



UWF Business Enterprises, Inc. Board of Directors Meeting

Scenic Hills Country Club Banquet Room

December 6, 2012, Minutes – Approved

Present

Chair Judy Bense, Vice-chair K. C. Clark via conference call, Secretary Jay Patel, Treasurer John Todorovich, Member Suzanne Lewis, Member C. Ray Jones, Associate General Counsel Pat Lott, and Staff Support Secretary Marie Glass.

UWF Guests: Dr. Kim Brown, Dr. Kyle Marrero, Mr. Lee Gore, Dr. Susan Stephenson, Ms. Betsy Bowers, Ms. Cynthia Talbert, Ms. Angela Wallace, Dr. Jim Barnett, Mr. Dave O'Brien, Ms. Ellen Till, Director, Ms. Joy Ward, Mr. Scot Thomas, Mr. Rick Gorman, Ms. Sabrina McLaughlin, Ms. Megan Prawdzik, Director of Public Relations; Mr. Stephen Crawford, Mr. Bob Bryan, Ms. Tiffany Nisewonger, and Mr. Collin Bissett.

Guests: Mr. Stephen Pridgen, Supervisory U.S. Probation Officer and understudy of President Bense; Mr. Lee Goodson, Bullock Tice Associates; Ms. Dee Manchester, Warren Averett O'Sullivan Creel, LLC; Ms. Molly Murphy, Saltmarsh, Cleaveland & Gund; Ms. Allison Jones, Saltmarsh, Cleaveland & Gund; and, Ms. Erin Kourkounis, Pensacola News Journal.

Welcome/Opening Remarks

Chair Bense called the meeting to order at 12:00 p.m. Ms. Glass called roll and confirmed that a quorum was present.

Report of the Chair

Chair Bense welcomed everyone to the meeting and provided the latest University updates regarding the number of new faculty, staff, and students. She also shared updates about the new Provost and Vice President for Academic Affairs, the creation of the new President's Policy Council on Diversity and Inclusion, the opening of the new College of Business and President's Hall, the UWF Women's Soccer Team's Division II NCAA National Championship win, and the Fall commencement ceremony.

Informational Items

- 1) BEI transition discussion – Chair Bense remarked that a transition team had been developed to consider leadership options following the resignation of the Vice President of Administrative Services and CEO of BEI. The transition team coordinated the agenda for today's meeting. They have been asked to examine current projects, commitments, financial, legal, contractual, and immediate triage issues for the Division of Administrative Services and BEI, and remarked that the project list, contractual updates, commitment updates, and the operational audit updates would be provided at the meeting.

Chair Bense referenced the Board's bylaws regarding the Board's authority to hire a new CEO in consultation with the University's President. Chair Bense strongly recommended the separation of the fiscal operations of the University and BEI, and noted that this model worked well with WFHPI and the Foundation. She referenced that an interim CEO could be appointed and recommended Dr. Jim Barnett, Associate Vice President for Facilities Development & Operations for the position of interim CEO. She then talked briefly about the search process to fill the permanent CEO position. Chair Bense asked that a motion be made to appoint Dr. Jim Barnett as an interim CEO of BEI and to initiate the process of a search for the permanent CEO position.

Motion to approve: Member Lewis

Second: Secretary Patel

Motion passed unanimously.

- 2) Campus Master Plan Implementation – Chair Bense talked briefly about the capital improvement trust funds (CITF), which would be used for the new University Park. She mentioned that before the University Park project could be initiated, the tennis courts and intramural field would have to be relocated. She called on Dr. Barnett to discuss further.

Dr. Barnett stated the solicitation process for design would start before the University's holiday break. The purpose of the design would be to map out the move of the tennis courts and practice fields to clear the way for University Park, and by October, they would advertise for bids.

At this point of Information Item #2, Chair Bense asked the Board to shift to Information Item #5 to allow guest Ms. Dee Manchester, of Warren Averett O'Sullivan Creel, to report on the BEI Quarterly Financials.

- 3) Quarterly Financial Reporting – Chair Bense called on Ms. Bowers and guest, Ms. Dee Manchester, to report on the first quarter BEI financials.

Ms. Bowers introduced Ms. Manchester, of Warren Averett O'Sullivan Creel, and recognized Ms. Angela Wallace, both of whom played integral parts by developing and putting together the reports to be presented to the Board. Ms. Bowers noted the highlights of the financial statement compilation for the period of July 1, 2012 through September 30, 2012. The compilation report included a Balance Sheet, Statement of Income, and a Schedule of Income by Class (included in the agenda packet). A question was brought forth regarding net profit for the country club. Ms. Bowers responded that based upon the Statement of Income by Class, and explained the amounts. A question was brought forth regarding auxiliary support. Ms. Bowers responded that income from dining services traditionally helped pay the auxiliary services staff salaries and cover the dining services equipment maintenance.

Ms. Bowers asked Dr. Susan Stephenson to talk about the budget template that was developed for BEI. Handouts of the "Budget to Actual Template" were distributed to Board members; a copy was emailed to Vice-chair Clark. Ms. Stephenson noted that a formal budget had not been developed yet for BEI but they hoped to have a formal budget prepared for the next meeting. She asked that the Board review the template to determine if it was an adequate way to provide needed information and to provide any comments or suggestions for the template.

