intent of this RFP taken as a whole and shall not avail itself of any errors or omissions to the detriment of the services. Should the Respondent suspect any error, omission, or discrepancy in the specifications or instructions, the Respondent shall immediately notify the University Purchasing Official, in writing, and the University of Arkansas shall issue written instructions to be followed. The Respondent is responsible for the contents of its Proposal and for satisfying the requirements set forth in the RFP.

8.19 Award Responsibility

The University Purchasing Official will be responsible for award and administration of any resulting contract(s). The System reserves the right to reject any or all bids, or any portion thereof, to re-advertise if deemed necessary, and to investigate any or all bids and request additional information as necessary in order to substantiate the professional, financial and/or technical qualifications of the Bidders.

Contract(s) will be awarded to the Bidder(s) whose proposal adheres to the conditions set forth in the RFP, and in the sole judgment of the System, best meets the overall goals and financial objectives of the System. A resultant contract will not be assignable without prior written consent of both parties.

8.20 Confidentiality and Publicity

From the date of issuance of the RFP until the opening date, the Respondent must not make available or discuss its Proposal, or any part thereof, with any employee or agent of the System. The Respondent is hereby warned that any part of its Proposal or any other material marked as confidential, proprietary, or trade secret, can only be protected to the extent permitted by law. All material submitted in response to this RFP becomes the property of the System.

News release(s) by a vendor pertaining to this RFP or any portion of the project shall not be made without prior written approval of the University Purchasing Official. Failure to comply with this requirement is deemed to be a valid reason for disqualification of the respondent's bid. The University Purchasing Official will not initiate any publicity relating to this procurement action before the contract award is completed.

Employees of the company awarded the contract may have access to records and information about System processes, employees, including proprietary information, trade secrets, and intellectual property to which the System holds rights. The company agrees to keep all such information strictly confidential and to refrain from discussing this information with anyone else without proper authority.

8.21 Respondent Presentations

The System reserves the right to, but is not obligated to, request and require that final contenders determined by the Evaluation Committee provide a formal presentation of their Proposal at a date and time to be determined by the Evaluation Committee. Respondents are required to participate in such a request if the System chooses to engage such opportunity.

8.22 Excused Performance

In the event that the performance of any terms or provisions of this agreement shall be delayed or prevented because of compliance with any law, decree, or order of any governmental agency or authority, either local, state, or federal, or because of riots, war, acts of terrorism, public disturbances, unavailability of materials meeting the required standards, strikes, lockouts, differences with workmen, fires, floods, Acts of God, or any other reason whatsoever which is not within the control of the party whose performance is interfered with and which, by the exercise of reasonable diligence, such party is unable to prevent (the foregoing collectively referred to as "Excused Performance"), the party so interfered with may at its option suspend, without liability, the performance of its

obligations during the period such cause continues, and extend any due date or deadline for performance by the period of such delay, but in no event shall such delay exceed six (6) months.

8.23 Funding Out Clause

If, in the sole discretion of the System, funds are not allocated to continue this agreement, or any activities related herewith, in any future period, then the System will not be obligated to pay any further charges for services, beyond the end of the then current period. The Company will be notified of such non-allocation at the earliest possible time. No penalty shall accrue in the event this section is exercised. This section shall not be construed so as to permit the System to terminate the agreement in order to acquire similar service from a third party.

8.24 Indicia

The respondents and the Company acknowledges and agrees that the System owns the rights to its name and its other names, symbols, designs, and colors, including without limitation, the trademarks, service marks, designs, team names, nicknames, abbreviations, city/state names in the appropriate context, slogans, logo graphics, mascots, seals, color schemes, trade dress, and other symbols associated with or referring to the University of Arkansas that are adopted and used or approved for use by the System (collectively the “Indicia”) and that each of the Indicia is valid. Neither any respondent nor Company shall have any right to use any of the Indicia or any similar mark as, or a part of, a trademark, service mark, trade name, fictitious name, domain name, company or corporate name, a commercial or business activity, or advertising or endorsements anywhere in the world without the express prior written consent of the System. Any domain name, trademark or service mark registration obtained or applied for that contains the Indicia or any similar mark upon request shall be assigned or transferred to the System without compensation.

8.25 RFP Interpretation

Interpretation of the wording of this document shall be the responsibility of the System and that interpretation shall be final.

8.26 Time is of the Essence

Vendor and the System agree that time is of the essence in all respects concerning this contract and performance herein.

8.27 Formation of the Agreement/Contract

The System will take the following action in order to create the agreement between the System and the selected vendor:

- A. Enter negotiations with one or more firms in an effort to reach a mutually satisfactory written agreement, which will be executed by both parties and will be based upon this Request for Proposal, the proposal submitted by the firm and negotiations concerning these.

The contents of this RFP will be incorporated into the final contract documents, which will include a standard University agreement.

9. INSTRUCTION TO BIDDERS

- 9.1** Respondents must comply with all articles of the Standard Terms and Conditions documents posted on our Hogbid website as counterpart to the RFP document, and any associated appendices, as well as all articles within the RFP document. The University of Arkansas is not responsible for any misinterpretation or misunderstanding of these instructions on the part of the Bidders.
- 9.2** Respondents must address each section of the RFP. An interactive version of the RFP document will be posted on our Hogbid website. Bidders can insert responses into the document provided, or create their own response document making sure to remain consistent with the numbering and chronological order as listed in our RFP document. Ultimately, bidders must 'acknowledge' each section of our document in their bid response.

In the event that a detailed response is not necessary, the respondent shall state **ACKNOWLEDGED** as the response to indicate that the respondent acknowledges, understands, and fully complies with the specification. If a description is requested, please insert a detailed response accordingly. Bidder's required responses should contain sufficient information and detail for the System to further evaluate the merit of the vendor's response. Failure to respond in this format may result in bid disqualification.

