



## **UWF Business Enterprises, Inc. Board of Directors Meeting**

University of West Florida

Conference Center Lounge, Building 22

April 15, 2019

### **Present**

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

Guests: Chad Lassen (CliftonLarsonAllen-via phone), Michele Casali (CliftonLarsonAllen-via phone), Colleen Asmus, Ellen Till, Janice Gilley, Angel Sedillo, Tiffany Nisewonger

### **Absent**

Treasurer Chula King

### **Welcome/Opening Remarks**

Chair Cleveland called the meeting to order at 1:00 p.m. Chair Cleveland welcomed and introduced the new SGA representative, Zenani Johnson, and noted her many awards and accomplishments. Chair Cleveland then called on Carole Reed to call roll and confirm that a quorum was present.

### **Information Item**

External Audit Entrance – The CliftonLarsonAllen (CLA) presentation was moved to the forefront of the agenda to respect their time. The auditors participated by conference call, and presented the External Audit Entrance slide program for fiscal year 2019. They highlighted the audit service plan, timelines, deliverable services, and introduced the service team that will provide service. The auditors invited questions and comments from the Board Members during the presentation, and posed questions related to governance to the Board. CEO Ranelli shared recent changes and activities with the auditors to assist CLA in their audit planning. The Board did not have any questions for the auditors. The Board and CEO Ranelli thanked the auditors for their presentation.

### **Approval of Minutes**

November 19, 2018, BEI Board Meeting.

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

Motion to approve: Secretary Susan O'Connor

Second: Member Judge Lacey Collier

Motion passed.

### **University Update**

President Saunders provided the University Update highlights. UWF is interviewing director candidates for the newly approved PhD program in intelligence and robotics, and has admitted the first students. UWF was an early voting site, which went well, and so UWF will probably continue to be an early site. The 100,000<sup>th</sup> degree was conferred and celebrated in December. UWF Florida Small Business Development Center was instrumental with the recovery processes after Hurricane Michael. UWF has been selected as the hosting University for the National Conference of Undergraduate Research (NCUR). NCUR will be held in April 2022 and is anticipated to be a very large event with more than 5,000 students and Faculty attending. UWF is the first university in North America, with the assistance of volunteers, to host Parkrun on campus every Saturday, and it appears to be a very successful social event. Annually, Logistics Supply Chain

students perform extremely well at national conference. This year they earned second place. UWF recently signed a new agreement with Pensacola State College, which benefits both institutions and their students alike. UWF plans similar agreements with other state institutions. It is UWF Founders Week and activities include Day of Service, Day of Giving, Blue and Green Spring game, and many other activities celebrating the University. UWF will be hosting a 2 day National Cyber Security conference next week at Pensacola Beach. The May commencement speaker has been selected and is a past alumni. Dr. Saunders closed noting that all is well at the University.

Vice-Chair Jones inquired about fall enrollment and Dr. Saunders indicated that it appears to be up per all indicators. Member Maygarden noted that UWF had a nice presence in Florida Trend Magazine, and Dr. Saunders shared information for future articles promoting the University.

### **Treasurer's Report**

CEO Ranelli provided the Treasurer's Report.

- Bookstore sales have decreased approximately 6.38% through the third quarter of fiscal year 2019 when compared to the same prior period. Prior year sales to date were \$2.865M and current year is \$2.647M. This trending decline was anticipated and budgeted for accordingly.
- Contractual service payments of \$271,092 have been paid to the University for oversight of the Bookstore Services Assigned Functions year to date. In the prior year the contractual payments were \$293,750.
- Under the new dining services agreement between Aramark and BEI, BEI received a 6% commission on sales of \$3.795M totaling \$212,155, net of sales tax, through the third quarter. In the prior year under the Chartwell contract the sales were \$4.020M and the commission rate was 2.25% yielding an earned commission of \$90,461.
- Like the bookstore, the contractual service payment to the University for oversight of the dining services function is equal to the amount of commissions received to date.
- BEI currently receives approximately \$16,875 per month in rent and CAM (common area maintenance) fees from tenant leases. Beginning in September monthly receipts are expected to be approximately \$23,733 with the occupancy of Building 1. In addition to the increase in monthly base rent, there is a slight offset with the estimated reduction in the CAM rate from \$5.35.
- BEI is in the process of renewing the Building 8 lease with an increase in rate and a reduction in utility expenses. The Digital Signs contract was allowed to expire at the contract termination date of January 31, 2019. Also, this is the final year for the Cox Communication Marketing agreement.
- As required by the UWF BEI bylaws, the Treasurer has acknowledged a review of the 2<sup>nd</sup> quarter cash activity.

