



UWF Business Enterprises, Inc. Board of Directors Meeting
University of West Florida
Virtual Meeting
April 26, 2021

Present

Chair C. Ray Jones, Vice Chair Susan O'Connor, Treasurer Chula King, Member Jerry Maygarden, SGA President Ruben Gardner and UWF President Martha Saunders. Also attending were General Counsel Carolyn Eaton, Chief Executive Officer Ed Ranelli, and Accountant Carole Reed

Guests: James Adams, Cynthia Talbot, Kimberly McCorkle, Kevin Warren and Wayne Durrett

Absent

Robert Sires, Judge Lacey Collier

Welcome/Opening Remarks

Chair Jones called the meeting to order at 1:30 p.m. He welcomed all attendees to the virtual meeting and thanked the Board of Directors members for their service. He then asked Vice Chair, Susan O'Connor to call the roll and she confirmed that a quorum was present.

Approval of Minutes

February 8, 2021 BEI Board Meeting.

Chair Jones asked if there were any additions or corrections to the minutes. None were noted.

Motion to approve: Jerry Maygarden

Second: Ruben Gardner

Motion passed.

University Update

President Saunders provided the University update highlights. She stated that the most important news is that the UWF appears to be safely delivered on the other side of the global pandemic as more people are being vaccinated. UWF is making vaccination opportunities available for students and faculty on campus. During the pandemic, it took a team effort to overcome the challenges to keep the campus safe while staying true to UWF's mission and while conducting the work of the university as it should be done. Dr. Saunders cited a few of the many national recognitions that the UWF has recently received. Since the last meeting, UWF has recognized several new distinctions that include: UWF nurse graduates scoring well above the national average on the licensure exam, two student teams placing in the top 5 at an artificial intelligence competition, an advancement officer being named National College Fund Raiser of the Year, UWF receiving the Military Friendly Spouse Award, and UWF's cheerleading team winning the national championship. In Academics, UWF launched a cyber security work force development program designed to train veterans in Florida and south Alabama, The College of Health now offers a fully on-line bachelor in public health, which is a high demand program. The recent day of giving campaign raised \$125 thousand from 1,170 donors. Finally, following two virtual graduations, on May 8 there will be an in-person graduation held at Wahoo Stadium. Following questions from the Board Dr. Saunders indicated that enrollment has continued to increase and that it is anticipated that there

will be a full football season within the NCCA guidance.

Treasurer's Report

Regarding BEI's financial activity for the first nine months of fiscal year June 30, 2021, (July 1 – March 31, 2020) as anticipated, without students on campus, the dining and bookstore sales amounts continue to be significantly less than prior year,

- In the first 9 months, Follett reported bookstore sales of \$2.324 million yielding a \$10.25% commission of \$238,182 to BEI. This represents a decrease from the prior year sales which were \$2.792 million with commissions of \$286,178.
- Aramark reported \$3.158 million in sales for the first 9 months. BEI received a 6% commission of \$158,809. before sales tax. This is less than prior year sales of \$4.404 million with commission of \$264,284 before sales tax. In response to the COVID19 Pandemic and most course work being done remotely, a contract amendment and MOU were signed with the dining services vendor on July 14, 2020. The amendment provided for discontinuing dining services and sharing costs due to the disruption of regular operations at the University from March 15 until the beginning of the fall 2020 term. In mid-November 2020 a second MOU was signed, essentially eliminating the minimum guarantee commission of \$391,982 before sales tax stated in the original contract.

BEI rental income for the first nine months of this year was not significantly different.

- BEI received \$181,970 for rent and CAM (common area maintenance) fees from tenant leases at Argonaut Village. Rent revenues thru the 3rd quarter prior year were \$199,363. The decrease is mostly due to the deferred rent revenue based on straight line accounting application to multi-year leases, and the vacancy of suite 600 offset with the rental of Bldg1. Occupancy is currently anticipated in June for the new tenant, Basil & Sprout, which has pre-paid the first two months in advance.
- Under the new lease beginning July 1, 2019 for Building 8, rent revenue received is \$22,131 for the first 9 months of 2021. Prior year revenue was \$21,698. The increase in rent revenue is due to the annual 2% lease increase, which is currently at \$10.20 per square foot.
- The BEI fiscal year-to-date ending net revenue over expenses from all activities is \$561,201. Prior year was slightly higher at \$568,981.
- I have reviewed the year to date cash activity of BEI as of March 31, 2021.

CEO's Report

CEO Ranelli highlighted the annual financial information in relation to current events. The BEI-UWF financial data reflect the challenging year under COVID-19 as revenue is significantly less than last year. Dining and bookstore revenue are less due to the movement to remote instruction. The challenge encountered by Argo Village was the move out and vacancy of the Bonehead rental space. However, a very successful entrepreneur will be opening another restaurant, Basil & Sprout, as soon as tenant improvements and inspections are completed. Occupancy is anticipated in June. Argo Fan shop, an extension of Follett's on campus bookstore, has indicated that they are not meeting sales expectations at the Fan Shop and wish to vacate their space at Argo Village. There has been internal interest from a current tenant and an external party to open a hair salon in the space. A lease is currently being reviewed. Management anticipates that the new restaurant and hair salon represent successful and stable tenants that will most likely enjoy a long-term relation with the UWF BEI. BEI cash balance remains strong and is expected to hold through year end. In summary, despite the COVID related

challenges, BEI has done well. He then asked Mr. Adams to share some highlights from auxiliary services related to dining services and bookstore operations.