- 9.3** Any exceptions to any of the terms, conditions, specifications, protocols, and/or other requirements listed in this RFP must be clearly noted by reference to the page number, section, or other identifying reference in this RFP. All information regarding such exceptions to content or requirements must be noted in the same sequence as its appearance in this RFP.
- 9.4** Proposals will be publicly opened in the Purchasing Office, Room 321 Administration Building, The University of Arkansas, Fayetteville, Arkansas, 72701, at 2:30 p.m. CDT, on the proposal due date. All responses must be submitted in a sealed envelope with the response number clearly visible on the OUTSIDE of the envelope/package. No responsibility will be attached to any person for the premature opening of a response not properly identified.

Respondents must submit one (1) signed original, one (1) signed copy, and two (2) soft copies of their Proposal (i.e. USB Flash drive) labeled with the Respondent's name and the Bid Number, readable by the System, with the documents in Microsoft Windows versions of Microsoft Word, Microsoft Excel, Microsoft Visio, Microsoft PowerPoint, or Adobe PDF formats; other formats are acceptable as long as that format's viewer is also included or a pointer is provided for downloading it from the Internet. Responses must be received at the following location prior to the time and date specified within the timeline of this RFP:

University of Arkansas
Business Affairs, Purchasing Division
Administration Building, Room 321
1125 W. Maple St
Fayetteville, Arkansas 72701

One (1) copy of referenced or otherwise appropriate descriptive literature must accompany a submitted bid. Responses shall be publicly opened and announced at that time.

NOTE: No award will be made at bid opening. Only names of respondents and a preliminary determination of proposal responsiveness will be made at this time.

Respondents may deliver their responses either by hand or through U.S. Mail or other available courier services to the address shown above. **Include the RFP name and number on the outside of each package and/or correspondence related to this RFP. No call-in, emailed, or faxed responses will be accepted.** The Respondent remains solely responsible for insuring that its response is received at the time, date, and location specified. The University of Arkansas assumes no responsibility for any response not so received, regardless of whether the delay is caused by the U.S. Postal Service, University Postal Delivery System, or some other act or circumstance. Responses received after the time specified in this RFP will not be considered. **All responses received after the specified time will be returned unopened.**

Additional Redacted Copy REQUIRED

Proprietary information submitted in response to this RFP will be processed in accordance with applicable State of Arkansas procurement law. Documents pertaining to the RFP become the property of the System and shall be open to public inspection **after** a notice of intent to award is formally announced.

It is the responsibility of the Respondent to identify all proprietary information included in their bid Proposal. The Respondent shall submit one (1) separate electronic copy of the proposal from which any proprietary information has been removed, i.e., a redacted copy (marked "REDACTED COPY"). The redacted copy should reflect the same pagination as the original, show the empty space from which information was redacted, and should be submitted on a CD or flash drive, preferably in a PDF format. Except for the redacted information, the redacted copy must be identical to the original hard copy submitted for the bid Proposal to be considered. The Respondent is responsible for ensuring the redacted copy on CD/flash drive is protected against restoration of redacted data. The redacted copy may be open to public inspection under the Freedom of Information Act ("FOIA") without further notice to the Respondent **after** a notice of intent to award is formally announced. If during a subsequent review process the System determines that specific information redacted by the respondent is subject to disclosure under FOIA, the respondent will be contacted prior to release of the information.

- 9.5** For a proposal to be considered, an official authorized to bind the respondent to a resultant contract must include signature in the blank provided on the RFP cover sheet. Failure to sign the response as required will eliminate it from consideration.
- 9.6** All official documents, including responses to this RFP, and correspondence shall be included as part of the resultant contract.
- 9.7** The University Purchasing Official reserves the right to award a contract or reject a bid for any or all line items of a bid received as a result of this RFP, if it is in the best interest of the System to do so. Bids may be rejected for one or more reasons not limited to the following:

1. Failure of the vendor to submit the bid(s) and bid copies as required in this RFP on or before the deadline established by the issuing agency.
2. Failure of the vendor to respond to a requirement for oral/written clarification, presentation, or demonstration.
3. Failure to provide the bid security or performance security if required.
4. Failure to supply vendor references if required.
5. Failure to sign an Official Bid Document.
6. Failure to complete the Official Bid Price Sheet.
7. Any wording by the respondent in their response to this RFP, or in subsequent correspondence, which conflicts with or takes exception to a bid requirement in this RFP.

9.8 If the respondent submits standard terms and conditions with the bid, and if any section of those terms is in conflict with the laws of the State of Arkansas, the State laws shall govern. Standard terms and conditions submitted may need to be altered to adequately reflect all of the conditions of this RFP, the bidder's responses and Arkansas State law.

10. INDEMNIFICATION AND INSURANCE

The successful Respondent or Contractor shall indemnify, defend, and hold harmless the System, its trustees, officers, directors, employees, agents and volunteers from and against any and all losses, costs, expenses, damages, and liabilities resulting from or relating to: (a) any breach by Contractor or Contractor's members, officers, employees, subcontractors, vendors, and agents of any representation, warranty, or other provision of this RFP, any resulting Contract or any document delivered by Contractor in connection with the products and services contemplated by this RFP; (b) any damage to property or bodily injury, including, but not limited to illness, paralysis, dismemberment and death, arising from or relating to any products or services provided by the Contractor or uses of the System campus by Contractor, its officers, employees, agents, volunteers, customers, subcontractors or guests under this RFP or any resulting Contract, or any other activities conducted on the System campus (whether such activity is authorized or unauthorized by System); (c) any use of or damage to System property and any defect in any building and improvement thereon, including, but not limited to, any damage to any parking lots arising from or relating to any permitted uses under this RFP or any resulting Contract; (d) any act or omission of Contractor or any of its officers, agents, employees, invitees, or subcontractor's employees and invitees; and (e) any violation by Contractor of any applicable state, federal or local laws.

The obligation to indemnify the System shall include, but shall not be limited to, the obligation to pay any and all losses, costs, expenses, attorneys' fees, damages, and liabilities incurred, as well as any attorneys' fees and court costs (including, but not limited to, any appellate or appellate-related proceedings). At no cost or expense to the System, System's in-house counsel may participate in any proceedings. The indemnification obligations under this RFP or any resulting Contract shall survive the expiration or termination of such RFP or resulting Contract.

