



UWF Business Enterprises, Inc. Board of Directors Meeting

University of West Florida

Virtual Meeting

February 8, 2021

Present

Chair C. Ray Jones, Vice Chair Susan O'Connor, Treasurer Chula King, Member Jerry Maygarden, Member Robert Sires, Member Judge Lacey Collier, Member SGA President Ruben Gardner and UWF President Martha Saunders. Also attending were Vice President Betsy Bowers, General Counsel Pam Langham, Chief Executive Officer Ed Ranelli, and Accountant Carole Reed

Guests: Jeffery Djerlek, James Adams, and Cynthia Talbot

Absent

NONE

Welcome/Opening Remarks

Chair Jones called the meeting to order at 1:08 p.m. He welcomed all attendees to the virtual meeting, including Bob Sires, the UWF Board of Trustees appointee to the BEI Board of Directors. He asked Vice Chair, Susan O'Connor to call the roll and confirm that a quorum was present.

Approval of Minutes

September 28, 2020 BEI Board Meeting.

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

Motion to approve: Treasurer Chula King

Second: Member Judge Collier

Motion passed.

University Update

President Saunders provided the University update highlights. She stated that the past year has challenged UWF resilience tremendously due to COVID-19 and hurricane Sally. Dr. Saunders is encouraged and proud of how the UWF has met these challenges. Enrollment has risen every semester since COVID-19 protocols started. Campus protocols include mask wearing, social distancing and avoiding crowds. Faculty has done a great job of adapting to remote delivery and students are hanging in there with the UWF. Dr. Saunders reported that the COVID-19 case numbers have been steady on campus and the quarantine numbers remain steady in student housing. It is anticipated that the virus will be a challenge for a while until more people are vaccinated. President Saunders meets twice weekly with other Florida University Presidents and the Florida surgeon general, Scott Rivkees, to stay abreast of developments. The state of Florida has addressed the lack of revenue due to the pandemic with a 6% hold back of funding to universities. Although the legislature has not convened yet, UWF has pro-actively planned for the cut back this year and next year to protect revenue as it is anticipated that all institutions will feel the result of the revenue decline.

Treasurer's Report

Treasurer King reported the following for BEI's financial activity July 1 – December 31, 2020:

Regarding BEI's financial activity for the first six months of fiscal year June 30, 2021, as anticipated, without students on campus, the dining and bookstore sales amounts are significantly less than prior year.

- In the first 6 months, Follett reported bookstore sales of \$1.560 million yielding a \$10.25% commission of \$159,906 to BEI. This represents a decrease from the prior year sales which were \$2.071 million with commissions of \$212,321. The bookstore vendor indicated that estimated January 2021 sales will be up by about \$159,000. BEI management believes that this may be due to the later term start thus students delaying their book purchases.
- Aramark reported \$2.071 million in sales for the first 6 months. BEI received a 6% commission of \$93,632. before sales tax. This was less than prior year sales of \$2.871 million with commission of \$ 172,263 before sales tax. A contract amendment and MOU were signed with the dining services vendor on July 14, 2020, which 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 term. In mid-November 2020 a second MOU was signed, essentially eliminating the minimum guarantee commission of \$391,982 stated in the original contract.

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

- BEI received \$128,067 for rent and CAM (common area maintenance) fees from tenant leases at Argonaut Village. Rent revenues in the second quarter prior year were \$133,796. The decrease is mostly due to the vacancy of suite 600. Occupancy is anticipated in April for the new tenant, Basil & Sprout, which has pre-paid the first two months in advance. The new tenant has moved in some equipment.
- Under the new lease beginning July 1, 2019 for Building 8, rent revenue received is \$14,754 for the first six months of 2020. Prior year revenue was \$14,465. The increase in rent revenue is due to the annual 2% lease increase.
- The BEI fiscal year ending net revenue over expenses from all activities was \$347,004. Prior year was slightly higher at \$358,304.

In closing, I have reviewed the year to date cash activity of BEI as of December 31, 2020.

