

**BREVARD COMMUNITY COLLEGE
BOARD OF TRUSTEES MEETING**

September 18, 2008

Carver Administration Building (#2)
Cocoa Campus

PRESENT: Mr. James Theriac, Chair; Mrs. Alberta Wilson, Vice-Chair; Mr. Stephen Charpentier; Mrs. Dixie Sansom; Dr. James A. Drake, Secretary; Mr. Philip Nohrr, Attorney

ABSENT: Mr. C. R. "Rick" McCotter III

1. CALL TO ORDER:

Mr. James Theriac, Chair, called the meeting to order at 1:45 p.m.

A. Pledge of Allegiance

Mr. Theriac opened the meeting with the recitation of the Pledge of Allegiance.

B. Visitor Welcome

Mr. Theriac welcomed Mr. Gregory Schuckman, Assistant Vice President for University Relations for the University of Central Florida. Based in Washington, D.C., Mr. Schuckman is the University's Federal legislative representative, and is also Chair of the Board of Trustees at Northern Virginia Community College. Mr. Schuckman also serves as a member of the Governing Board of the Association of Community College Trustees (ACCT). Mr. Schuckman thanked BCC for its participation in ACCT, and noted that Florida serves as a stellar model for the 2+2 system. Mr. Schuckman added that the recently passed Higher Education Act includes a number of favorable considerations for community colleges, about which he offered to provide additional information upon request.

C. Additions/Corrections to Agenda

Dr. Drake noted that the Board received a revised agenda, which moved one item of Old Business to immediately follow the Approval of the Minutes. This was done in consideration for the busy schedules of the King Center Board members who are present at the meeting today to discuss the endowment investment consulting firm for the King Center.

II. JOINT RATIFICATION OF BCC-UCF RESOLUTION (with UCF Board of Trustees) (Addendum):

Dr. Drake reported that the Board of Trustees for both Brevard Community College and the University of Central Florida held a special purpose joint board meeting prior to the BCC Board meeting, to ratify a joint resolution that reaffirms the forty-year partnership of these institutions

and the 2+2 model. Dr. Drake further reported that nearly one-third of the community colleges in Florida have declared their interest in becoming four-year state colleges. In the spirit of the legislation through which Florida's community-college system and the "Two Plus Two" articulation model were enabled, Brevard Community College will continue to serve Brevard County as a two-year institution, and will not only maintain but expand its successful partnerships with the University of Central Florida, as well as the Florida Institute of Technology.

III. APPROVAL OF OFFICIAL MINUTES OF PREVIOUS MEETING:

Mr. Theriac briefly summarized the challenges that the College faced during the State Board of Administration (SBA) financial crisis in late 2007, during which, as Mr. Theriac reiterated, the Bank of America did not provide very favorable options to the College. As a consequence, the College pursued relationships with other banking institutions.

Mr. Theriac stated that because Merrill-Lynch is now part of Bank of America, he remains personally skeptical about choosing Merrill-Lynch as an investment firm for the College.

Mr. Brown, of the Bogdahn Group, reported that the majority of the King Center endowment is currently managed by Merrill-Lynch, while approximately 40 percent of the assets are with PIMCO.

Mr. Starkey reported that the current market has affected the ability of the independent broker/dealer model, such as Merrill Lynch, to operate independently. In order to remain viable, according to Mr. Starkey, these investment firms must partner with commercial banking institutions. Mr. Starkey stated that the Merrill Lynch—Bank of America relationship will not cause any discernible changes from an operational standpoint for the College because Merrill-Lynch will maintain its independence. Mr. Starkey urged the Board members to consider not only the financial security afforded by the Bank of America—Merrill Lynch relationship, but also to bear in mind that other investment firms and financial institutions are facing the same challenges as Merrill-Lynch.

Mr. Charpentier stated that the uncertainty of the financial market is a substantial concern to the Board, and that it is the collective responsibility of the trustees to ensure that the College's assets are secure and well managed.

Mr. Brown noted that he has provided financial advisement services for the King Center since 2000, and was an independent investment advisor with Merrill-Lynch prior to accepting a similar position with the Bogdahn Group. During that time, according to Mr. Brown, he made recommendations that benefitted the King Center portfolio, including moving the endowment to a mutual-fund structure and diversifying its portfolio to include PIMCO shares. Mr. Brown also stated that the College's contract with Merrill-Lynch yielded an annual return of brokerage fees of approximately \$10,600 to the College, which would be allocated to the broker associated with the account if the investment is left with Merrill-Lynch. Mr. Brown added that arrangements can be made for the return of the brokerage fee if the endowment is transferred to another firm, depending on the terms and conditions that are established in regard to the account. He also stated that assets from PIMCO, which are institutional mutual-fund shares, cannot be transferred to Merrill-Lynch or Morgan-Stanley, and that it would not be detrimental to the College to have these funds remain with PIMCO at this time. Mr. Brown clarified, however, that in his opinion the College's funds will be secure with either Merrill-Lynch or the Glover Group.

