

**BREVARD COMMUNITY COLLEGE
BOARD OF TRUSTEES
WORKSHOP**

January 25, 1999
2:00 P.M.

Administration Bldg., Rm. 200
Cocoa Campus

PRESENT: Peter J. Morton, Chairman; Eugene C. Johnson, Vice-Chairman; Robin L. Fisher, Patrick F. Healy, Malcolm R. Kirschenbaum, Joe D. Matheny, Attorney; Thomas E. Gamble, Secretary

1. CALL TO ORDER:

Mr. Morton, Chairman, called the meeting to order.

2. DISCUSSION OF MIDWEST RESEARCH INSTITUTE PROPOSAL

Mr. Dean Dickson, attorney, reviewed the proposed contract with Midwest Research Institute (MRI) which would be a management and operating agreement. The primary features of the contract provide the following services:

- (1) Staff will become MRI employees and MRI will determine the numbers and pay levels.
- (2) MRI will provide management oversight and support to the Director of the Labs.
- (3) MRI will provide marketing support.
- (4) MRI will attempt to place into the Labs existing and new contracts generated in Kansas City.
- (5) MRI will provide central administrative support for human resources, contracts and accounting and provide support system linkages, such as computers and telephones.
- (6) MRI will provide added equipment necessary for business expansion at MRI's expense...or at no cost to the College.
- (7) MRI will receive no fees, but will be paid 50% of net profits (if any) and will be paid a percentage of its home-office overhead costs, provided that MRI will contribute one-half of the amount to the extent the Labs are operating at a loss.
- (8) MRI would like a purchase option in three years.

The College and Brevard Labs will:

- (1) Allow MRI the use of the existing facilities and equipment.
- (2) Continue to provide support services for the buildings (maintenance, etc.)
- (3) Contribute funds to the extent of any operating loss.

Mr. Dickson reported MRI has a \$250,000 grant they are considering to bring into the Brevard Labs facility. It will increase expenses, because they are adding people to the contract. The Board discussed the proposed budget and salaries for employees. Mr. Healy asked about the purchase option. Mr. Dickson reported in theory it would be the value of the facilities, but never less than the amount necessary to pay off the debt. Mr. Morton suggested the MRI representatives be brought in to answer questions.

3. PRESENTATION BY MIDWEST RESEARCH INSTITUTE

Dr. Helmstetter introduced Dr. Jim Spigarelli, Executive Vice President of MRI & Director of the Kansas City Operations; Dr. Andrea Hall, Senior Vice President and Assistant Director of the Kansas City Operations; and Dr. Scott Ward, Business Area Manager, Florida. Dr. Spigarelli stated Brevard Labs has professional leadership and an excellent facility to support work they would bring into the area. Dr. Spigarelli provided information on MRI's leadership and reported MRI and Brevard Labs are very compatible.

Dr. Andrea Hall reviewed MRI's business areas and history. Dr. Hall reported on the strategy for increasing revenues and bringing contracts into the Brevard Labs with the existing staff. She stated this will take commitment and involvement of key senior staff members. She stated MRI believes they can add administrative and technical support services as well as leadership and business development in marketing. Dr. Hall introduced Dr. Scott Ward and reviewed his background and experience. Dr. Hall mentioned that MRI has been working with the labs to determine what type of collaborations can be obtained and with Scott Ward's help this past week they have drawn a \$250,000 project in the area of microbiology which is contracted with the Air Force. Dr. Gamble stated one concern was the extent of the College's open obligation to the Brevard Labs. He asked Dr. Spigarelli if the College could get some defined range of what the participation would be to assist with the College's budget preparation. Dr. Spigarelli stated MRI has had a difficult time understanding what part of the budget is operational for the Brevard Labs. When MRI and BCC negotiate, they can either get a handle on this or go forward sharing that extra risk. In addition, they would be willing to provide budget status reports on a frequent basis. The better MRI understands the operation, the clearer the budget information will be.

Dr. Hall reported on the marketing process and stated the marketing people would come to Brevard Labs to know what they are selling and would then approach current MRI clients across the country. Dr. Ward will be located at Brevard Labs. The salaries of these people would be paid by MRI. Dr. Gamble asked if they anticipated major changes in staff. Dr. Spigarelli stated MRI is very careful about that and will not anticipate hiring staff until there is income to pay for that staff. He further discussed the project staffing process.

Dr. Spigarelli stated they hoped by year three this operation would be break even. Each year forward, MRI would split the profits with BCC. By year five, he reported they anticipated the profits at approximately \$500,000. Dr. Gamble asked if BCC would be obligated to provide maintenance and cleaning type services. Dr. Spigarelli stated the College would just continue doing what it is presently doing. He reviewed the model MRI had prepared for the business operations for Brevard Labs. Mr. Morton thanked Dr. Spigerelli, Dr. Hall and Dr. Ward for the information provided.

4. **MRI COMMITTEE**

Mr. Kirschenbaum proposed a committee to further discuss the negotiations with MRI. The committee will consist of Dean Dickson, Jared Whitcomb, Al Little and Dr. Gamble and himself, if the Board concurred.

The Board discussed the MRI proposal. Mr. Dickson reviewed the obligation of the bonds with the Board. The bonds are an obligation of FERF and FERF has a lease with Brevard Labs. The College indicated it would use its best effort to pay the services. Mr. Dickson reported the bonds could not have been sold without the resolution from the Board. He further discussed the potential outcome if the College did not support the bond including generating negative publicity.

It was the recommendation of the Board to proceed to negotiate a contract with MRI.

5. **ADJOURNMENT**

There being no further business to come before the Board, the workshop meeting adjourned at 3:00 p.m.

APPROVED: _____
Chair, District Board of Trustees

APPROVED: _____
Secretary, District Board of Trustees