Chair Bense directed the Board back to Information Item #2 and called on Dr. Barnett to talk about the Campus Development Agreement. Dr. Barnett stated that the Campus Development Agreement (CDA) negotiations have been completed and that the University owes the County zero dollars. The CDA agreement would identify the road and public utilities infrastructure monetary value to mitigate impacts that support the planned implementation of the Updated Campus Master Plan over the term of the agreement. The CDA would identify the monetary value to be received by Escambia County from private-sector developers as project phases are implemented. After the County has finished the draft, the draft would go to Ms. Lott for review, prior to the distribution to the County's attorney, at which time, it would go to two public meetings in January. Dr. Barnett stated that their intent is to have the agreement as a placeholder for the March BOT agenda.

- 4) Project Update – Chair Bense called on Dr. Barnett and Mr. O'Brien to provide an update of the BEI Projects. Mr. O'Brien referred the Board members to the projects summary (included in the agenda packet) and then provided brief updates.

- 5) Proposed University Park Project Update – Mr. O’Brien stated that the RFQ, along with a letter of interest and a request for qualifications, would be released December 20. Developers that respond will be reviewed, as well as their financial backing and previous experience, similar projects, to align with the University’s plan. A pre-bid conference will be held on January 16, where Mr. O’Brien and Dr. Barnett will answer questions in an open public forum. RFQ responses will be received by February 1. Mr. O’Brien mentioned that they would like to form a selection team to include a couple of Board Members, as well as campus representation. At the end of February, an RFP would be released. By the June BOT meeting, they hope to have a pre-development agreement ready and should have a developer selected.

Dr. Barnett provided an overview of the plans for University Park. He noted that a key point is that they anticipate student housing would be incorporated and implemented, in phases, over a series of years. They plan to track both processes for student housing through a public/private partnership and a traditional parallel track bond debt to ensure one aligns with the project. Dr. Barnett talked briefly about the second part of the RFP, which covered the northwest retirement village (on 289 buildable acres), which made it attractive due to its proximity to the country club and to University Park. He mentioned that this property holding was significant to national developers. Mr. O’Brien asked Board Members to keep in mind that private developers have risks associated with this type of process, so the Board would need to be flexible if this project is to happen.

After a brief recess, Chair Bense called on Ms. Lott to talk about the Real Property Policy. Vice-Chair Clark withdrew from the conference call during the recess.

- 6) BOT Real Property Policy – Ms. Lott stated that at the February 16, 2012 BOT Finance & Facilities Committee meeting, an inquiry was made as to whether the University should develop a real property policy as no policy was in place at the time. Ms. Lott stated that the policy was expected to be the subject of workshop meetings prior to the March BOT meeting to determine thresholds within the policy.

Ms. Lott reviewed the “Highlights of Proposed UWF Real Property Policy” (included in the agenda package) and noted staff recommendations. She reminded the Board that BEI was created to be a financing mechanism for the University, and that if the BOT approved the policy, it would not change BEI’s Articles of Incorporation and By-laws, which require BOT approval of BEI debt. She also mentioned that the other University DSOs have advised that they do not believe the proposed policy would be problematic for their operations.

Chair Bense asked the indulgence of the Board to allow the auditors from Saltmarsh, Cleaveland & Gund to present Action Item #5, the FY 2011/2012 Financial Statements Audit. Chair Bense called upon Ms. Bowers to lead into the presentation.

- 7) FY 2011/2012 Financial Statements Audit – Ms. Bowers remarked that this was the first audit of BEI from the period of October 18, 2011 through June 30, 2012. BEI retained the firm of Saltmarsh, Cleaveland & Gund, as noted in Article 9.2 of the Bylaws, which called for a financial audit after the close of each fiscal year. Ms. Bowers introduced Audit Shareholder Ms. Molly Murphy and Senior Manager Ms. Allison Jones to present their findings to the Board.

Ms. Murphy began by stating that this would be an open dialogue report and encouraged Board Members to ask questions throughout their presentation. She referenced the supporting documents (included in the agenda packet). She began with a brief discussion of the audit communications letter, which outlined their audit responsibilities. She reiterated that they conducted the BEI audit from the period of October 18 through June 30, which covered mostly the purchase of the country club, the transfer of Bldg. 8 from Foundation to BEI, and a few other items such as the Master Management Agreement. Ms. Lott interjected that October 18 was the date BEI’s Articles of Incorporation were filed with the State of Florida, which was the inception of BEI, but that BEI did not have any real activity until June 2012.

Ms. Murphy stated that the audit was conducted utilizing generally accepted audit standards and included governmental auditing standards. She talked about appropriate accounting policies and the initial difficulties in performing the audit, i.e., getting to know the organization and vice versa, and then commended Ms. Wallace for her timely responses to their requests. Ms. Murphy reported a “clean opinion” and no disagreements with management regarding financial reporting or any other audit matters.

