



UWF Business Enterprises, Inc. Board of Directors Meeting
University of West Florida
Conference Center Lounge, Building 22
November 4, 2019

Present

Chair Dave Cleveland, Vice-Chair C. Ray Jones, Secretary Susan O'Connor, Treasurer Chula King, Member Jerry Maygarden, Member Judge Lacey Collier, SGA President Zenani Johnson, General Counsel Pam Langham, Vice President Betsy Bowers, Chief Executive Officer Ed Ranelli, and Accountant Carole Reed

Guests: Michele Casali (CliftonLarsonAllen), Ellen Till, Cynthia Talbert, Tiffany Nisewonger, Eric Ingerman

ABSENT

President Martha Saunders

Welcome/Opening Remarks

Chair Cleveland called the meeting to order at 1:00 p.m. Carole Reed called the roll and confirmed that a quorum was present.

Approval of Minutes

April 15, 2019, BEI Board Meeting.

Chair Cleveland asked if there were any changes or corrections to the minutes. None were noted.

Motion to approve: Vice-Chair C. Ray Jones

Second: Member Judge Lacey Collier

Motion passed.

University Report

None. President Saunders was unable to attend due to a schedule conflict.

Treasurer's Report

For BEI's first quarter financial activity July 1 – Sept. 30, 2019:

- Follett reported bookstore sales of \$1.446 million in the first quarter of fiscal year 2020. This represents an increase over prior year first quarter sales which were \$1.376 million. The commission rate of 10.25% yielded \$148,240 in bookstore commission revenue to BEI for the first quarter of fiscal year 2020 compared to \$142,062 in the first quarter of last year.

Follett Management shared with BEI management a few reasons for the noticed increase in sales as:

1. An increase in FTIC resident students – These students tend to buy most of their course materials from the campus bookstore rather than looking at other sources
2. More used books were available for sale and rental
3. More digital titles were added to the store's inventory
4. More clothing and gift items sold due to 2 football games in this quarter rather than just one

5. Also, there was a Family Weekend reception event held in the bookstore this year and the store stayed open longer to accommodate the parents on campus.

- The bookstore commission received was paid as contractual service payments to the University for oversight of the Bookstore Services Assigned Function.
- Aramark reported \$1.059 million in fiscal year 2020 first quarter sales. BEI received a 6% commission of \$59,273 after sales tax. In the prior year, sales were \$900,684 and the prior year commission was \$50,326 net of sales tax. BEI management believes that most of the increase in sales variance between the two years is due to the delayed opening of the Argo Galley in the prior year first quarter.
- Like the bookstore, the contractual service payment to the University for oversight of the Dining Services Assigned Function is equal to the amount of commissions received to date.
- BEI received \$53,031 (net of sales tax and deferred revenue) for rent and CAM (common area maintenance) fees from tenant leases at Argonaut Village in the first fiscal quarter. Rent revenues in the first quarter prior year were \$42,964. Rent and CAM revenues are expected to increase to approximately \$73,000 in the subsequent quarters as Building 1 occupancy began September 23, 2019.
- Under the new lease beginning July 1 for Building 8, rent revenue received in the first quarter was \$7,232. Prior year revenue was \$5,231 in the first quarter. The increase is due to the new lease rate per square foot at a fair market rate of \$10.00 versus the previous rate of \$7.23.
- The BEI first quarter net revenue from all activities is \$184,563. First quarter prior year was \$112,678.

Secretary O’Conner inquired about the sales volume for the Family Weekend and Chair Cleveland commented that it is a positive development to see revenues improving and an overall positive cash flow.

CEO’s Report

CEO Ranelli highlighted the improvement in operations as reported in the Treasurer’s report emphasizing the positive variance amounts in revenues between the first quarter prior year and the first quarter for fiscal year ending 2020. Management anticipates that all operating units should have an improved cash flow going forward.

Public Comments

None

Action Items

- 1) Audited Financial Statements for June 30, 2019 – The BEI audited financial statements for June 30, 2019 were presented to the BEI Board of Directors by Ms. Michele Casali from Clifton Larson Allen, independent certified public accountants. Ms. Casali presented the Financial Statements, the Management Governance Letter, explained the audit processes, and touched on key financial highlights. She provided graphs comparing revenue and expense results for fiscal year 2019 and fiscal year 2018 by operating units. Ms. Casali stated that BEI received an unqualified opinion, the highest level of assurance that can be given. The BEI audited financial statements for June 30, 2019 were presented for Board approval.

There was some discussion regarding the presentation. CEO Ranelli called attention to the graph without donations which represents activity that BEI anticipates going forward. Secretary O’Connor commented that she appreciated seeing the graph that eliminated the effects of the donations. Chair Cleveland thanked Ms. Casali for the presentation and let her know the BEI Board appreciates her team’s service and the continuity of service. Vice-Chair Jones inquired about the timing of the issuance of the 990 tax forms.

Motion to approve: Treasurer Chula King

Second: Secretary Susan O’Connor

Motion passed unanimously.

- 2) Form 990 and 990T – CEO Ranelli provided the overview of the BEI draft 2018 Return of Organization Exempt from Income Tax (Form 990) and BEI draft Exempt Organization Business Income Tax Return (Form 990T) and recommended that the BEI Board approve both tax returns for CEO signature and submission to the Internal Revenue Service. The tax returns were prepared by CliftonLarsonAllen and are due by November 15, 2019.

Motion to approve: Treasurer Chula King
Second: Member Judge Lacey Collier
Motion passed unanimously.

Information Items

- 1) Appointment of President’s Designee – CEO Ranelli informed the Board that President Saunders has appointed Vice-Chair C. Ray Jones as her designee effective November 2019.

Chair Cleveland expressed gratitude to Mr. Jones for his continued service.

- 2) BEI Budget to Actual – Carole Reed explained that the Budget to Actual Report represented a summary of the actual revenue and expense transactions from the beginning of the fiscal year through the end of the 1st quarter (July 1, 2018-September 30, 2019) compared to the revenue and expense budget approved at the April 15 meeting. Variances between budget and actual data were noted and explained. Ms. Reed summarized the comparison between budgeted and actual performance as yielding actual net revenue slightly less than budgeted.
- 3) Quarterly Expenditure Plan: Tenant Improvements Building 1- CEO Ranelli reminded the Board of the improvement plan and updated the Board with new information related to the Building 1 leasehold improvement construction project. He shared the itemized landlord costs and tenant costs associated with the lease between BEI and Center for Behavioral Analysis.

Chair Cleveland clarified that this was a necessary investment so that Argo Village will produce a positive cash flow. CEO Ranelli confirmed that the BEI cash position was still strong after this investment. CEO Ranelli added that there would be improved signage installed at Argo Village. The CEO also reported a minor customer vehicle accident at Argo Village and that insured repairs are complete.

Other Business

Vice Chair Jones inquired about future projects or business opportunities. CEO Ranelli shared with the Board four projects that are being considered and the financial analysis of some of those potential projects. There was some discussion and brainstorming of other various project idea possibilities. Chair Cleveland invited the members to share any ideas for future projects with the CEO and noted that any future project should fulfill the BEI mission to advance the mission of UWF.

New Business

None

Adjournment

There being no further business, Chair Cleveland adjourned the meeting at 1:59 P.M.

Respectfully submitted,
Carole Reed, Accountant