Mr. Starkey stated to the trustees that both Mr. Brown and Mr. Glover have rendered commendable professional services to the College. Mr. Starkey further stated that having the BCC Foundation funds managed by The Glover Group and the King Center funds by Merrill Lynch would provide a measure of diversification for the College's assets.

Mr. Clemente expressed his concern about the advisability of making decisions about the management of assets when the market is severely unstable, and suggested that any decision to relocate the endowment be delayed until the market is more stable.

Mr. Farmer stated that this instability will continue to affect every major investment firm. He added that his experience as former Chair and CEO of the Harris Corporation and his long-time service on Board of Trustees of the Florida Institute of Technology have impressed upon him the advantages of independent oversight for the management of assets. Mr. Farmer also stated that he is confident that the King Center Board will support whatever decision is rendered by the BCC Board of Trustees regarding the management of the King Center endowment.

Referring to Mr. Theriac's stated preference for an investment firm with strong community ties, Mr. Starkey commented that Merrill-Lynch not only maintains a local office, but also participates in the planning committee for the College's Simpkins Entrepreneurship Lecture Series. He also asked the Board to recognize that the current economic crisis is an industry-wide problem, and hence is not exclusive to Merrill-Lynch.

Mr. Glover stated that investments and cash reserves are secure at Morgan Stanley, and added that the Glover Group, having managed most of the assets of the BCC Foundation for a number of years, would be pleased to provide any additional services that the College may need.

Mr. Charpentier expressed his appreciation for everyone's participation and input, and noted that the investment firms whose representatives are present at the meeting are reputable, well-known (note itte(e)-5).6(iu22.9(nmierpar)3.5himSe exclusiv7.(1eitte(eell-a-1.158517instabi9(d

C. Press Recognition

Mr. Theriac reported on the recent press recognition of the College. Mr. Ross confirmed that the College has received positive publicity and recognition from CNN, _____, Magazine, _____, and _____, and the two leading candidates for the President of the United States had selected Brevard Community College campuses for town halls, forums, and rallies. Mr. Ross recalled Dr. Drake's goal for the College to attain positive national media attention within five years. The national media coverage that the College has received during the past six months far exceed the President's long-term goal. Mr. Ross noted that positive publicity improves the College's opportunities for fundraising, legislative support, and continuing enrollment increases.

V. **CONSENT AGENDA:**

- A. Report on Personnel Actions (Information Only) (Addendum)
- B. Approval of August Monthly Summary of Income and Expenditures (Addendum)
- C. Disposal of College Property (Addendum)
- D. Approval of Write-Off Uncollectable Accounts (Addendum)
- E. Approval of Capital Improvement Program (Addendum)
- F. Report on Pending Legal Actions (Addendum)

Mr. Charpentier made a motion to approve the consent agenda. Mrs. Wilson seconded the motion. All those voting in favor of the motion: Charpentier, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

VI. **PUBLIC COMMENTS:**

None.

VII. **CONSTRUCTION AND DEVELOPMENT:**

None.

VIII. **OLD BUSINESS (Continued):**

- A. Review of Policy Governance Manual Item 100.5, Direct Support Organizations (Addendum) (previously discussed)
- B. Compensation and Evaluation of College President

Dr. Drake expressed his appreciation for the Board's consideration of a raise, and stated that he understands that the Board is concerned about the compensation level for the President of the College. Dr. Drake commended the faculty and staff for their dedication to the College and noted that, with the Board's support, BCC has been successful in adjusting individual staff salaries, as well as faculty salaries, and implementing a four-day workweek to recognize and assist employees for their efforts. Dr. Drake further discussed that he will accept a raise; however, in consideration of the difficult year the College has faced, he would like to donate the net increase from his paycheck through this fiscal year to the College. Dr. Drake stated that he would like this donation to be used to defray the cost of textbooks for the students, and he would like to donate this to the Foundation and create and stimulate others to create textbook scholarships. Dr. Drake stated that this is a personal decision, and that his compensation does not necessarily define his quality of life.

Mr. Charpentier discussed that the decision the Board makes is a business decision to retain Dr. Drake as the current president, and leaders with similar qualities that will serve the College in future years. Mr. Theriac applauded Dr. Drake's concern about relieving the cost of a college education for students, and expressed his belief that Dr. Drake's performance is unprecedented.