The successful bidder shall purchase and maintain at bidder's expense, the following minimum insurance coverage for the period of the contract. Certificates evidencing the effective dates and amounts of such insurance must be provided to the System.

- Workers Compensation: As required by the State of Arkansas.

- Comprehensive General Liability, with no less than \$1,000,000 each occurrence/\$2,000,000 aggregate for bodily injury, products liability, contractual liability, and property damage liability.
- Comprehensive Automobile Liability, with no less than combined coverage for bodily injury and property damage of \$1,000,000 each occurrence. Policies shall be issued by an insurance company authorized to do business in the State of Arkansas and shall provide that policy may not be canceled except upon thirty (30) days prior written notice to the System.

Any policy shall cover any vehicle being used in the management, operation, or delivery deriving from Contractor's operations on the System's campus. Contractor shall also be responsible for payment of workers' compensation insurance for all Contractor's employees as required by the State of Arkansas.

Contractor shall furnish the System with a certificate (s) of insurance effecting coverage required herein. Failure to file certificates or acceptance by the System of certificates which do not indicate the specific required coverages shall in no way relieve the Contractor from any liability under the agreement, nor shall the insurance requirements be construed to conflict with the obligations of Contractor concerning indemnification. Proof of Insurance must be included in bid response.

Contractor shall, at their sole expense, procure and keep in effect all necessary permits and licenses required for its performance under this agreement, and shall post or display in a prominent place such permits and/or notices as are required by law.

11. CONTRACTOR OVERVIEW

The Contractor shall provide a general overview of its business including the following information:

- Foundation date
- Description of core activities
- Major company and distributor locations

12. BEST AND FINAL OFFER

The System reserves the right to request an official "Best and Final Offer" from bid Respondents if it deems such an approach in the best interest of the institution. In general, the "Best and Final Offer" will consist of an updated cost proposal in addition to an opportunity for the vendor to submit a final response to specific questions or opportunities identified in subsequent discussions related to the original proposal response submitted to the University. If the System chooses to invoke a "Best and Final Offer" option, all responses will be re-evaluated by incorporating the information as requested in the official "Best and Final Offer" document, including costs and answers to specific questions presented in the document. The specific format for the official "Best and Final Offer" request will be determined during evaluation discussions. The official request for a "Best and Final Offer" will be issued by the University Procurement Department.

13. SPECIFICATIONS / SCOPE OF SERVICES REQUESTED

a. **BACKGROUND/OVERVIEW**

The University of Arkansas System is comprised of eighteen campuses and related units, organized under various laws of the State of Arkansas and governed by the University's ten-member Board of Trustees.

In the Moody's Investors Service, Inc. report dated July 3, 2018, certain debt issued by the University of Arkansas was rated Aa2/Stable.

Certain financial information on the University of Arkansas System can be found on emma.msrb.org. In addition, to assist you in the preparation of your proposal, we have enclosed the following with this Request for Proposals ("RFP") as EXHIBIT A:

- 1) University of Arkansas System consolidated financial statements for Fiscal 2017 and 2016.

Each respondent is responsible for conducting its own credit review of the System. The System will use its best efforts to answer any questions and to provide additional information requested in connection with your credit analysis. The information provided by the System in this RFP or in connection with it should be considered confidential and should be appropriately controlled.

b. **DESCRIPTION OF NEW MONEY PROJECTS**

The ERP project is an implementation of the Workday HCM and Financial over the next three years for all campuses in the System. The following two years will include the Student Information System implementation.

c. **DESIRED FINANCING STRUCTURE**

The details of the desired financing structure are provided below.

- Tax-exempt, direct placement (loan) or master lease agreement.
- *Amount* - \$27 million loan amount.
- *Interest Rate Mode* - Fixed rate.
- *Term/Amortization* - 10-year final maturity; level debt service (mortgage style) amortization.

d. **REQUESTED INFORMATION**

Each interested firm must submit a proposal that responds to the requirements/questions provided in **Appendix III** of this RFP. The System reserves the right to request and consider additional information from submitters and to reject any and all submissions.

Proposals must be submitted in accordance with instructions in Section 9. Instructions to Bidders.

Any questions regarding this request for proposals should be submitted in writing via email to:
Ellen Ferguson, Procurement Coordinator
Office of Business Affairs
ellenf@uark.edu

The System's management team and Board must not be contacted in connection with this RFP.

14. EVALUATION AND SELECTION PROCESS

It is the intent of the System to award to the respondent(s) deemed to be the most qualified and responsible firm(s), who submits the best overall proposal based on an evaluation of all responses. Selection shall be based on the assessment of the agency's ability to provide adequate service, as determined by the evaluation committee selected to evaluate proposals. The System reserves the right to reject any or all Proposals or any part thereof, to waive informalities, and to accept the Proposal or Proposals deemed most favorable to the System. Where contract negotiations with a respondent do not proceed to an executed contract within a time deemed reasonable by the System (for whatever reasons), the System may reconsider the proposals of other respondents and, if appropriate, enter into contract negotiations with one or more of the other respondents. Proposals shall remain valid and current for the period of 60 days after the due date and time for submission of proposals. Each response will receive a complete evaluation and will be assigned a score of up to 100 points possible based on the following items:

A. Ability to Provide Full Range of Services as Indicated in the RFP Above (50 Points)

Respondent with the highest rating shall receive fifty (50) points.

B. Vendor History and Past Performance (30 Points)

Respondent with highest rating shall receive thirty (30) points.

C. Cost (20 Points)

Points shall be assigned for the cost of the bid with the lowest estimated cost of the overall system will receive the maximum points possible for this section. The remaining bids will receive points in accordance with the following formula:

$$(a/b)(c) = d$$

a = lowest cost bid in dollars

b = second (third, fourth, etc.) lowest cost bid

c = maximum points for Cost category (20)

d = number of points allocated to bid

Failure of the Respondent to provide in his/her proposal any information requested in this RFP may result in disqualification of his/her proposal and shall be the responsibility of the respondent.

