

UWF Business Enterprises, Inc. Board of Directors Meeting
UWF Crosby Hall Conference Room 131
November 28, 3:00-5:00 p.m.
Minutes – **revised**

Present

Members: Mr. K.C. Clark, Ms. Suzanne Lewis, Mr. Jay Patel, and Mr. Todorovich

Staff: Chair Judy Bense, Chief Executive Officer (CEO) Matthew Altier, and Staff Support Secretary Ms. Marie Glass

Guests: Ms. Ruth Davison, Ms. Pat Lott, Mr. Lee Gore, Dr. Nestor Arguea, Dr. Ed Ranelli, Dr. Kim Brown, Dr. Susan Stephenson, and Ms. Betsy Bowers

Welcome/Open Remarks/Introductions

Acting Chair Bense called the meeting to order at 3:05 p.m. and welcomed everyone to the meeting. In her opening remarks, she stated that this was an historic occasion in the history of the University of West Florida. With the new DSO, things would be different and better. She remarked that VP Altier would help to bring new ideas to the University, with things that have been tried and tested in other universities within the state as well as outside the state. She remarked that times have changed in the funding of education for higher education, that the University would have to find new paths to generate revenue and activities to make our campus more than what it is and to develop our campus into a community. She continued that with the new DSO, the University would have more options on the table. She thanked the new Board members for agreeing to serve.

CEO Altier echoed Chair Bense's remarks, and expressed his appreciation to the new Board members for their willingness to serve, stating that this was an exciting time to serve on the initial board of the new DSO. He stated the Corporation would put together some projects that may or may not exist at other universities. He commented that the Board has guidelines and Bylaws to follow and that he was counting on the General Counsel to assist the Board along the way. He noted that it was time for the Board members to get acquainted and during future meetings, discussions would include what it means to be a Board member of the DSO, the meeting schedule, and how it would be set up. He asked that Board members and guests introduce themselves. After introductions were done, CEO Altier spoke briefly about the agenda and then asked Ms. Lott if there was anything that she wanted to say.

Ms. Lott remarked that the Board would manage state money, deal with state matters, and that because this was a collegial board in nature, the Board would be subject to the Florida Sunshine Law. The Florida Sunshine Law contemplated that Board members may meet only at noticed meetings, in a public place, where minutes could be taken. The documents that Board members deal with would be public records but noted that some DSO documents were exempt from Florida's disclosure law; however, she suggested that Board members keep track of those documents because Board members may, in some circumstances, be called upon to produce or disclose those at any time. She encouraged Board members to allow the Board's staff person to maintain those documents so that they would not become custodian of those public records. She

also commented that emails between members constituted a meeting, and discussions that were undertaken at a grocery store or at a luncheon, which could come before the Board for action, would also be considered a meeting and therefore, should be avoided.

The Chair called for the roll to be taken. Ms. Glass called roll and confirmed that a quorum was present.

ACTION ITEMS

Elect Corporate Officers

CEO Altier brought forth the first action item, to elect corporate officers. CEO Altier recommended that Chair Bense serve as Chairperson, and cited the Bylaws, page 7, article 4, "The officers of this Corporation shall be a Chairperson, a Vice Chairperson, a Secretary, a Treasurer, and such other officers as may be determined by the Board of Directors." Ms. Lott stated that the Board needed to vote on CEO Altier's recommendation of having Chair Bense serve as the Chairperson. She noted that CEO Altier may not vote as he was considered staff to the Board, as were Mr. Gore and herself, and that they were not subject to the Florida Sunshine Law. Mr. Todorovich made a motion to approve; Ms. Lewis seconded. All voted in favor.

CEO Altier asked for a volunteer to serve as Vice Chairperson and stated that this position would step in and act on behalf of the Chair. Mr. Todorovich made a motion for Mr. Clark to serve in this role; Mr. Patel seconded the motion. Mr. Clark confirmed that he would volunteer. All voted in favor.