Auxiliary Director Report

Mr. Adams provided the dining services updates for Fall. He noted that housing contracts are currently outpacing the 2019 numbers for the same period. He hopes this trend continues as it will certainly help increase meal plan purchases. After several meetings and a lot of review and analysis of feedback from students, meal plans have been finalized for the Fall semester. To grow the dining program, UWF needs to get more participation from the commuter students. Two new commuter Dining Dollar meal plans have been created. These plans offer great value at an affordable rate that give the students a lot of flexibility in their dining choices. UWF has already started advertising the plans and believes these will be well received. UWF is cautiously optimistic that it will be a good year in dining services.

For Bookstore updates, UWF will pilot the Follett Assess program again in the Fall and hope to expand a little on the number of courses in the program. In the Spring the program covered courses in the College of Business and a few Physical Science classes. There were 1,663 students enrolled in these sections with 1,208 or 73% of the students participating. These students received an average savings of 27% on their course materials. We will continue to work on advertising the program as we go forward and work on refining our business processes to make this a viable program.

Lastly, Mr. Adams is now working with Amazon to get an Amazon Hub Locker installed at Argonaut Village. UWF-BEI believes that the Locker will help increase traffic in the area and hopefully lead to some incidental sales for the retailers.

Public Comments

None

Action Items

- 1) BEI 2021-2022 Meeting Schedule – CEO Ranelli presented the meeting options for the next fiscal year. The BEI Board reviewed the proposed meeting schedule for 2021/2022 and agreed to meet on the following dates: September 27, 2021, November 15, 2021, February 7, 2022, and April 25, 2022. The dates were presented to the Board for approval.

Motion to approve: Chula King

Second: Susan O'Connor

Motion passed unanimously.

- 2) BEI FY 2021-2022 Budget – Prior to the presentation of the budget, CEO Ranelli reminded the BEI Board of the results of a 2020 UWF operational audit finding that affects the three UWF direct service organizations (DSOs). The finding revealed that University rules and records supporting University property, facilities, and personal services used by the DSOs could be improved. The UWF DSO leadership met and determined a solution to provide for better transparency and accountability. Beginning with the fiscal year 2022 proposed budget approval process, the DSO will identify the estimated, if determinable, in-kind support amounts from UWF. CEO Ranelli noted the in-kind support and estimated amounts by type of support, if determinable, will be provided as an additional note in the current proposed budget. Dr. Ranelli indicated that this is similar to overhead allocations at other corporate organizations. CEO Ranelli then

presented for the Board of Directors review and approval the fiscal year 2022 proposed UWF-BEI Budget, which was included in the agenda materials. CEO Ranelli reviewed with the Board a summary of BEI's overall operations and detailed the financial activities for each operating division included in the proposed budget. He also reviewed anticipated cash donations to the University and BEI cash flow and projected cash balance from this budget. He indicated that BEI has taken a conservative approach to estimating revenues based on information shared by our vendors. There was some discussion about the audit requirements for BEI and a discussion of the proforma performance compared to initial expectations for BEI. After an inquiry and discussion regarding potential future projects, the Board was asked to approve the proposed BEI budget.

Motion to approve: Chula King
Second: Jerry Maygarden
Motion passed unanimously.

- 3) Revised Memorandum of Understanding for Operations-CEO Ranelli informed the Board that in addition to increased transparency in the proposed budget process. An additional response to the 2020 UWF audit finding, was a review of BEI agreements to ensure BEI is current with changing legislation and to ensure accountability and transparency. The MOU for Operations was reviewed and revised by BEI management, a workgroup and General Counsel. Dr. Ranelli itemized the revisions for the Board. He noted the Board Package included a red-line copy and a "clean" copy so that changes could be easily recognized. These revisions are presented to the UWF-BEI Board of Directors for approval so that they may be submitted to the UWF BOT for approval.

Motion to approve: Susan O'Connor
Second: Chula King
Motion passed unanimously.

- 4) Revised Master Management Agreement- CEO Ranelli noted the revisions in the red-line copy in the Board packet copy. These revisions were presented to the UWF-BEI Board for approval.

Motion to approve: Jerry Maygarden
Second: Chula King
Motion passed unanimously.

- 5) Revised Bylaws- As part of the review of documents, a minor change was noted in the bylaws section 3.4 by CEO Ranelli. The revision was presented to the UWF-BEI for approval.

Motion to approve: Susan O'Connor
Second: Jerry Maygarden
Motion passed unanimously.

Informational Items

1. BEI Policies and Conflict of Interest – CEO Ranelli presented the annual BEI Conflict of Interest Policy form request to the Board. He requested that each BEI Board member review the BEI Conflict of Interest Policy (BEI 1.14-11/11) which requires disclosure on an annual basis of any personal, family, or business relationships that could give rise to a conflict of interest involving BEI or the University of West Florida. CEO Ranelli asked that the members complete and sign the Conflict of Interest Disclosure Form and return it to the BEI office where it is maintained on file pursuant to BEI Internal Controls.

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 3rd quarter (July 1, 2020-March 31, 2021) compared to the revenue and expense budget established for the fiscal year. Variances between budget and actual data were noted and explained.

3. External Audit Entrance – To respect their time the James Moore & Co. audit team were introduced before the CEO’s report. The auditors from James Moore & Co. presented the External Audit Entrance slide program for fiscal year 2021. Mr. Kevin Warren, audit director, highlighted the audit service plan, timelines, deliverable services, and introduced the service team that will provide service. He invited questions and comments from the Board Members during the presentation. The Board did not have any questions for the auditors. Mr. Warren noted that their contact information is in the presentation and welcomed the Board to contact them at any time. The Board and CEO Ranelli thanked the auditors for their presentation. Providing a comment to the Board, Dr. Ranelli highlighted James Moore & Co. extensive experience with DSOs in higher education, which are under increasing scrutiny from the Board of Governors.

Other Business

None

Adjournment

There being no further business, Chair Jones adjourned the meeting at 3:00 p.m.

Respectfully submitted,
Carole Reed, Accountant