CEO's Report

CEO Ranelli highlighted the annual financial information in relation to current events. The CEO shared that it has been a challenging year without students on campus for the bookstore and dining sales. As previously shared, when UWF transitioned to remote learning, BEI renegotiated its contract with Aramark which impacted the BEI financial statements and budget. The transition to remote learning eliminated dining services in the summer. Dining services have continued in the fall and spring term, but at a greatly reduced level which continues to affect BEI financial data. The bookstore continued to operate in person and online and their reported sales were not as significantly impacted as the dining services. About 70% of UWF students are engaged in remote learning. However, the CEO was happy to report that BEI is financially stable. Revenues were down, but expenses were also down. For the first six months of the fiscal year, net income is less than budgeted by only about \$11,000. The CEO also noted the positive cash flow for BEI and that continued improvements are expected. Cash balances remain positive. Administratively, due to amended Florida statutes, Dr. Ranelli also shared that a UWF finance and legal committee has reviewed DSO contracts and related MOU's and that BEI will be making the committee's suggested amendments. These updated documents will be shared with the BEI BOD members in a subsequent meeting. Dr. Ranelli introduced James Adams, the new Director of Business & Auxiliary Services and shared some biographical information with the Board of Directors. He then asked Mr. Adams to share some highlights from auxiliary services and Argonaut Village.

Auxiliary Director Report

Mr. Adams itemized the execution of some improvement plans as UWF looks forward to the future and the return of students to campus. These include:

- Key indicators of customer satisfaction developed by a dining committee of students, faculty and staff to provide feedback to Aramark, UWF's dining partner.
- Evaluation of meal plan options with Aramark that may be beneficial to commuter students.
- Projects to increase foot traffic in the commons and bookstore include installing a Pharma box, a medical supply vending machine, and passport applications acceptance at the UWF post office.

Mr. Adams also reported that other projects are in the initial stages and he looks forward to sharing those with the UWF BOD later. Regarding the Argonaut Village retail shopping area, repairs to the hurricane damages to Bldg. 1 has been completed. Herbal Nails has just completed a refresh with updated design and carpet and Starbucks is scheduled for a refresh soon. Basil and Sprout, the new Argonaut Village tenant, is ready to begin space improvements, most likely after their Bayou location has opened.

Public Comments

None

Action Items

- 1) Form 990 – CEO Ranelli reminded the BOD members that in November 2020 a copy of the Form 990 was sent to them when it was completed by the accounting firm. He provided the overview of the BEI draft 2019 Return of Organization Exempt from Income Tax (Form 990) and noted that the significant variance between the current period and prior period was due to the donation of dining improvements to the University of West Florida. He recommended that the BEI Board approve the tax returns for electronic submission to the Internal Revenue Service. The tax returns were prepared by CliftonLarsonAllen. Chair Jones cited the importance of this public document.

Motion to approve: Treasurer Chula King

Second: Vice Chair Susan O'Connor

Motion passed unanimously.

- 2) RFQ Accounting Services – Jeffery Djerlek, audit committee chair, stated that in October 2020, BEI released a Request for Quotation for Accounting Services. By November 4th, six (6) firms had responded. The respondents were listed for the BOD. The audit committee, consisting of Jeffery Djerlek, Chula King, and Cynthia Talbert, held their first meeting on November 16 to receive, review and evaluate the proposals submitted. After discussing and accumulating strengths and weakness of the candidates and contacting references, the committee recommends Board approval of James Moore & Co. as the BEI audit firm, and recommends Board authorization for BEI CEO to execute an engagement letter.

Motion to approve: Member Jerry Maygarden

Second: Member Judge Collier

Motion passed unanimously.

Informational Items

- 1) BOD appointment- CEO Ranelli welcomed new board member and liaison to the UWF Board of Trustees, Robert (Bob) Sires. Mr. Sires was appointed by BOT chair, Dave Cleveland per the UWF BEI bylaws.

- 2) BEI Budget to Actual – Carole Reed explained that the Budget to Actual Chart in the BOD packet represented a summary of the actual revenue and expense transactions from the beginning of the fiscal year through the end of the second quarter (July 1, 2020-December 31, 2020) compared to the revenue and expense budgets established for the same period. Variances between budget and actual data were noted and explained.

Other Business

None

Adjournment

There being no further business, Chair Jones adjourned the meeting at 1:47 p.m.

Respectfully submitted,
Carole Reed, Accountant