



UWF Business Enterprises, Inc. Board of Directors Teleconference

Scenic Hills Country Argonaut Ballroom

August 23, 2013 Minutes – Approved 11/15/2013

Present

Chair Judy Bense, Vice-chair K. C. Clark, Secretary Jay Patel, Treasurer John Todorovich, Member C. Ray Jones, Member Suzanne Lewis, Associate General Counsel Pat Lott, ICEO James Barnett, Vice President Susan Stephenson, and Staff Support Secretary Marie Glass.

Guests: Ellen Till, Ruth Davison, Betsy Bowers, Brendan Kelly, Sabrina McLaughlin, Megan Gonzalez, Kevin Bailey, Kim Brown, David O'Brien, Hal White, Jim Hurd, Angela Wallace, Brittany Carr, Lee White and Tiffany Nisewonger.

Welcome/Opening Remarks

Chair Bense called the meeting to order at 9:10 a.m. Ms. Glass called roll and Secretary Patel confirmed that a quorum was present.

Approval of Minutes

April 12, 2013, April 29, 2013 and July 24, 2013. Secretary Patel asked if there were any changes or corrections to the minutes. None were noted. Secretary asked for a motion.

Motion to approve: Vice-chair K.C. Clark

Second: Treasurer John Todorovich

Motion passed unanimously.

Report of the Chair

Dr. Bense welcomed everyone to the meeting and provided the latest University updates on enrollment, successful retention efforts, 31 new faculty, key hires, restructuring within Academic Affairs, and the new Women's swimming and diving team.

Action Items

- 1) Election of New Officers – Dr. Bense reminded the board she was stepping down and announced Dr. Hal White would be her designee. Dr. White was welcomed to the board. Dr. Stephenson suggested that the board revisit the bylaws in relation to board members' length of terms and voting capacity. Each board member expressed desire to continue serving on the board. The board discussed the Chair vacancy and all officer positions. Member Jones made a motion to elect K.C. Clark Chair, Jay Patel Vice-Chair, John Todorovich to remain as Treasurer, and Member Suzanne Lewis as Secretary. The terms would be effective immediately following the meeting.

Motion to approve: Member C. Ray Jones
Second: Treasurer John Todorovich
Motion passed unanimously.

- 2) 2013-14 Tentative Meeting Dates – Dr. Barnett discussed the staff recommendation to align BEI Board meetings with BOT meetings. The board discussed and identified November 15, 2013, February 17, 2014, and May 9, 2014 as future meeting dates.

Motion to approve: Treasurer John Todorovich
Second: Member Suzanne Lewis
Motion passed unanimously.

- 3) Capitalization Asset Policy 1.09 - \$5,000 or More – Ms. Wallace explained an asset capitalization threshold policy was needed for BEI financial accounting and reporting purposes. Policy # BEI 1.09-8/13 was for the adoption of a threshold for all tangible personal property with a value or cost of \$5,000 or more, with a projected useful life of one year or more to be recorded in the financial system as property for inventory purposes. The “Cost” would be used to value property purchases at the time of the purchase and “fair market value” would be used to value any property donations on the date of the donation. The policy also included financial statement capitalization thresholds for various capital asset categories, such as Land Buildings Leasehold Improvements and Intangible Assets.

Motion to approve: Vice-chair K.C. Clark
Second: Secretary Jay Patel
Motion passed unanimously.

- 4) Low Value Asset Accounting Policy 1.10 - Ms. Wallace stated a low value asset accounting policy was proposed to manage and account for certain property items which were portable and susceptible to theft or loss. Policy # BEI 1.10-8/13 was for the adoption of a low value asset threshold for the purpose of tracking such items, having a value or cost of less than \$5,000 but equal to or greater than \$2,500, with a projected useful life of one year or more. Low Value Assets would not be capitalized. “Cost” would be used to value these assets at the time of the purchase and “fair market value” would be used to value any donations on the date of the donation for BEI recording keeping and monitoring purposes.

Motion to approve: Vice-chair K.C. Clark
Second: Secretary Jay Patel
Motion passed unanimously.

- 5) Board of Directors Chair Policy 1.12 – ICEO Barnett explained the by-laws do not specifically identify responsibilities for the Chair. BEI needed a consistent spokesperson to represent the board with public and news media. The board discussed who would be the spokesperson in the Chair’s absence. Ms. Lott said that under the terms of the policy it would be whomever the Chair chose to designate in his absence.

Motion to approve: Vice-chair K.C. Clark
Second: Treasurer John Todorovich
Motion passed unanimously.

- 6) Public Comment Policy 1.13 - Ms. Lott explained Florida Statute 286.0114 required that public entities establish reasonable opportunity for the public to be heard on propositions that come

before a public board. The proposed public comment policy would establish reasonable parameters for allowing the public to be heard at BEI Board of Directors meetings. Through discussion, the board suggested that Ms. Lott draft language and add to the policy a statement that the board is not required to respond to public comment. Ms. Lott will draft that statement into the policy, circulate to members and proceed to post as an adopted policy.

