



UWF Business Enterprises, Inc. Board of Directors Meeting

University of West Florida
Conference Center Lounge, Building 22
September 17, 2018

Present

Chair Dave Cleveland, Vice-Chair C. Ray Jones, Member Chula King, Member Judge Lacey Collier, Member Jerry Maygarden, SGA President Brandon Malone, President Martha Saunders, Deputy General Counsel Anita Schonberger, Vice President Betsy Bowers, Chief Executive Officer Ed Ranelli, and Accountant Carole Reed

Guests: Chad Lassen (CliftonLarsonAllen), Michele Casali (CliftonLarsonAllen), Colleen Asmus, Ellen Till, Janice Gilley, Angel Sedillo, Cynthia Talbert, Marc Cossich, Angela Wallace, Tiffany Nisewonger, Chrisandra Nash, and Eric Ingerman

Absent

Secretary Susan O'Connor

Welcome/Opening Remarks

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

Approval of Minutes

April 16, 2018, BEI Board Meeting

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

Motion to approve: Member Judge Lacey Collier

Second: Member Chula King

Motion passed.

May 1, 2018, BEI Conference Call Meeting

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

Motion to approve: Member Chula King

Second: Member Judge Lacey Collier

Motion passed.

University Update

President Saunders reported that the academic year is off to a good start and presented the University Update. The transition of the online learning platform went smoothly, and achievement of the enrollment goal is expected by October with the admissions to the nursing program. Advancement is preparing for the next capital campaign and consultants have visited the campus. Many generous gifts have been received and others are anticipated by January. Athletics is doing well across the spectrum of athletics including the recent football win, which is good for campus morale. Academic Affairs anticipates that at the November Board of Governors meeting, the BOG will approve the doctorate program in intelligence systems and robotics. There are only three

such programs in the United States. In Student Affairs there is heightened awareness regarding student mental health issues. In response, UWF has increased its number of campus mental health counselors, and mental health counselors are embedded in the student dorms. The Board of Governors recently issued a letter indicating that there will be a special investigation to review University budgeting. This is due to an acknowledgment by UCF that inappropriate funds were used to construct a building. UWF does have oversight and controls in place to avoid such an error. UWF is launching a Master Planning Process Project headed by Betsy Bowers. Lastly, Ed Ranelli has accepted the invitation to serve as CEO for BEI.

Treasurer's Report

CEO Ranelli provided the Treasurer's Report.

- Bookstore sales decreased approximately 10% in fiscal year 2018 when compared to fiscal year 2017 due to reduced sales of new textbooks and rentals. The bookstore manager reported to management that:

The decrease in bookstore sales can be attributed to both local and online competition including Amazon, Chegg, and Textbook Brokers. Another factor is the use of Open Educational Resources which are used by some classes and are free to students. Computer sales have decreased as a result of the VA sourcing from outside sources.
- Under the new dining services agreement between Aramark and BEI, BEI received \$6,100,000 to reimburse the prior dining services vendor for the unamortized balances of the capital investments as of the contract termination date. BEI also received an unrestricted grant of \$900,000. The revenue associated with these capital investments will be deferred and recognized over the term of the new dining services contract which expires in 2028. During the current fiscal year, BEI expects a \$2.675 million investment to be made by Aramark for retail dining changes in the 2nd quarter, and a \$900,000 investment for the Nautilus Market upgrade in the 3rd quarter.
- Contractual services payments to the University for oversight of the Bookstore and the Dining Services Assigned Functions are lower compared to last fiscal year, since these payments are equal to the lower amounts of commission revenues earned by BEI.
- BEI assumed management responsibility for Argonaut Village on May 6, 2018 from the prior dining services vendor. BEI currently receives more than \$14,000 per month in rent and CAM (common area maintenance) fees from tenant leases. Once Unit 500 becomes occupied, the amount of rent and CAM fees to be collected starting in November 2018 should increase to about \$16,800 per month. Building 1 anchor space is still unoccupied, but management has received some inquiries of interest.
- Revenue from the Digital Signs contract decreased 37% in fiscal year 2018 compared to the revenue in fiscal year 2017, primarily from reduced lease fees associated with reduced advertising sales for the East Campus digital monument sign. This contract will be allowed to expire on January 31, 2019.