APPENDIX I: Bidder Information/Reference

Bidder must provide the following information as part of this proposal:

1. Respondent Representative
 - Contact Name
 - Telephone
 - Email Address
 - Address
2. References of your current customer(s) as specified in **Section 4** of this RFP document:
 - a. Company/Organization Name:
 - Contact Name
 - Telephone
 - Email Address
 - Address
 - b. Company/Organization Name:
 - Contact Name
 - Telephone
 - Email Address
 - Address
 - c. Company/Organization Name:
 - Contact Name
 - Telephone
 - Email Address
 - Address

APPENDIX II: Official Price Sheet

Reference Section 3-Costs for further instruction, and the corresponding Bid Price Sheet provided below. Please complete the Price Sheet as provided and submit within your proposal. If pricing is dependent on any assumptions that are not specifically stated on the Official Price Sheet, please list those assumptions accordingly on a separate spreadsheet and show detailed pricing. Any additional pricing lists should remain attached to the Official Price Sheet for purposes of accurate evaluation. **Pricing must be valid for 60 days following the bid response due date and time.**

The System will not be obligated to pay any costs not identified accordingly. The respondent must certify that any costs not identified by the respondent, but subsequently incurred in order to achieve successful operation of the service, will be borne by the respondent. Failure to do so may result in rejection of the bid.

ITEM	QTY	DESCRIPTION	PRICE EACH	TOTAL
			\$	\$
			\$	\$
			\$	\$
<i>Grand Total</i>				\$

APPENDIX III. RFP Requirements/Questions:

Bidders are to submit a comprehensive proposal describing your qualifications, outlining all anticipated costs and detailing the material terms and conditions of the principal legal documents. **Outlined below are the requirements/questions that should be specifically addressed in your firm's response.**

- a. **Name of Bank:** Provide the name of the entity that will be providing the proposed loan or lease. Please describe the lender and the businesses in which it is engaged.
- b. **Credit Rating:** Provide the short-term and long-term credit ratings (including the rating outlooks) from all rating agencies currently rating the lender. Indicate if any of your ratings are currently under review by a credit rating agency.
- c. **Personnel:** Provide the contact information (email, address, and phone) of the individuals who will be working on this engagement.
- d. **Maximum Commitment Amount (up to):** Provide a maximum commitment amount for the proposed transaction. Would you have any additional lending capacity for the System over time?
- e. **Mandatory Tender or Put Provisions:** If applicable, please describe the mechanics of any mandatory tender or put provisions including timing and notice. In addition, please describe the terms under which your firm would agree to waive the mandatory tender or put provisions and extend the term of the loan.
- f. **Security/Collateral:** Security/Collateral can be established via the equipment and assets for the project. Information pertaining to the equipment and assets being installed for the project can be provided upon request.
- g. **Financial Covenants:** The System prefers no financial covenants. However, if RFP respondents require certain financial covenants, please clearly describe all proposed financial covenants in your proposal. Provide a definition of key terms, testing frequency, as well as an example calculation of each of the financial covenants based on the most recent audited financial statements. Also, describe any proposed limitations on additional debt.
- h. **Reporting Requirements:** Describe the requirements for ongoing financial reporting.
- i. **Prepayment Provisions:** Describe the proposed prepayment provisions. Explain the terms and calculation methodology for any proposed pre-payment penalties. Provide definitions of key terms, as necessary.
- j. **Other Conditions:**
 - a. Detail any other conditions that would be required as part of your proposal. Define any terms necessary to understand these conditions.
 - b. *Increased costs* - Explain if any adverse changes reserve requirements for the bank or other events (e.g. change in tax rates) would result in a change in the interest rate on the proposed loan. **Provide proposed language.**

- c. The System prefers no Material Adverse Change clause and no Most Favored Nation clause.
- k. Fees & Legal Counsel:**
 - a. Provide any upfront/commitment fee required by the bank (if any).
 - b. Provide a not-to-exceed figure for legal fees. In addition, provide the name of the legal firm you would use and the person from that firm that would serve as the primary contact.
- l. Syndication:** Will the loan be syndicated to other banks? If so, who would be in the banking syndicate and at what level?
- m. Timing:** Describe your timing to receive internal credit approval upon award of the transaction.
- n. Conflicts of Interest:** Describe any conflicts of interests that could impact the contemplated transaction.

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY16

UNIVERSITY OF ARKANSAS
Statement of Net Position
June 30, 2016
with comparative figures at June 30, 2015