Motion to approve: Vice-chair K.C. Clark

Second: Member C. Ray Jones

Motion passed unanimously.

- 7) CEO Position – Dr. Stephenson asked the board to table this item until the evaluation and position description is complete. ICEO Barnett agreed to continue serving as interim CEO. Dr. Stephenson asked the board to complete the survey. The board agreed to revisit this issue for further discussion and action.

Motion to approve: Vice-chair K.C. Clark

Second: Secretary Jay Patel

Motion passed unanimously.

- 8) East Campus Argonaut Village Discussion - ICEO Barnett provided an update on the East Campus Argonaut Village. Vieste Development submitted a new updated business pro forma dated Aug. 22. BEI requested to alter the recommendation in order to have sufficient time to evaluate the most recent materials. Mr. White, financial advisor from George K. Baum, requested more time to review as well. In November 2011, BEI publicly advertised an RFP that identified a hotel and conference center; no responses were received. In April 2012, a second RFP included language that BEI was open to reviewing a proposal that included a small amount of student housing proposed as a method to support the feasibility of a conference center. The student housing was always intended to be non-traditional to capture those students who would otherwise look for off-campus apartments. This population was not to compete with the first-time in college student housing demand. In February 2013, Vieste Development and BEI entered into an Affiliation Agreement. BEI requested in that agreement that Vieste provide BEI with an acceptable and approvable business plan. The Affiliation Agreement executed in February identified June 1, 2013 as the expiration date. BEI agreed to continue to work with Vieste past that date in good faith. Dr. Barnett recommended the board not take action at this time and give staff and Mr. White more time to review the latest proposal. Mr. White was available by telephone to discuss the financial feasibility and made several comments. He did not believe the previous financial plan was feasible. The rental rates should be lower, the expenses were understated, and the interest rate assumed by the underwriter at 6% were at least 50 basis points too low for current market conditions. Given the interest rate proposed in the pro forma, the project barely met the 1.20 debt service ratio coverage requirement needed to get the bonds rated and into the market place. In addition, from a policy point of view, the proposal was dramatically different than what was proposed originally in February. Originally, the developer was to make an equity contribution. Now they continue to expect a fee even though equity was not put in the project. Mr. White restated that he did not believe the current pro forma would work. Ms. Lott asked if the board was interested in proceeding with the development at the east entrance if the development did not include a conference center, as the feasibility of doing the conference center seemed questionable. Vice-Chair Clark suggested the board table this item in order to look at Vieste's last proposal. Member White added that it seemed as if Vieste was trying to set up a million dollar claim. However, he thought that if Vieste felt that they were in a strong position to recover a significant amount, they would not have made the last minute offer. He thought that the last minute offer was to prevent the

board from making a recommendation to discontinue negotiations. The board recommended that staff advise Vieste that the project described in the Affiliation Agreement was the goal of BEI and direct staff to set a date certain for Vieste to provide a best and final offer. The offer should be submitted at least seven business days prior to the meeting to allow for review by staff, consultants, and board members. A special meeting date was set for September 16 to discuss the best and final offer.

Ms. Lott agreed that staff would review the latest information submitted by Vieste, and would remind Vieste that the board was looking for the project as described in the affiliation agreement.

BEI board recommended Vieste be advised that the project described in the Affiliation Agreement was the goal of BEI and direct staff to set a date certain for Vieste to provide a best and final offer. Such offer to be submitted no later than September 4, 2013.

Motion to approve: Treasurer John Todorovich

Second: Member C. Ray Jones

Motion passed unanimously.

Informational Items

- 1) Project Development & Issues Update - ICEO Barnett provided brief updates on Argonaut Village at East Campus, University Park and Northwest Retirement Village, Electric Vehicles/Solar Power Project and Parking and Transportation Services (PATS).
- 2) Budget to Actual – Ms. Wallace explained the Budget to Actual Report was a summary of actual revenue and expense transactions for all BEI projects and functions ending June 30, 2013, compared to the revenue and expense budgets established for the fiscal year. Treasurer Todorovich noted he regularly reviewed financial records for UWF BEI and commended the staff for the work they do. He added there were no adjustments to the audit and the June 30 statements would reflect the Budget to Actual. In addition, we were planning to include all in-kind costs that we use for our office space. All UWF DSOs were doing this. All UWF DSOs have agreed to incorporate some type of language pertaining to this in the June 30 financial statements. Additionally, as you may be aware, there are two CPAs we work with; 1) Warren Averett O’Sullivan Creel who finalized our June 30 financial statements and 2) Saltmarsh Cleveland and Gund who have been working since late spring on our audits and should have everything in place by late September. Dr. Stephenson commented how Ms. Wallace does a super job for us.

There being no further business, the Chair adjourned the meeting at 12:10 p.m.

Respectfully submitted,

Tiffany Nisewonger, Assistant Staff Support Secretary