

**MINUTES OF THE BOARD OF TRUSTEES OF  
STATE INSTITUTIONS OF HIGHER LEARNING  
December 22, 2014**

**BE IT REMEMBERED**, That the Mississippi Board of Trustees of State Institutions of Higher Learning of the State of Mississippi met in an emergency teleconference meeting held at the Board Office in Jackson, Mississippi, at 1:30 p.m. At the above-named place there were present the following members to wit: Mr. H. Ed Blakeslee (by phone), Mrs. Karen L. Cummins (by phone), Mr. Shane Hooper (by phone), Mr. Bob Owens (by phone), Mr. Hal Parker (by phone), Mr. Aubrey B. Patterson (by phone), Mr. Alan Perry (by phone), Ms. Christine Pickering (by phone), Dr. Douglas Rouse (by phone), and Mr. C.D. Smith (by phone). Dr. Ford Dye and Mrs. Robin Robinson were absent. The meeting was called to order by Mr. Aubrey Patterson, President.

**In accordance with Miss. Code Ann., §25-41-1, as amended, all votes taken during this teleconference meeting were recorded by name in a roll-call. The teleconference meeting was held to discuss potential real estate transactions at one public university.**

**EXECUTIVE SESSION**

On motion by Trustee Perry, with Trustees Dye and Robinson absent and not voting, all Trustees legally present and participating voted unanimously to close the meeting to determine whether or not is should declare an Executive Session. On motion by Trustee Cummins, seconded by Trustee Hooper, with Trustees Dye and Robinson absent and not voting, all Trustees legally present and participating voted unanimously **to go into Executive Session** for the reasons reported to the public and stated in these minutes, as follows:

Discussion of a prospective real estate purchase and the related real estate leases at one public university.

**During Executive Session, the following matters were discussed.**

The Board discussed a prospective real estate purchase and the related real estate leases at one public university. **No action was taken.**

**On motion by Trustee Blakeslee, seconded by Trustee Hooper, with Trustees Dye and Robinson absent and not voting, all Trustees legally present and participating voted unanimously to return to Open Session.**

On motion by Trustee Rouse, seconded by Trustee Cummins, with Trustees Dye and Robinson absent and not voting, all Trustees legally present and participating voted unanimously to approve an agreement with Power Wellness Management, LLC (Power Wellness) for the provision of management services at six (6) health/wellness facilities in the Jackson metro area as medically integrated health

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centers provided that the agreement is amended to include UMMC's authority to approve Power Wellness employee hires, which will provide services to UMMC, with salaries over \$100,000. The term of the contract is for five (5) years with a five (5) year renewal option. The monthly base management fee is \$12,000 (\$144,000 annually). The five year total for the initial term is \$720,000. If UMMC elects to renew for an additional five-year term, the total base management fees will be \$1,440,000 for the ten-year term. The contract also provides for an additional incentive fee which is calculated as 12% of the Monthly Net Operating Income (defined as Gross Revenues less Operating Expenses excluding management fees, debt service, depreciation, and capital replacements) depending on the success of the centers. UMMC has estimated that the incentive fees will total \$2,102,473 over a ten-year term. A breakdown of the costs is included in the *December 22, 2014 Board Working File*. The total costs will not exceed \$3,542,473. Funds are available from operations. Pending receipt from UMMC that Power Wellness Management has become authorized to do business in Mississippi, the Attorney General's Office will approve this item. Board staff recommendation is pending.

On motion by Trustee Pickering, seconded by Trustee Cummins, with Trustees Dye and Robinson absent and not voting, all Trustees legally present and participating voted unanimously to approve the following three items:

1. **UMMC** – Approved the request to enter into a purchase/sale and gift agreement with Courthouse, Inc. (Courthouse) and John L. Black, Jr. (JLB). This contract will allow UMMC to purchase four (4) racquet and fitness centers from Courthouse. All four (4) facilities are located in the greater Jackson area, as follows: Brandon, MS; Byram, MS; Flowood MS; and Jackson, MS (North Jackson area). A related item for the management of the facilities by Power Wellness Management, LLC is shown above. Additionally, the Courthouse has two other locations (Madison and downtown Jackson); however, those operations are in leased space. Requests related to the leased space are shown below. Acquiring the racquet and fitness centers is a first step toward building a medically integrated health and wellness program. A program such as this would provide an avenue for UMMC healthcare providers to include physical activity management as a vital part of our patients' transitional care management. Courthouse will provide the following, under the agreement:
  - a. The real property, together with all improvements thereon and appurtenances thereto;
  - b. The customer lists, equipment, accessories and any and all other personal properties located on or used in connection with the real property;
  - c. All goodwill, names associated with the business, including but not limited to "The Courthouse", all bank accounts, contracts, warranties used in or necessary for the operation of the business, and all other intangible assets associated with the business;
  - d. Cooperation regarding the name change on such bank accounts as are necessary for the operation of the business; and
  - e. All funds, cash, assets, securities owned by the business, and prepaid membership dues shall be transferred to purchaser at the closing contemplated herein.