The Board members commended Dr. Drake for his generosity.

Dr. Drake discussed the difficulty students have in paying for tuition and textbooks. The cost of textbooks has become exorbitant. Dr. Drake expressed that his intention is to stimulate others to help, and recognized the generosity of Mr. Bernard W. Simpkins, who has donated \$1,000,000 to the College to provide additional scholarships and to stimulate entrepreneurship programs and initiatives.

Mrs. Wilson stated that the Board has an obligation to adequately compensate the president, and trusts that Dr. Drake will continue to lead the College on a long-term basis.

At the request of Mrs. Sansom the motion was restated.

The motion was restated to reflect an increase to Dr. Drake's base salary to \$290,000. All those voting in favor of the motion: Charpentier, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

Dr. Drake requested the assistance of Mr. Jon Flint, CEO/Executive Director of the Foundation in developing a textbook scholarship initiative.

Mrs. Sansom requested the Board's consideration for a motion to develop a base salary

Mrs. Sansom made a motion for the Board to develop a methodology to consider FTE in determining the compensation for the president of the College. Mrs. Wilson seconded the motion. The question was not called in order to provide for additional discussion.

Mr. Theriac stated that this criterion alone may be too limiting, without consideration for the other aspects of the president's performance. Board members discussed the limitations of a built-in, automatic method to determine compensation, and agreed that they are opposed to this. Mrs. Sansom stated her concern that the Board should have something to build on and use as a benchmark for future consideration. Mrs. Wilson

Ms. Schatte added that 2009 is the final year of the current contract for UFF/BCC, and the entire contract is open for renegotiation next year. They are looking forward to starting negotiations in January 2009.

Dr. Drake offered the use of campus facilities for faculty membership meetings. Mrs. Sansom reiterated that use of the campus facilities is appropriate for faculty meetings, and commended the College on the cooperative relationship that is now encouraged with the faculty.

IX. NEW BUSINESS:

- A. Request for Future Board Meeting Presentations or Agenda Items

Mrs. Wilson made a motion to approve the committee assignments as discussed. Mrs. Sansom seconded the motion. All those voting in favor of the motion: Charpentier, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

Dr. Drake requested that the Board determine the meeting schedule for the next fiscal year. Dr. Drake discussed that the number of meetings has recently become an issue because of the escalating price of gasoline, and noted that some Florida community colleges schedule less than twelve regular meetings per year. In response to a question from Dr. Drake regarding a requirement for a minimum number of Board of Trustees' meetings by Florida Statute or other governing institution, Mr. Nohrr stated that he is not aware of a specific requirement, but will research this further and provide feedback. Mr. Nohrr added that at least one meeting per year would be held to elect officers. Dr. Drake suggested that it may be appropriate to take advantage of advancing technologies in scheduling meetings; however, Mrs. Sansom noted that Florida statutes require that a majority of the Board be physically present for meetings.

Board members agreed that they do not need to meet every month, and that every other month would be reasonable. Special meetings may be scheduled as needed.

Mr. Charpentier made a motion to schedule regular Board of Trustees' meetings every other month, with the condition that feedback from Mr. Nohrr or Mr. Richey does not require additional meetings, and that more meetings will be scheduled to meet the minimum requirement if necessary. Mrs. Wilson seconded the motion. All those voting in favor of the motion: Charpentier, Theriac, Wilson; opposed: none. Motion unanimously approved.

Dr. Drake offered to develop a schedule based on this motion and report back to the Board before this information is provided to the Department of Education.

Dr. Drake further discussed that faculty members have expressed an interest in attending the Board meetings, but noted that the current meeting time does not allow them to, as they are usually teaching in the morning. Mr. Charpentier stated that faculty members should be able to attend, and suggested occasionally holding a meeting later in the day. Dr. Drake offered to modify the schedule when possible to accommodate faculty members. Ms. Schatte suggested that Tuesday's and Thursday's would be a more feasible meeting day for faculty members. In addition, Mrs. Wilson requested that the meetings be scheduled at each campus so that Board members may become more familiar with each of the campuses.

Mr. Ross reported that fall enrollment has increased 9%, and the total enrollment increase for the last two years is 17%. Dr. Drake stated that seventeen new full-time faculty lines have been added to support the increased enrollment, and the College has committed to doubling the number of academic support personnel. Dr. Drake reported that the future revenue for the College will come from new student enrollment.

Mr. Theriac commended Mr. McCotter and Mr. Charpentier for their assistance in helping things run smoothly at the recent Barack Obama event at the Titusville Campus.