	June 30, 2016	June 30, 2015
ASSETS		
Current		
Cash and cash equivalents	\$ 527,905,731	\$ 430,971,875
Investments	111,002,905	148,917,100
Accounts receivable, net of allowances of \$19,396,229 and \$19,691,572	97,751,072	92,439,802
Patient accounts receivable, net of allowances of \$404,672,000 and \$421,761,000	144,828,000	111,368,000
Inventories	31,721,097	28,358,348
Deposits and funds held in trust by others	2,546,988	4,858,183
Notes receivable, net of allowances of \$725,295 and \$804,373	5,858,294	5,679,825
Other assets	18,119,951	16,315,522
Total current assets	<u>939,734,038</u>	<u>838,908,655</u>
Non-Current		
Cash and cash equivalents	28,197,524	29,641,623
Investments	254,715,826	264,256,722
Notes receivable, net of allowance of \$3,612,455 and \$4,170,174	34,228,279	35,989,863
Deposits and funds held in trust by others	47,203,641	35,096,064
Other non-current assets	559,394	538,151
Capital assets, net of depreciation of \$2,255,534,685 and \$2,095,962,470	2,597,819,427	2,635,668,882
Total non-current assets	<u>2,962,724,091</u>	<u>3,001,191,305</u>
TOTAL ASSETS	<u>\$ 3,902,458,129</u>	<u>\$ 3,840,099,960</u>
DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding	\$ 30,866,887	\$ 21,330,973
Pensions	16,240,810	8,376,339
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 47,107,697</u>	<u>29,707,312</u>
LIABILITIES		
Current		
Accounts payable and other accrued liabilities	\$ 144,682,862	\$139,040,603
Unearned revenue	48,892,014	39,681,306
Funds held in trust for others	5,725,842	5,911,575
Liability for future insurance claims (Note 13)	18,412,300	20,800,000
Estimated third party payor settlements	11,704,000	1,071,000
Compensated absences payable - current portion (Note 4)	6,492,345	5,713,469
Bonds, notes, capital leases and installment contracts payable - current portion (Note 8)	79,025,167	73,664,386
Total current liabilities	<u>314,934,530</u>	<u>285,882,339</u>
Non-Current		
Unearned revenues, deposits and other	630,453	1,373,537
Refundable federal advance - Perkins loans	16,568,836	16,562,464
Compensated absences payable (Note 4)	78,733,949	77,454,948
Liability for other postemployment benefits (Note 15)	62,779,374	56,024,345
Liability for pensions (Note 14)	43,401,224	32,204,554
Bonds, notes, capital leases and installment contracts payable (Note 8)	1,224,492,480	1,252,232,647
Total non-current liabilities	<u>1,426,606,316</u>	<u>1,435,852,495</u>
TOTAL LIABILITIES	<u>\$ 1,741,540,846</u>	<u>\$ 1,721,734,834</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	\$ 8,700,386	\$ 13,720,266
NET POSITION		
Net Investment in Capital Assets	\$ 1,370,245,568	\$1,364,040,122
Restricted		
Non-Expendable		
Scholarships and fellowships	12,240,580	12,265,900
Research	6,190,070	6,198,962
Other	50,131,972	49,962,779
Expendable		
Scholarships and fellowships	18,914,989	18,136,468
Research	58,145,321	60,372,649
Public service	17,124,824	13,497,289
Capital projects	121,306,579	129,555,567
Other	33,487,258	37,308,718
Unrestricted	511,537,433	443,013,718
TOTAL NET POSITION	<u>\$ 2,199,324,594</u>	<u>\$ 2,134,352,172</u>

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY16

**UNIVERSITY OF ARKANSAS
Statement of Revenues, Expenses, and Changes in Net Position
For The Year Ended June 30, 2016
with comparative figures for 2015**

	Year Ended June 30, 2016	Year Ended June 30, 2015
Operating Revenues		
Student tuition & fees, net of scholarship allowances of \$154,807,966 and \$151,862,009	\$ 331,150,709	\$ 309,858,306
Patient services, net of contractual allowances of \$1,651,452,000 and \$1,487,439,000	1,175,658,000	1,021,183,000
Federal and county appropriations	14,588,335	15,171,093
Federal grants and contracts	135,347,533	133,785,973
State and local grants and contracts	95,132,743	63,230,718
Non-governmental grants and contracts	74,357,226	110,102,883
Sales and services of educational departments	58,114,942	56,232,068
Insurance plan	49,636,512	41,906,111
Auxiliary enterprises		
Athletics, net of scholarship allowances of \$3,033,140 and \$2,883,409	104,306,893	92,403,184
Housing/food service, net of scholarship allowances of \$16,917,095 and \$16,541,235	65,589,746	61,237,435
Bookstore, net of scholarship allowances of \$1,425,810 and \$1,598,596	15,751,082	16,331,772
Other auxiliary enterprises, net of scholarship allowances of \$341,881 and \$321,828	17,768,906	16,975,519
Other operating revenues	34,861,040	32,102,709
Total operating revenues	<u>2,172,263,667</u>	<u>1,970,520,771</u>
Operating Expenses		
Compensation and benefits	1,555,156,358	\$ 1,499,840,271
Supplies and services	774,514,898	702,207,626
Scholarships and fellowships	63,926,694	65,686,099
Insurance plan	161,167,230	175,921,378
Depreciation	178,113,075	172,776,805
Total operating expenses	<u>2,732,878,255</u>	<u>2,616,432,179</u>
Operating loss	<u>(560,614,588)</u>	<u>(645,911,408)</u>
Non-Operating Revenues (Expenses)		
State appropriations, net of Medicaid match payments of \$99,151,000 and \$85,075,000	402,577,620	411,402,231
Property and sales tax	12,715,581	12,531,223
Federal grants	85,527,558	89,340,032
State and local grants	47,308,994	48,345,734
Non-governmental grants	1,084,460	1,034,714
Gifts	103,423,775	91,207,792
Investment income (net)	160,945	13,162,116
Interest and fees on capital asset-related debt	(43,132,251)	(46,017,268)
Loss on disposal of assets	(202,651)	(2,268,024)
Other	1,669,812	3,467,151
Net non-operating revenues	<u>611,133,843</u>	<u>622,205,701</u>
Income before other revenues and expenses	<u>50,519,255</u>	<u>(23,705,707)</u>
Other Changes in Net Position		
Capital appropriations	2,169,838	1,850,000
Capital grants and gifts	13,369,683	53,841,730
Adjustments to prior year revenues and expenses	(87,207)	(92,797)
Other	(999,147)	(1,237,792)
Total other revenues and expenses	<u>14,453,167</u>	<u>54,361,141</u>
Increase in net position	<u>64,972,422</u>	<u>30,655,434</u>
Net Position, beginning of year	2,134,352,172	2,143,972,486
Adjustment due to GASB 68 (Note 23)		(40,275,748)
Net Position, beginning of year, restated	<u>2,134,352,172</u>	<u>2,103,696,738</u>
Net Position, end of year	<u>\$ 2,199,324,594</u>	<u>2,134,352,172</u>

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY16

UNIVERSITY OF ARKANSAS Statement of Cash Flows - Direct Method For The Year Ended June 30, 2016 with comparative figures for 2015