Ms. Jones talked about the high points of the financial statements, opinions, and changes in format. She quickly reviewed the financial statements. She noted they found BEI’s financial statements free of material weakness. She recommended that BEI develop a fraud risk assessment program and encouraged Board Members to be advised of the accounting procedures and to be active in the oversight of the fraud risk management program. Ms. Bowers noted that their office would assist in this effort to set guidelines for processes.

Ms. Jones briefly discussed their recommendations regarding in-kind contributions and expenditures, and the importance of tracking time expended by personnel on BEI activities in relation to salaries and other payroll costs paid by the University.

With no questions from the Board, Ms. Bowers requested that the Chair ask for a motion of acceptance.

Motion to approve: Treasurer Todorovich

Second: Secretary Patel

Motion passed unanimously.

- 8) BEI Communication Plan Update – Dr. Marrero and Ms. McLaughlin presented a PowerPoint overview of the Marketing & Creative Services (M&CS) Department and their marketing strategies.

Dr. Marrero mentioned that for the remainder of the fiscal year, there was a need for continuing to support BEI from a communications strategy. As M&CS moved forward, they would like to add one more support staff and asked that BEI contribute a partial salary to support this position.

- 9) Contracts Report – Ms. Lott updated the Board on the BEI Transition Team’s plans to review various contracts that were entered into by BEI within the past year. She stated that she had worked with the Transition Team to finalize an Operations MOU that would supplement the Master Management Agreement between the University and BEI in order to address areas of financial processes and conflicts of interests that BEI had faced since its inception.

Ms. Lott stated that the Transition Team had assembled all the contracts that BEI had entered into since its inception and she planned to have this information compiled into a report to present to the BEI Board. She mentioned that they are in the process of identifying some contracts for re-negotiation or slight modifications. She stated that she will also work with Ms. Bowers to develop a signature authorization policy for consideration by the BEI Board, as well as develop a policy that would identify significant contracts that should come before the Board.

- 10) Operational Overview – Ms. Bowers stated that the Transition Team and UWF Internal Auditing and Management Consulting have been working very diligently on identifying risks and key internal controls. They will work with the interim CEO to discuss the workflow, policies that need to be written, MOUs that need to be developed, day-to-day procedures, and mapping out financial workflows for checks and balances. She stated that particular policies would be brought to the Board of Directors for review.

Action Items

- 1) Approval of Minutes – August 24, 2012 – Chair Bense asked members if there were any changes or corrections to the minutes. None was noted. Chair Bense asked for a motion to approve.

Motion to approve: Secretary Patel
Second: Member C. Ray Jones
Motion passed unanimously.

- 2) BEI Board of Directors 2013 Meeting Dates – Ms. Glass reminded Board members that the meeting dates had been sent to them previously and asked if there were any conflicts since that time. She requested that Board members select one of the two choices for each meeting. Members agreed on the following 2013 meeting dates: April 12, August 16, and December 6. Chair Bense asked for a motion to confirm the first choice for each of the meeting dates as noted.

Motion to approve: Secretary Patel
Second: Member Lewis
Motion passed unanimously.

- 3) Signature Authority Resolutions for BEI Bank Account – Ms. Bowers stated that due to the resignation of Mr. Altier, Chief Executive Officer, the check signature authority for the BEI bank account had to be updated to remove Mr. Altier and to add Chair Bense. Ms. Bowers asked that the Board ratify and approve the BEI Corporate Authorization Resolution and approve the affiliated signature cards (included in their packets). This would provide approval for Chair Bense and Treasurer Todorovich to sign checks and approve transfers of funds to pay expenditures or other disbursements evidenced by an invoice or other appropriate documentation from the ServisFirst Bank account established for BEI.

Motion to approve: Member Lewis
Second: Secretary Patel
Motion passed unanimously.

- 4) Signature Authority Resolutions for Operations Account for Scenic Hills Country Club – Ms. Bowers stated that with the resignation of Mr. Altier, Chief Executive Officer, the check signature authority for the Scenic Hills operations bank account had to be updated to remove Mr. Altier and to add Chair Bense. Ms. Bowers asked that the Board ratify and approve the BEI Corporate Authorization Resolution and approve the affiliated signature cards (included in their packets). This would provide approval for Chair Bense, Treasurer Todorovich, and Mr. Rick Gorman (Scenic Hills Country Club General Manager), to sign checks and approve transfers of funds to pay expenditures or other disbursements evidenced by an invoice or other appropriate documentation from the ServisFirst Bank account for Scenic Hills Country Club operations.

Motion to approve: Secretary Patel
Second: Member Jones
Motion passed unanimously.

Other Business – Chair Bense called for other business to be brought forth. She thanked Dr. Barnett for accepting the role of Interim CEO. Dr. Barnett thanked everyone for the opportunity and stated he would work very hard for the staff to fulfill the mission and vision of the University.

New Business – Chair Bense called for new business to be brought forth. None was noted.

Chair Bense adjourned the meeting at 3:15 p.m.

Respectfully submitted,
Marie Glass, Staff Support Secretary