

**BREVARD COMMUNITY COLLEGE
SPECIAL BOARD OF TRUSTEES
MEETING**

December 17, 2007
3:10 p.m.

Carver Administration Building (#2)
Board Room (#200)
Cocoa Campus

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

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

I. CALL TO ORDER:

A. Pledge of Allegiance

Mr. James Theriac, Chair, opened the meeting with the recitation of the Pledge of Allegiance.

B. Additions/Corrections to the Agenda

Mr. Theriac requested additions or corrections to the agenda. Dr. Drake noted that the minutes from the special meeting on December 3, 2007, have been provided to trustees, and are available as a reference, as the same subject matter is being discussed at the special meeting today. Ms. Sansom suggested that the minutes from the December 3, 2007, be reviewed and approved at the current meeting.

Mrs. Sansom made a motion to approve the minutes of the special meeting held on December 3, 2007. Mrs. Wilson seconded the motion. Those voting in favor of the motion: Richey, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

II. PUBLIC COMMENTS:

There were no public comments.

III. NEW BUSINESS:

A. Options for SBA "Fund A" Investments

Dr. Drake referred Board members to the handout regarding the "Key Questions and Answers" document centering on BCC SBA Investments.

Mr. Cherry distributed a schedule which outlined all of the College and Direct Support Organization (DSO) funds currently on deposit with the SBA, and discussed each of the fund categories, including their origin and any restrictions. In response to a question from Mr. Theriac, Mr. Cherry stated that the Capital Improvement Fee per student credit hour is \$1.80 for an in-state student, and \$23.00 for an out-of-state student.

Dr. Drake inquired about the rationale and impact of selecting the unallocated fund balance, as opposed to distributing these funds elsewhere. Mr. Cherry replied that the College gained the benefit of having the funds on deposit with the SBA in its unrestricted funds, and that in his judgment it seemed appropriate to allocate the entire portion.

In response to an inquiry from Mr. Richey regarding the variety of funds and immediate need for the use of the funds in SGA/LGIP Fund A, Mr. Cherry confirmed that some of the accounts are used as payables. Mr. Cherry further stated that the funds for the sale of land are restricted for capital-project improvements, and are isolated from the College's general fund balance. The Fund Balance account is also used to offset liabilities for uncompensated absences, and other liabilities such as salaries for faculty during the summer months. Funds remain in the account until there is a deficit, and are available as operating funds.

Mr. Cherry commented that a small portion of the funds in grants and contracts are residual funds from fixed-price grant agreements. These residual funds would be available for activities that promote or support the department or activity of the grant that generated the funds. The Police Testing program also maintains a balance in this account that is used as working capital.

Mr. Richey clarified that the redemption fee is an issue for consideration at this special meeting. If the College does not withdraw the funds and incur the redemption fee, the risk is that these funds may become unavailable again, and the College will not be able to maintain its obligations. Mr. Theriac expressed his concern that there is no higher-education representation on the SBA Advisory Board, and also noted the uncertainty of the SBA's investments. Mr. Theriac suggested that it would benefit the College to incur the redemption fee in order to have guaranteed access to the College's funds.

Dr. Drake noted that at the last special meeting, he was given the authority as President to develop and recommend an investment strategy for the funds in the SBA. It is his recommendation that all funds be removed from SBA/LGIP Fund A, and that the funds be invested in U.S. Government money-market funds for the immediate future. Dr. Drake also recommended that the College administration draft an Invitation to Bid/Request for Proposal for circulation to investment-management firms concerning the best way to invest resources with minimal risk and maximal near-term access when necessary.

Mrs. Sansom made a motion to remove all funds from SBA/LGIP Fund A, and immediately reinvest the funds in US government money-market accounts. Mrs. Wilson seconded the motion.

Mrs. Sansom noted that this action will be taken in order to avoid the risk of the SBA/LGIP funds becoming unavailable, but for which the College will incur a penalty of approximately \$300,000 for the withdrawal of the funds. In response to an inquiry from Mr. Richey, Mr. Cherry confirmed that this action could be taken immediately. Dr. Drake noted that while state agencies have relied on this fund for over 25 years to provide a low-risk, high-yield, immediate access fund, the current SBA situation demands that the College exercise its stewardship responsibilities.

Responding to a question from Mr. Richey, Mr. Cherry confirmed that the BCC Foundation would incur a redemption penalty of \$19,189, and the College would incur a redemption penalty of \$343,944. These fees would not be reallocated among the separate fund categories.

Those voting in favor of the motion: Richey, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

Mr. Nohrr commented that the current motion affects the College accounts, and the decision to withdraw funds from the Foundation would be the responsibility of the Foundation Executive Committee. Mr. Cherry noted that the College recently withdrew all funds from SBA/LGIP Fund A for the King Center and the Cocoa Village Playhouse, and was able to withdraw \$2 million from Fund A for the Foundation. Trustees then discussed the Board's authority to act on behalf of the Foundation, the need for timely action, and the Board's responsibility to protect the assets of the College. Mr. Nohrr stated that although the authority clearly rests with the Board of Trustees, the Foundation Executive Committee should be given the opportunity to make the decision regarding Foundation funds in SBA/LGIP Fund A.

Mrs. Sansom noted that the Cocoa Village Playhouse Board reviewed the SBA situation at a recent meeting, and voted to support the College's decisions with regard to these funds. Dr. Drake noted that the King Center and the Foundation were given the same briefing regarding the SBA situation, and hence all of our DSO's are aware that there are withdrawal fees.

Trustees agreed that timely action is required on behalf of the Foundation. Mr. Nohrr noted that it may be difficult to convene a meeting of the Foundation Executive Committee so close to the holidays, and suggested that a motion be made to act on the Foundation's behalf. The motion should reflect that the Brevard Community College Board of Trustees, in recognition of the close working relationship between the College and the BCC Foundation, and in order to protect the safety of the Foundation's assets in the State Board of Administration's Fund A, directs the President to immediately cause all available funds to be removed from Fund A and placed in a separate account in the name of the Foundation, and that the President of the College shall forthwith advise the Chair of the Foundation board of the action taken, and have such action placed upon the next agenda of the Foundation's Executive Committee.

Mrs. Wilson made a motion for the Board to withdraw funds on behalf of the Foundation from the SBA Fund A immediately, in accordance with Mr. Nohrr's recommendation. Mr. Richey seconded the motion.

Mrs. Sansom inquired what the repercussions may be if the Foundation Board does not agree with the Board of Trustees' action. Trustees concurred that there is no reason to expect this to occur, but that the Board of Trustees has the statutory authority to make such decisions.

Those voting in favor of the motion: Richey, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

IV. MISCELLANEOUS

Mrs. Sansom reviewed the motions from the previous meeting, and confirmed that it was not necessary for the College to secure a bridge loan. Dr. Drake stated that the College was subsequently notified by the Florida Department of Education that the College would have been required to obtain permission from the FLDOE in order to secure a bridge loan at the time. Mrs. Sansom also noted that the reference to "SBA Board" on page 1 of the December 3, 2007 minutes should be amended to "SBA Advisory Board." The minutes will be corrected accordingly.

V. ADJOURNMENT:

There being no further business to be brought before the Board, the meeting adjourned at 3:59 p.m.

APPROVED: _____

Chair, District Board of Trustees



ATTESTED: _____

Secretary, District Board of Trustees