Chair Bense called for a volunteer to serve as the Secretary. Mr. Patel volunteered. Mr. Clark moved to approve; Mr. Todorovich seconded. All voted in favor.

Chair Bense called for a volunteer to serve as Treasurer. Mr. Clark made a motion for Mr. Todorovich; Mr. Patel seconded. All voted in favor.

Chair Bense called for the appointment of the fifth board member, as noted in the Bylaws. She commented that the person who seemed to be a good choice and who had experience with UWF was Mr. Ray Jones, who had agreed to serve if asked. Information about Mr. Jones was distributed to all members. Chair Bense continued that Mr. Jones was familiar with the University through his service on the Foundation Board, has a love for UWF and friend of UWF, and has an optimistic outlook for the University. CEO Altier stated that Mr. Jones was very entrepreneurial, currently served as the vice president of Foundation and chair of the Foundation's Investment Committee, and is excited about our new projects. Mr. Todorovich made a motion for Mr. Jones to serve as the fifth Board member; Mr. Patel seconded. All voted in favor. CEO Altier noted that Mr. Jones would be present at our next Board meeting.

Adopt Bylaws

Chair Bense moved to the next agenda item, "Adopt Bylaws." Ms. Lott communicated that the Bylaws were approved by the Board of Trustees (BOT) at the last meeting. It was noted that any

changes to the Bylaws would have to be approved by the BOT. Ms. Lewis moved to adopt the Bylaws; Mr. Clark seconded. All voted in favor.

Mr. Clark brought forth the question regarding the terms of appointment, stating that since Board members have been appointed on the same day, their terms would expire the same day, which was also an issue with the BOT terms. Mr. Clark asked if the Board would consider staggering first terms, and if so, would that require a change to the Bylaws. Ms. Lott responded that it would require a change to the Bylaws; discussion of the terms of appointments followed. Ms. Lott suggested that the Board review the Bylaws, decide what changes were needed, and noted that staggering terms would be beneficial. CEO Altier stated that Board members should bring their suggestions for changes to the Bylaws to the next Board meeting for adoption. Ms. Lott said that these adopted changes would then be brought to the Board of Trustees for approval.

Approve Conflict of Interest Policy

Chair Bense asked Ms. Lott if she needed to highlight anything about the Conflict of Interest Policy. Ms. Lott responded that this was a very simple Conflict of Interest Policy, created by CEO Altier, and noted that it contemplated that Board members would keep the interest of the Corporation as a priority in their actions and that members would not attempt to be self-serving in what they did, such as for personal interest or profit. Ms. Lewis moved to adopt; Mr. Patel seconded. All voted in favor.

Approve Policy Against Discrimination and Harassment

Chair Bense asked Ms. Lott to go over the policy against discrimination and harassment with the Board. Ms. Lott communicated that this was a requirement of the state law to have a policy to declare that no one would be discriminated against or harassed, and that this policy provided for equal employment and opportunity. Mr. Clark moved for approval; Ms. Lewis seconded. All voted in favor.

Approve Master Management Agreement

CEO Altier noted that the Master Management Agreement, up for approval before the Board of Trustees meeting on December 9, was an agreement between the University and the new Corporation, to allow the new Corporation to manage properties and businesses for the University as long as it benefited the University. He continued that the language throughout the agreement was developed to protect the University, to allow for audits, for questions, and to obtain financial reports. The Corporation would be able to renegotiate vendor contracts for better terms than what the University would be able to negotiate. Discussion followed. CEO Altier noted that there was language in the agreement that specifically stated if a business or a service was transferred to the new corporation and could not do at least minimally what it had done under the University, then the business or service would be transferred back under the University.

