

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

December 3, 2007
5:05 p.m.

Carver Administration Building (#2)
Board Room (#231)
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:

Mr. James Theriac, Chair, called the meeting to order. There were no additions or corrections to the agenda.

II. PUBLIC COMMENTS:

There were no public comments.

III. NEW BUSINESS:

A. State Board of Administration (SBA)/Local Government Investment Pool (LGIP)

Dr. Drake noted that the special meeting of the Board of Trustees was convened so that the Board and the administration will be given the opportunity to review the latest information and discuss the options available concerning the State Board of Administration crisis. Documents were distributed to the trustees estimating the College's financial needs during the next 90 days.

At the Board's and the president's request, Mr. Cherry provided an overview of the history and structure of the Local Government Investment Pool (LGIP) and the State Board of Administration, including BCC's history of investments in the LGIP.

Ms. Sansom inquired if there is representation from Brevard County on the SBA Advisory Board. Mr. Cherry responded that he will determine this and respond. The lack of higher education representation on the SBA Advisory Board was also noted. In response to a query from Mr. Richey, Mr. Cherry confirmed that the SBA and SPIA (State Treasury) funds are not insured.

Mr. Cherry also confirmed that the College is not required to invest surplus funds specifically in the SBA, in response to an inquiry from Mrs. Wilson. Additionally, Mr. Cherry referred to Statute 218.450, which lists the acceptable investments for the College. Mr. Cherry reported that, according to the SBA, the LGIP fund is not "losing money." According to various news sources, the release of the November 28 Bloomberg Report is perceived as having created uncertainty about the safety of these funds, which in turn prompted large state government entities to withdraw substantial amounts from the fund. Consequently, the trustees of the SBA elected to suspend access to the funds in order to protect the value of the total investment pool.

Mr. Cherry outlined the timeline of events that preceded the current SBA situation. He also confirmed that the College has \$29 million in the fund, which includes fund balance, restricted funds, auxiliary and unrestricted funds, unexpended plant funds, PECO funds and Direct Support Organization (DSO) funds.

Mr. Richey inquired to what extent the College and its DSO entities would be impacted by the unavailability of the LGIP/SGA funds. Dr. Drake and Mr. Cherry stated that the immediate effects appear to be insubstantial.

Dr. Drake stated that through the FACC Council of Presidents, a procedure for requesting short-term coverage through the Office of Policy and Budget in Tallahassee is another option currently available to the College. These requests must be signed by the "head of the governing body" (the Chair of the BCC Board of Trustees, in this case) and must summarize the nature and urgency of the particular funding request. The signed petition should be sent as soon as possible to the Director of the Office of Policy and Budget with a copy to Chancellor Holcombe.

Mr. Cherry discussed that BlackRock Financial Management, the firm retained for evaluating and proposing solutions for resolving the SBA situation, has developed a survey to forecast critical funding needs of LGIP/SBA participants.

Mr. Cherry discussed coverage for the immediate week, and reported that the Bank of America has assured the College that the bank will honor disbursements made by the College through the close of business on Tuesday, December 4. The College has also received a proposal from the Bank of America for a short-term line of credit, between now and January 8, for a maximum of \$500,000. The bank will charge the College for attorney and bank fees, as well as a \$3,500 fixed fee. Dr. Drake and Mr. Billings reported that the response of the Bank of America to the College's near-term needs has not been optimal, in their opinion, from a customer service perspective, especially in light of the long-term relationship between the Bank of America and its corporate predecessors. Mr. Cherry estimated that the Bank of America or its predecessors have been College's bank of record for nearly two decades. Mr. Cherry also confirmed that it appears that the last Request for Proposal for commercial banking services was issued by the College in 1998.

Mrs. Sansom made a motion for the College to develop an RFP for commercial banking services. Mrs. Wilson seconded the motion. Those voting in favor of the motion: Richey, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

It was also noted that College has the option to seek a loan or line of credit with commercial banks other than, but not necessarily excluding, the Bank of America.

Mrs. Wilson made a motion to submit the request for \$3.5 million for short term needs. Mrs. Sansom seconded the motion. Those voting in favor of the motion: Richey, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

Mrs. Sansom suggested that a future meeting of the Board include a presentation concerning the financial-services needs of the College.

Dr. Drake commented that the Glover Group of Morgan Stanley promptly transferred \$377,000 from the BCC Foundation to the College in response to the administration's request for near-term funds. Mr. Nohrr recommended that for the record, a motion be made authorizing the transfer from the BCC Foundation account.

Mrs. Wilson made a motion to formally approve the transfer of \$377,000 from the Foundation. Mrs. Sansom seconded the motion. Those voting in favor of the motion: Richey, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

Mr. Nohrr added that the Glover Group may have, or may recommend, a secure short-term investment vehicle for the College to consider.

The trustees then discussed commercial banking options. Mr. Theriac suggested that the Board authorize the president to secure a bridge loan or line of credit. Mr. Nohrr, commenting that the financial institution may require Board approval, recommended that the Board authorize the president to secure a bridge loan or line of credit for a maximum of \$1 million. Mr. Cherry recommended that the amount be increased to a maximum of \$4.5 million in the event that SBA funds are not released reasonably soon.

Mrs. Wilson made a motion authorizing the president to negotiate and obtain a bridge loan not to exceed \$4.5 million at commercially reasonable rates. Mrs. Sansom seconded the motion. Those voting in favor of the motion: Richey, Sansom, Theriac, Wilson; opposed: none. Motion unanimously approved.

Trustees then discussed options for investing excess funds. Mr. Richey strongly recommended that such investments should be diversified and fully insured. Dr. Drake stated that he would appreciate receiving a resolution from the trustees enabling him as president to seek qualified counsel for the development of a short-term, diversified, fully insured investment plan for the Board's eventual review and approval. Mr. Richey requested that prior to the next regularly scheduled meeting, the Board of Trustees receive documentation from the administration outlining in appropriate detail the investments of the College.

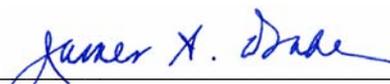
Mr. Ross requested clarification from the trustees concerning the disposition of the approximate \$29 million currently invested with the SBA. The consensus of the Board was that the president is being given the authority to develop and recommend an investment strategy for these funds.

Dr Drake commended Interim Vice President Frank Billings and Associate Vice President Mark Cherry for their diligence and thoroughness in preparing the information which has been presented to the Board during this special meeting.

IV. ADJOURNMENT:

There being no further business to be brought before the Board, the meeting adjourned at 6:15 p.m.

APPROVED: 
Chair, District Board of Trustees

ATTESTED: 
Secretary, District Board of Trustees