	Year Ended June 30, 2016	Year Ended June 30, 2015
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	\$ 331,965,826	\$ 308,760,959
Patient and insurance payments	1,125,598,000	1,029,490,000
Federal and county appropriations	14,219,112	16,369,041
Grants and contracts	305,759,432	311,443,181
Collection of loans and interest	5,663,800	5,144,214
Insurance plan receipts	49,594,966	42,188,954
Auxiliary enterprise revenues:		
Athletics	103,366,096	92,505,562
Housing and food service	66,136,317	60,254,255
Bookstore	15,920,564	15,631,345
Other auxiliary enterprises	16,735,735	17,125,774
Payments to employees	(1,338,421,457)	(1,279,763,268)
Payments of employee benefits	(209,719,686)	(209,650,695)
Payments to suppliers	(753,974,973)	(688,608,187)
Loans issued to students	(5,201,636)	(5,047,198)
Scholarships and fellowships	(64,171,322)	(65,679,174)
Payments of insurance plan expenses	(163,568,837)	(169,895,119)
Other	80,062,288	76,783,968
Net cash used by operating activities	<u>(420,035,775)</u>	<u>(442,946,388)</u>
Cash Flows from Noncapital Financing Activities		
State appropriations	434,873,620	414,601,231
Property and sales tax	12,814,916	12,557,248
Gifts and grants for other than capital purposes	236,925,764	229,303,334
Direct Lending, Plus and FFEL loan receipts	268,632,192	264,334,512
Direct Lending, Plus and FFEL loan payments	(269,874,257)	(262,267,261)
Other agency funds - net	1,246,335	412,953
Payment of principal on debt	(49,507)	
Payment of interest on debt	(1,100)	
Refunds to grantors	(18,000)	(45,557)
Net cash provided by noncapital financing activities	<u>684,549,963</u>	<u>658,896,460</u>
Cash Flows from Capital and Related Financing Activities		
Distributions from debt proceeds	33,694,561	196,794,430
Capital appropriations	2,088,340	1,850,000
Capital grants and gifts	8,191,238	49,307,503
Property taxes - capital allocation		15
Proceeds from sale of capital assets	124,353	1,127,191
Purchases of capital assets	(133,784,741)	(200,942,864)
Payment of capital related principal on debt	(72,432,295)	(166,230,709)
Payment of capital related interest and fees	(48,305,455)	(54,121,976)
Insurance proceeds	26,182	20,907
Payments for bond refunding and related costs	(7,022,264)	
Payments to/from trustee for reserve		207,070
Net cash used by capital and related financing activities	<u>(217,420,081)</u>	<u>(171,988,433)</u>
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	156,319,253	54,984,690
Investment income (net of fees)	2,271,767	1,416,625
Purchases of investments	(110,195,370)	(81,433,573)
Net cash used by investing activities	<u>48,395,650</u>	<u>(25,032,258)</u>
Net increase in cash	95,489,757	18,929,381
Cash, beginning of year	460,613,498	441,684,117
Cash, end of year	<u>\$ 556,103,255</u>	<u>\$ 460,613,498</u>

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY16

**UNIVERSITY OF ARKANSAS
Statement of Cash Flows - Direct Method - Continued
For The Year Ended June 30, 2016
with comparative figures for 2015**

	Year Ended June 30, 2016	Year Ended June 30, 2015
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (560,614,588)	\$ (645,911,408)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	178,113,075	172,776,805
Other miscellaneous operating receipts	3,373,632	2,974,115
Adjustment to cash for amounts in transit within the system	(610,885)	1,170,872
Change in assets and liabilities:		
Receivables, net	(66,650,691)	866,041
Inventories	(3,362,751)	585,961
Prepaid expenses and other assets	(860,452)	(2,245,923)
Accounts payable and other accrued liabilities	10,107,152	13,385,031
Unearned revenue	7,253,358	294,732
Liability for future insurance claims	(2,387,700)	6,276,000
Loans to students and employees	197,661	69,890
Refundable federal advance	7,870	(179,993)
Compensated absences	2,057,879	2,509,900
OPEB liability	6,755,028	6,031,871
Pension related	(3,671,682)	(3,311,268)
Other	10,257,319	1,760,986
NET CASH USED BY OPERATING ACTIVITIES	\$ (420,035,775)	\$ (442,946,388)
Non-Cash Transactions		
Capital Gifts	\$ 10,859,770	\$ 620,679
Fixed assets acquired by incurring capital lease obligations	2,649,193	10,731,000
Capital outlay & maintenance paid directly from proceeds of debt		564,083
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	237,929,886	109,564,638
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	1,729,038	901,512
Payment of principal & interest on long-term debt from deposits with trustees	271,529	539,702
Interest earned on deposits with trustees	13,189	7,489
Payment on long-term debt directly from University of Arkansas Foundation, Inc. and Razorback Foundation, Inc.		214,188
Loss on disposal of assets	614,205	1,555,175
Valuation adjustment to capital assets	1,103,802	(221,615)
Value of goods received from sponsorship agreements with vendors	3,430,000	

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2017

UNIVERSITY OF ARKANSAS Statement of Net Position June 30, 2017 with comparative figures at June 30, 2016