CEO Altier continued that the job of the new Corporation was to help the University make more money than it was currently making. He remarked that Ms. Lott did a very good job in outlining the protection of the University in the agreement. Ms. Lewis asked if the language, noted at the bottom of page 3 (under the Master Management Agreement), "...The Corporation shall assure that each Assigned Function is managed and operated so that the ratio of the revenues generated

by such Assigned Function compared to the expenses related to such Assigned Function (including the expenses of the Corporation) was not reduced compared to the ratio of revenues to expenses existing as of the fiscal year prior to the Corporation's acceptance of the Assigned Function," was the protection clause. Ms. Lott confirmed that it was, and also noted some caveats to the language as shown on page 5. Ms. Lott stated that before the function became an assigned function: 1) the specific contracts that would be assumed by the Corporation would need to be identified; 2) the specific University employees that would be associated with the assigned function, if any, would need to be identified, and that those employees would remain University employees, that the terms and conditions of employment would not be affected by the assignment; and, 3) the specific revenues and expenses that the Corporation would be required to pay would need to be identified, and that these are intended to be known quantities.

Ms. Lott also noted that, currently, there were no specific University bond financed projects that would require compliance with the management contract rules at this time. She further stated that the framework of the agreement was to allow BEI the maximum amount of flexibility to handle state money, but that the money would need to be accounted for strictly, and that BEI's activities would not benefit any private persons.

CEO Altier stated that there was language in the agreement that basically stated that the excess revenue generated above and beyond the operating needs would come back to the University. However, it does not necessarily all have to come back to the University if there was a project that needed an investment up front and would prove to benefit the University, either in the form of generating more revenue or services or both.

CEO Altier commented that there were some projects that may not make any extra money for the University but would provide a nice service to the University, such as a dining facility for faculty/staff only, a beauty salon, or a dry cleaning service.

Ms. Lott added that the flexibility in the agreement provided the University with the ability to either terminate the status of an assigned function or terminate the entire agreement if the University determined that it was not in the best interest of the University.

Mr. Clark referenced page 7 regarding liability and the fact that the DSO would carry liability insurance, and then asked about the start-up capital. CEO Altier responded that the initial capital would come from some of those renegotiated contracts, such as Dining Services, or borrowing funds from local banks or from the Foundation. Mr. Clark questioned how employees would be paid with no available funding up front. CEO Altier replied that University employees would be used for all initial projects and probably over one year from now, the Corporation would have sufficient revenue stream generated to hire staff specifically as Corporation employees.

Ms. Lott reminded the Board that it was important to have the 501 (c)(3) status confirmed before the Corporation started generating revenue; otherwise, BEI would have to pay taxes. CEO Altier stated that the legislation in Florida allowed for University employees and facilities space to be utilized by the DSO. Ms. Kim Brown, Chief of Staff – President's Office, noted that the DSO summary submitted for the BOT meeting stated that some of the initial funds would be used from the Administrative Services Division. Mr. Clark asked who would handle the accounting

for the DSO. CEO Altier replied that this process would initially be handled by the Administrative Services Division Budget Director. Once serious revenue streams began to come through the Corporation, another accountant and support staff would be hired, but he anticipated that to be a year from now. Mr. Clark moved to approve; Mr. Todorovich seconded. All voted in favor.

Approve Deed of Easement Agreement

CEO Altier began with a PowerPoint presentation of aerial views and illustrative plans (five slides) of the existing and future campus plans, stating that the next order of business was the approval of the Easement Deed and Agreement to be granted by the Foundation for parking and related facilities and services. He discussed the UWF property line, locations of the east and west villages (University housing), surrounding business complexes, parking, and the property that the University wanted to develop through a third party public-private partnership. He stated the developer would purchase the property then donate that land to the Foundation so the Foundation could get credit for land donations. The Foundation would then deed the property to the Corporation, which would enter into a long land lease with the developer to build student apartments, which, in turn, would be owned and operated by the developer. The University would get a revenue stream from the land lease and get up to 500 new student beds by fall of 2013. At the end of the land lease, possibly in 25 years, the University would get the entire property improvements donated to the Corporation. He stated that the Foundation supported this proposed action.