Chair Cleveland commented on the report regarding the bookstore sales decrease. He stated that a goal for the University is to reduce textbook costs for students, which is in line with the decreased bookstore sales.

CEO's Report

CEO Ranelli gave a brief overview of BEI's mission and the purpose and presented the prior and current strategic and operational responsibilities of the organization. Future activities will be consistent with the BEI mission to advance and support UWF's mission. A brief financial overview was given of the current BEI financial position and annualized cash flow expectations.

Chair Cleveland commented on the CEO's report to confirm the sources of the expected positive cash flow.

Public Comments

None

Action Items

- 1) Audited Financial Statements for June 30, 2018 – The BEI audited financial statements for June 30, 2018 were presented to the BEI Board of Directors by Clifton Larson Allen, independent certified public accountants. CEO Ranelli introduced Mr. Chad Lassen and Ms. Michele Casali to present the information from the audit. Mr. Lassen presented the audit process and touched on key financial highlights. Ms. Casali presented graphs comparing revenue and expense results for fiscal year 2018 and fiscal year 2017 by operating units. Mr. Lassen indicated that BEI received a clean, unqualified opinion and responded to questions and comments from the Chair and the CEO. The BEI audited financial statements for June 30, 2018 were presented for Board approval.

Motion to approve: Vice Chair C. Ray Jones
Second: Member Jerry Maygarden
Motion passed unanimously.

- 2) Nomination and Election of Treasurer – Former Treasurer and current CEO Ranelli itemized the duties of the Treasurer and nominated Dr. Chula King to serve as Treasurer upon election by the BEI Board. No other nominations were made, hence the nominations were closed by Chair Cleveland. Chair Cleveland congratulated Treasurer King on her nomination and election.

Motion to approve: Member Judge Lacey Collier
Second: Vice Chair C. Ray Jones
Motion passed unanimously.

- 3) BEI FYE June 30, 2019 Budget – CEO Ranelli presented to the BEI Board for review and approval the FY 2018-2019 BEI Budget proposal as provided in the agenda materials. CEO Ranelli reviewed with the Board the financial activities included in the proposed budget for each BEI operating unit. Treasurer King and Chair Cleveland responded to the presentation with questions and comments.

Motion to approve: Vice Chair C. Ray Jones
Second: Treasurer Chula King
Motion passed unanimously.

Information Items

- 1) BEI Budget to Actual Report – CEO Ranelli introduced Ms. Carole Reed. Ms. Reed reported and summarized and compared the actual results of operations for all BEI projects and activities with the amounts budgeted for the fiscal year ending 2018. Reasons for notable variances were given. CEO Ranelli commented on BEI's net position and cash balance.
- 2) Dining Assigned Function Memo 2nd Amendment - CEO Ranelli highlighted the twelve (12) points in the memorandum related to the amendment of the Dining Assigned Function Memo between UWF and BEI for the recent transition to a new dining services vendor. Chair Cleveland had questions and comments on some of the expenses detailed in the memorandum to which CEO Ranelli responded.

- 3) Florida Statute Section 1004.28 Amendment - Deputy General Counsel Anita Schonberger reported on the recent changes to Florida Statute Section 1004.28 which governs Direct Support Organizations. The changes add regulations and conditions on expenditures and the use of University facilities. The Board of Governors is drafting an amendment to BOG Regulation 9.011-University Direct Support Organizations and Health Services Support Organizations to comply with the statutory amendment. The UWF Board of Trustees will be charged with setting and governing these control thresholds. When the regulations become final and available, BEI will review all its corporate operating documents to ensure compliance and make amendments as needed. BEI has already modified the Bylaws for these anticipated changes. Chair Cleveland made comments related to how the new regulations may impact BEI. CEO Ranelli also made comments and clarifications.

Other Business

Chair Cleveland noted that there would be future discussion on continuation of BEI. Vice Chair C. Ray Jones inquired about prior and future strategic activities, authorization, and funding. There was some discussion on the topic of future projects and limitations.

New Business

None

Adjournment

There being no further business, Chair Cleveland adjourned the meeting at 2:55 p.m.

Respectfully submitted,
Carole Reed, Accountant