	June 30, 2017	June 30, 2016
ASSETS		
Current		
Cash and cash equivalents	\$ 408,821,233	\$ 527,905,731
Investments	337,519,972	111,002,905
Accounts receivable, net of allowances of \$22,575,583 and \$19,396,229	111,600,743	97,751,072
Patient accounts receivable, net of allowances of \$331,482,000 and \$404,672,000	140,785,000	144,828,000
Inventories	32,910,089	31,721,097
Deposits and funds held in trust by others	13,097,448	2,546,988
Notes receivable, net of allowances of \$673,023 and \$725,295	6,130,423	5,858,294
Other assets	19,029,426	18,119,951
Total current assets	<u>1,069,894,334</u>	<u>939,734,038</u>
Non-Current		
Cash and cash equivalents	25,800,011	28,197,524
Investments	286,145,732	254,715,826
Notes receivable, net of allowance of \$3,508,162 and \$3,612,455	33,574,689	34,228,279
Deposits and funds held in trust by others	138,106,567	47,203,641
Other non-current assets	2,423,599	559,394
Capital assets, net of depreciation of \$2,456,113,256 and \$2,255,534,685	<u>2,724,223,833</u>	<u>2,597,819,427</u>
Total non-current assets	<u>3,210,274,431</u>	<u>2,962,724,091</u>
TOTAL ASSETS	<u>\$ 4,280,168,765</u>	<u>\$ 3,902,458,129</u>
DEFERRED OUTFLOWS OF RESOURCES		
Debt refunding	\$ 31,421,073	\$ 30,866,887
Pensions	32,642,759	16,240,810
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>64,063,832</u>	<u>47,107,697</u>
LIABILITIES		
Current		
Accounts payable and other accrued liabilities	\$ 172,268,600	\$ 144,682,862
Unearned revenue	48,152,951	48,892,014
Funds held in trust for others	4,668,863	5,725,842
Liability for future insurance claims (Note 13)	15,180,200	18,412,300
Estimated third party payor settlements	29,539,000	11,704,000
Compensated absences payable - current portion (Note 4)	6,253,570	6,492,345
Bonds, notes, capital leases and installment contracts payable - current portion (Note 8)	<u>76,754,954</u>	<u>79,025,167</u>
Total current liabilities	<u>352,818,138</u>	<u>314,934,530</u>
Non-Current		
Unearned revenues, deposits and other	797,738	630,453
Refundable federal advance - Perkins loans	16,610,676	16,568,836
Compensated absences payable (Note 4)	85,987,702	78,733,949
Liability for other postemployment benefits (Note 15)	68,680,550	62,779,374
Liability for pensions (Note 14)	78,661,053	43,401,224
Bonds, notes, capital leases and installment contracts payable (Note 8)	<u>1,400,412,419</u>	<u>1,224,492,480</u>
Total non-current liabilities	<u>1,651,150,138</u>	<u>1,426,606,316</u>
TOTAL LIABILITIES	<u>\$ 2,003,968,276</u>	<u>\$ 1,741,540,846</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	<u><u>\$ 5,953,926</u></u>	<u><u>\$ 8,700,386</u></u>
NET POSITION		
Net Investment in Capital Assets	\$ 1,408,755,133	\$ 1,370,245,568
Restricted		
Non-Expendable		
Scholarships and fellowships	12,815,850	12,240,580
Research	6,737,915	6,190,070
Other	55,095,097	50,131,972
Expendable		
Scholarships and fellowships	21,039,759	18,914,989
Research	66,371,352	58,145,321
Public service	18,764,469	17,124,824
Capital projects	159,003,246	121,306,579
Other	45,669,059	33,487,258
Unrestricted	<u>540,058,515</u>	<u>511,537,433</u>
TOTAL NET POSITION	<u>\$ 2,334,310,395</u>	<u>\$ 2,199,324,594</u>

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2017

UNIVERSITY OF ARKANSAS Statement of Revenues, Expenses, and Changes in Net Position For The Year Ended June 30, 2017 with comparative figures for 2016

	Year Ended June 30, 2017	Year Ended June 30, 2016
Operating Revenues		
Student tuition & fees, net of scholarship allowances of \$164,914,825 and \$146,466,438	\$ 379,908,656	\$ 339,492,237
Patient services, net of contractual allowances of \$1,792,176,000 and \$1,651,452,000	1,186,364,000	1,176,856,000
Federal and county appropriations	16,068,919	14,588,335
Federal grants and contracts	155,355,250	135,347,533
State and local grants and contracts	91,686,958	74,144,743
Non-governmental grants and contracts	58,191,800	58,937,226
Sales and services of educational departments	59,408,974	58,114,942
Insurance plan	51,649,212	49,636,512
Auxiliary enterprises		
Athletics, net of scholarship allowances of \$2,533,061 and \$2,242,886	111,514,319	105,097,147
Housing/food service, net of scholarship allowances of \$27,634,860 and \$27,693,725	77,477,554	75,640,113
Bookstore, net of scholarship allowances of \$787,586 and \$1,419,153	14,687,648	15,757,739
Other auxiliary enterprises, net of scholarship allowances of \$613,340 and \$341,881	17,975,232	17,768,906
Other operating revenues	77,645,429	70,071,040
Total operating revenues	<u>2,297,933,951</u>	<u>2,191,452,473</u>
Operating Expenses		
Compensation and benefits	1,668,589,914	1,555,156,358
Supplies and services	851,807,551	793,383,878
Scholarships and fellowships	67,847,355	64,246,520
Insurance plan	161,001,798	161,167,230
Depreciation	187,239,009	178,113,075
Total operating expenses	<u>2,936,485,627</u>	<u>2,752,067,061</u>
Operating loss	<u>(638,551,676)</u>	<u>(560,614,588)</u>
Non-Operating Revenues (Expenses)		
State appropriations, net of Medicaid match payments of \$80,742,000 and \$99,151,000	443,698,581	402,577,620
Property and sales tax	13,343,751	12,715,581
Federal grants	101,150,219	85,527,558
State and local grants	46,378,854	47,308,994
Non-governmental grants	1,095,030	1,084,460
Gifts	98,609,383	103,423,775
Investment income, net	38,223,625	160,945
Interest and fees on capital asset-related debt	(47,706,714)	(43,132,251)
Loss on disposal of assets	(3,135,310)	(202,651)
Other	1,798,895	1,669,812
Net non-operating revenues	<u>693,456,314</u>	<u>611,133,843</u>
Income before other revenues and expenses	<u>54,904,638</u>	<u>50,519,255</u>
Other Changes in Net Position		
Capital appropriations	903,920	2,169,838
Capital grants and gifts	40,864,347	13,369,683
Adjustments to prior year revenues and expenses	44,178	(87,207)
Extraordinary item-pollution remediation	(9,648,242)	-
Other	1,595,418	(999,147)
Total other revenues and expenses	<u>33,759,621</u>	<u>14,453,167</u>
Increase in net position	88,664,259	64,972,422
Net Position, beginning of year	2,199,324,594	2,134,352,172
Mergers with UAPTC and UACCRM (Note 24)	46,321,542	-
Net Position, beginning of year, restated	<u>2,245,646,136</u>	<u>2,134,352,172</u>
Net Position, end of year	<u>\$ 2,334,310,395</u>	<u>\$ 2,199,324,594</u>

See accompanying notes.