Ms. Lott clarified that the easement contemplated that it would be used for UWF students, faculty, and staff parking, and that the Board would have to decide which students, faculty, and staff would park there, as the developer of that project would not make those decisions. CEO Altier stated that the plan would be to make all of the parking lots residential parking for students who live in student housing. Ms. Lott followed by stating that the property, which is owned by the state, was leased to the University, and would be sub-leased to the Foundation, who would give the Corporation an easement to the property. Chair Bense stated that this piece of property was an undeveloped part of the University's existing parking complex, which was to have been made into a parking lot, but was never developed.

Discussion followed as to the legal obligations involved. Ms. Lott commented that the Board was being asked only to approve an easement to provide parking for students, faculty, and staff; it was not a legal obligation to the developer.

Chair Bense asked who would pay for developing the parking lot. CEO Altier responded that it would be done one of two ways: 1) through UWF's Transportation Services utilizing the DSO mechanism, or 2) lease the property through a developer; both options would be reviewed. However much capital the developer had to invest in this project would equate to the bottom line as to how much revenue could be generated in return for a long-term land lease. Discussion ensued regarding property taxes and payment in lieu of taxes.

Mr. Todorovich asked if after the building was built, would the University market it to our students. CEO Altier replied that the University could market it as part of the housing package but the University was not obligated to push students to the developer's building, nor was the

University obligated to fill any number of rooms. CEO Altier noted that after the developer forwarded the proposal, the proposal would be closely reviewed. Mr. Clark moved to approve the Easement Deed and Agreement; Ms. Lewis seconded. All voted in favor. Ms. Lott stated that since the details were not known with respect to the development, this would give the Board the right to develop that space as parking to the south of the University.

INFORMATION ITEMS

Board of Directors Guidelines

Chair Bense directed everyone to the Board of Directors guidelines and asked if there were any questions. None were brought forth. CEO Altier noted that since most of the Board members have probably served on other boards, he would focus on the second page of the guidelines, “Governing Style” and the different roles of the Board members, and affirmed that the Board would follow the Roberts Rules of Order. He continued that over time, Board committees would be established, which would probably include an executive committee, a budget finance and audit committee, a project and activity committee, and personnel committee, but also noted that the Board may not need all of these.

Designation of a Bank and Outside Counsel

CEO Altier stated that at the next Board meeting, he would bring a recommendation to designate a bank that would handle the accounts and funding that would come through the DSO. He would also bring a recommendation to designate an outside counsel. He stated that several local banks and legal firms have expressed interest. Ms. Lewis asked if the University used outside counsel for other university matters. Chair Bense responded yes, with the Foundation and West Florida Historic Preservation using the same outside counsel. CEO Altier stated that the DSO would use UWF’s General Counsel as much as possible. Mr. Clark asked if it would be wise to use the same outside counsel as the Foundation, but was advised that the firm would not be available for BEI.

REPORTS

President’s Report

Chair Bense stated the University has great talent that was more than willing to help with the DSO, and that she had asked Rick Harper and Susan Stephenson to help the Board with analysis and research, if needed.

CEO Report

CEO Altier stated that he would talk about future projects. He gave an overview of the Campus Master Plan slide presentation, showing Board members the developable property that would not affect any of UWF’s natural environment, wetlands, or archaeology sites; a 60-acre swath of land perfect for development in what would be called an Enterprise Zone, adjacent to Highway 90; and, the 600 acres plus on the west side of campus. The Campus Master Plan (CMP) had been updated to incorporate the growth areas and many of the DSO projects: the new student union, the new football stadium, four buildings that would be mix-use for both student housing and academic space as well as commercial space; the realignment of the perimeter road to flow around the campus; several parking structures; the creation of several malls interior to the

campus; and, the building of several restaurants along the Highway 90 property line. In addition, there was a Request for Proposal (RFP) being reviewed by the General Counsel, for a hotel/conference center. CEO Altier said that a feasibility study for the hotel/conference center had been completed through a national firm, with extremely positive results.