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JLB will provide for the following, under the agreement:

- a. An initial cash gift in an amount not less than \$4,800,000 (for no value received and with donative intent) to supplement the out-of-pocket expense to be paid by UMMC for the purchase; and
- b. A donation to UMMC in the amount of \$500,000 each year for the next ten (10) years for a total donation of \$5,000,000.

UMMC will also assume two revenue contracts currently held by the Courthouse.

- a. Mississippi Cheerleading Academy, Inc. (Jack Cory Boyd) - UMMC will assume the revenue lease agreement that the Courthouse currently has with Mississippi Cheerleading Academy, Inc. and Jack Cory Boyd. The space leased is approximately 18,600 square feet at the Lakeland Drive location. The agreement is for a five-year term beginning August 1, 2014 and ending July 31, 2019. There is a five year automatic renewal provision unless either party provides written notice at least 90 days prior to the expiration of the initial term of the intent not to renew. The leased premises are used for operation of a cheerleading and gymnastics instruction program. Lease payments will be made to UMMC in the amount of \$6,425 per month (\$77,100 annually).
- b. Gracie South, LLC - UMMC will assume the revenue lease agreement that the Courthouse currently has with Gracie South, LLC. The space leased is approximately 1,600 square feet at the Northeast Jackson location. The agreement is a month-to-month agreement which commenced April 1, 2014 and can be terminated with 120 days' notice. The leased space is used for the operation of a martial arts instruction program. Lease payments will be made to UMMC in the amount of twenty-five percent (25%) of the monthly gross revenue from the operation of the business on the leased premises. The most recent monthly payment from the tenant to the Courthouse was in the amount of \$1,900. The annual total rental for the prior year was \$14,230.88.

The approximate term of the agreement is ten (10) years to begin on or about January 1, 2015, and continue through January 1, 2023. Closing will be by December 31, 2014. The purchase price to be paid out-of-pocket by UMMC for the four (4) facilities is \$4,500,000. The average appraised value of the four (4) properties is \$10,545,000, as of September 16, 2014. The Courthouse sales price is approximately \$9,259,786. The amount provided as an initial cash gift to UMMC is approximately \$4,800,000. UMMC's out-of-pocket expense is \$4,500,000. The agreement will be funded through general funds.

2. **UMMC** – Approved a lease amendment, assignment and consent agreement with Madison Station Properties, LLC for approximately 18,000 square feet of space for the current site of Madison Courthouse Fitness Center at 1022 Highway 51, Madison, Mississippi. UMMC proposes to acquire six Courthouse Fitness Center facilities. As part of the proposed acquisition, approval of the lease for the Madison County location is needed. The current lease is with Madison Station Properties LLC from December 31, 2007 to December 31, 2017 in the amount of \$30,000 per month. The new term of the agreement will be for 2 years beginning January 1,

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2015 through December 31, 2017. The total contract amount is \$30,000 per month for a total of \$720,000 over the two year period. Funds are available from operations.

3. **UMMC** – Granted approval of a lease with Hertz Jackson Three, LLC for approximately 10,000 square feet of space for the downtown Courthouse Fitness Center at 100 East Capitol Street, Jackson, Mississippi. This agreement includes prepayment of monthly rent throughout the life of the agreement. At this time, UMMC has not received confirmation from the landlord that the lease, in its current form, has been approved by Hertz Jackson Three, LLC for execution. Nevertheless, UMMC is submitting this for preliminary approval pending potential changes in the lease provisions, as part of the larger Courthouse project. The landlord has confirmed that the lease rate is firm and will not change. The term shall be a period of one (1) year commencing on January 1, 2015 and terminating on December 31, 2015. The contract amount is \$1,000 per month (\$12,000 annually) for a total cost for the one-year term of \$12,000. The contract requires UMMC to prepay monthly rent. Funds are available from operations.

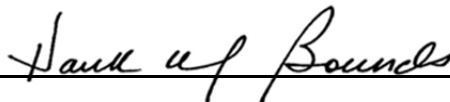
**ADJOURNMENT**

There being no further business to come before the Board, on motion by Trustee Hooper, seconded by Trustee Pickering, with Trustees Dye and Robinson absent and not voting, all Trustees legally present and participating voted unanimously to adjourn the meeting.



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President, Board of Trustees of State Institutions of Higher Learning



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Commissioner, Board of Trustees of State Institutions of Higher Learning