### **CEO's Report**

CEO Ranelli commented that BEI is in good shape with improved organizational, operational, and financial performance due to the sale of Scenic Hills Country Club and the return of Parking to UWF. With the Aramark dining services transition in May 2018, financial condition has improved with the higher 6% commission rate and capital investments. Retail capital investment dining includes Chick-fil-A, Which Wich, and Twisted Taco and was complete as of January. CEO Ranelli inquired of SGA President Johnson about student reaction to the enhanced dining. She commented that the students are pleased. Phase I of Nautilus Market renovation is complete, and Phase II will be completed next year. CEO Ranelli noted the downward trend in bookstore sales due to increased lower cost options available to students. Argonaut Village is 100% leased which should yield a \$200K positive cash flow next year. Building 8 lease has been renegotiated with positive cash flow improvement to BEI. Cox contract and Electronic Display Networks (EDN) contracts have been allowed to terminate. The Monument sign paid advertising has discontinued and is now restricted to University activities and non-paid advertising/promotion of the Argo Village tenants. Third quarter has a favorable performance of actual compared to budget. Lastly, the BOG has put forth new DSO regulations. With input from General Counsel, Chair Cleveland, and Dr. Saunders, BEI has reviewed its purpose to advance the mission of UWF, regulatory flexibility, and BEI

operational advantages and disadvantages. BEI will continue to review purpose, role, and opportunities. In summary, BEI is in good financial shape.

There was some discussion for clarification among the Board and Administration regarding the Bookstore sales trend decline. In general it was noted that there is benefit to University metrics and benefits to students with lower cost options such that it is not necessarily a negative development.

### **Public Comments**

None

### **Action Items**

- 1) Form 990 and 990T – CEO Ranelli provided the overview of the BEI draft 2017 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 May 15, 2019.

Motion to approve: Member Jerry Maygarden

Second: Member Judge Lacey Collier

Motion passed unanimously.

- 2) BEI 2019-2020 Meeting Schedule – CEO Ranelli presented the meeting options for next year. The BEI Board reviewed the proposed meeting schedule for 2019/2020 and agreed to meet on the following dates: September 4, 2019, November 4, 2019, February 3, 2020, and April 27, 2020.

Motion to approve: Treasurer Susan O'Connor

Second: Vice Chair C. Ray Jones

Motion passed unanimously.

- 3) Argonaut Village Building 1 Lease Agreement – CEO provided a review of the lease approval process and an overview of the lease provisions. The Board confirmed the executed lease.

Motion to approve: Treasurer Susan O'Connor

Second: Member Judge Lacey Collier

Motion passed unanimously.

- 4) BEI FY 2019-2020 Budget – For Board of Directors review and approval, CEO Ranelli presented the fiscal year 2019-2020 proposed BEI Budget, which was included in the agenda materials. CEO Ranelli reviewed the financial activities included in the proposed budget with the Board.

Motion to approve: Member Judge Lacey Collier

Second: Member Jerry Maygarden

Motion passed unanimously.

### **Information Items**

- 1) 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 3<sup>rd</sup> quarter (July 1, 2018-March 31, 2019) compared to the revenue and expense budget established for the fiscal year. 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 greater than budgeted by \$44,566.
- 2) FY 2019 External Audit Entrance – Reported early in the meeting to respect auditor's time.

- 3) BEI Policies and Internal Controls – CEO Ranelli presented BEI policies and internal controls to the Board. Each BEI Board member is requested to review the BEI Conflict of Interest Policy (BEI 1.14-11/11) on an annual basis and disclose any personal, family, or business relationships that could give rise to a conflict of interest involving BEI or the University of West Florida by completing and signing the Conflict of Interest Disclosure Form.
- 4) Quarterly Expenditure Plan: Tenant Improvements Building 1- CEO Ranelli shared the itemized landlord costs associated with the lease between BEI and Center for Behavioral Analysis. The total cost of the landlord (BEI) contribution has been updated to \$303,691 due to unanticipated additional requirements related to HVAC dampers. This represents about \$53,000 more than anticipated.

#### **Other Business**

There were a few topics briefly shared and discussed after the information items. CEO Ranelli explained to the Board that there are some formatting changes required by the new Direct Support Organization (DSO) statutes related to reporting the BEI budget. There was some discussion regarding improved operations after the sale of Scenic Hills Country Club and the evaluation of future opportunities for BEI to be of service to the University. Related to student interest, Ms. Johnson inquired about potential internet providers for the campus and about forming student focus groups to explore interest in bookstore inventory items.

#### **New Business**

None

#### **Adjournment**

There being no further business, Chair Cleveland adjourned the meeting at 2:30 p.m.

Respectfully submitted,  
Carole Reed, Accountant