CEO Altier outlined the area for a prospective new residential village, where single-family homes and town houses would be built for graduate, veteran, and married students, and UWF faculty and staff, with 12-month leases. He noted that these types of homes and complexes built at other universities had been met with favorable results because occupants live on campus and have a good market rate lease. He continued that a four-bedroom home would have four full baths attached to each of the bedrooms so that it could be set up as individual leases to students. In time, there would be several fraternity and sorority homes on campus, operated under the DSO. Financing these units would come from a number of different areas such as local banks, which would loan us money at a very low interest rate and would tie us into the community. The hotel/conference center would be marketed toward the University community, to allow for visiting parents, visiting faculty, association meetings, and group meetings. Chair Bense remarked that athletics, alone, generated 3,280 room nights and that number did not include commencement, orientation, open houses, and other events. CEO Altier added that that hotel/conference center would have an academic training component to it so that UWF's hospitality students would train under the shadow of a national management firm with apprenticeships for UWF's students.

Chair Bense asked CEO Altier to provide an update on Chartwells. CEO Altier stated that there were three national catering firms: Chartwells, Aramark, and Sodexo. The University currently has a contract with Chartwells that could be better negotiated. The restaurants and catering would be contracted under Chartwells, which would generate more commission for the University but would also keep the University out of having to do individual leases with individual restaurants. CEO Altier continued that having the hotel/conference center with national fast-food chains on-campus, and open to the public, would be an excellent way to generate additional revenue for the University.

CEO Altier referenced slide 3, DSO Development Summary dated Nov. 1, 2011, and indicated the areas for the student union, the arena, the student-faculty-staff parking garage, four buildings which would have student residential housing and academic space, the football stadium, as well as potential renovation to the field house. He stated that they would like to put together multiple revenue streams that would pay a long-term lease to a private third party developer. Several local and national developers have expressed interest in this project. The DSO was looking for long-term leases (30, 35, 40 years), with any kind of buy-out options if they prove to be successful. Susan Stephenson would be instrumental in identifying ways the DSO could utilize multiple revenue streams to pay for the lease, and the amount of revenue to be generated under the operations of the student union and all the commercial activities, from student housing and parking garages. He briefly discussed revenue streams, project costs, and legislative issues that were being worked on by our Governmental Relations Director.

CEO Altier referenced slide 1, Existing East Campus Aerial, November 1, 2011, stating that another project was Building 8, which was currently owned by the Foundation. Building 8 was

being considered to be used as a dental clinic for faculty, staff, and students and operated under the DSO. He shared information about a corporation that has an extremely creative model for offering dental services. The DSO would take that model and look at what it would take to be able to charge for these services. It would be a voluntary fee to students who would want a dental plan and dental service, and would be offered to UWF faculty and staff so that they could have on-campus dental services. He reported that the numbers looked much cheaper than our current dental plans with the state. The Foundation would deed the Building 8 property over to the DSO for the dental care facility, which would become an instant asset and which would start generating a revenue stream.

In summary, CEO Altier stated that he had a list of over 25 projects that were as diverse as housing, a hotel/conference center, a multi-complex area, different types of services, and potentially helping the historic district downtown develop some of the business enterprises. He noted that he would bring the project updates to the next Board meeting.

Chair Bense asked for any questions. Ms. Lewis asked if once the Easement Deed was executed, would it become the first asset under the DSO. Ms. Lott responded yes. CEO Altier added that they would like to get Building 8 transferred to the DSO as soon as the next meeting so there might be two assets. Chair Bense continued that there would be two action items, the Master Management Agreement and the Easement Deed that would come before the Board of Trustees on December 9. Ms. Lott would pursue the development of the 501 (c)(3) immediately.

Chair Bense thanked the committee for their time and commitment and stated the future looked very interesting.

Adjournment 4:45 p.m.

Respectfully Submitted,
Marie Glass, Staff Support Secretary