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2017

UNIVERSITY OF ARKANSAS Statement of Cash Flows - Direct Method For The Year Ended June 30, 2017 with comparative figures for 2016

	Year Ended June 30, 2017	Year Ended June 30, 2016
Cash Flows from Operating Activities		
Student tuition and fees (net of scholarships)	\$ 383,744,698	\$ 340,307,354
Patient and insurance payments	1,206,624,000	1,126,796,000
Federal and county appropriations	16,045,211	14,219,112
Grants and contracts	302,765,172	269,351,432
Collection of loans and interest	4,793,767	5,663,800
Insurance plan receipts	51,276,432	49,594,966
Auxiliary enterprise revenues:		
Athletics	111,088,466	104,156,350
Housing and food service	76,774,383	76,186,684
Bookstore	14,602,687	15,927,221
Other auxiliary enterprises	19,628,706	16,735,735
Payments to employees	(1,430,210,230)	(1,338,421,457)
Payments of employee benefits	(222,010,626)	(209,719,686)
Payments to suppliers	(833,943,119)	(772,843,953)
Loans issued to students	(5,961,151)	(5,201,636)
Scholarships and fellowships	(67,812,293)	(64,491,148)
Payments of insurance plan expenses	(164,020,140)	(163,568,837)
Other	114,207,203	115,272,288
Net cash used by operating activities	(422,406,834)	(420,035,775)
Cash Flows from Noncapital Financing Activities		
State appropriations	444,508,581	434,873,620
Property and sales tax	13,241,011	12,814,916
Gifts and grants for other than capital purposes	245,883,145	236,925,764
Direct Lending, Plus and FFEL loan receipts	301,575,474	268,632,192
Direct Lending, Plus and FFEL loan payments	(303,276,426)	(269,874,257)
Other agency funds - net	95,609	1,246,335
Payment of principal on debt	(49,616)	(49,507)
Payment of interest on debt	(991)	(1,100)
Refunds to grantors	(27,675)	(18,000)
Net cash provided by noncapital financing activities	701,949,112	684,549,963
Cash Flows from Capital and Related Financing Activities		
Distributions from debt proceeds	54,108,765	33,694,561
Capital appropriations	955,737	2,088,340
Capital grants and gifts	37,611,845	8,191,238
Proceeds from sale of capital assets	67,596	124,353
Purchases of capital assets	(174,018,494)	(133,784,741)
Payment of capital related principal on debt	(78,136,199)	(72,432,295)
Payment of capital related interest and fees	(53,547,866)	(48,305,455)
Insurance proceeds	102,796	26,182
Payments for bond refunding and related costs	-	(7,022,264)
Payments to/from trustee for reserve	(775,000)	-
Net cash used by capital and related financing activities	(213,630,820)	(217,420,081)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	68,577,667	156,319,253
Investment income (net of fees)	2,315,518	2,271,767
Purchases of investments	(285,452,058)	(110,195,370)
Net cash used by/provided by investing activities	(214,558,873)	48,395,650
Net increase (decrease) in cash	(148,647,415)	95,489,757
Cash, beginning of the year	556,103,255	460,613,498
Mergers with UAPTC and UACCRM (Note 24)	27,165,404	-
Cash, beginning of the year, restated	583,268,659	460,613,498
Cash, end of year	\$ 434,621,244	\$ 556,103,255

UNIVERSITY OF ARKANSAS SYSTEM: Consolidated Financial Statements FY2017

UNIVERSITY OF ARKANSAS Statement of Cash Flows - Direct Method - Continued For The Year Ended June 30, 2017 with comparative figures for 2016

	Year Ended June 30, 2017	Year Ended June 30, 2016
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (638,551,676)	\$ (560,614,588)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	187,239,009	178,113,075
Other miscellaneous operating receipts	(4,251,006)	3,373,632
Adjustment to cash for amounts in transit within the system	(9,211)	(610,885)
Change in assets and liabilities:		
Receivables, net	(8,940,997)	(66,650,691)
Inventories	(1,030,930)	(3,362,751)
Prepaid expenses and other assets	(2,791,087)	(860,452)
Accounts payable and other accrued liabilities	17,770,767	10,107,152
Unearned revenue	(1,152,293)	7,253,358
Liability for future insurance claims	(3,232,100)	(2,387,700)
Loans to students and employees	(303,936)	197,661
Refundable federal advance	41,842	7,870
Compensated absences	6,070,476	2,057,879
OPEB liability	4,018,748	6,755,028
Pension related	(488,275)	(3,671,682)
Other	23,203,835	10,257,319
NET CASH USED BY OPERATING ACTIVITIES	\$ (422,406,834)	\$ (420,035,775)
Non-Cash Transactions		
Capital Gifts	\$ 8,647,058	\$ 10,859,770
Fixed assets acquired by incurring capital lease obligations	11,777,008	2,649,193
Capital outlay & maintenance paid directly from proceeds of debt	315,658	-
Payment of bond proceeds/premium/accrued interest/debt service reserve directly into deposits with trustees/escrow	157,334,321	237,929,886
Payment of bond issuance costs and underwriter's discounts directly from bond proceeds and/or debt service reserve	909,662	1,729,038
Payment of principal & interest on long-term debt from deposits with trustees	947,558	271,529
Interest earned on deposits with trustees	458,750	13,189
Loss on disposal of assets	3,658,751	614,205
Valuation adjustment to capital assets	(1,233,570)	1,103,802
Value of goods received from sponsorship agreements with vendors	3,389,056	3,430,000
Fixed assets transferred to another state agency	37,872	-

See accompanying notes.