



UWF Business Enterprises, Inc. Board of Directors Meeting

University of West Florida

Virtual Meeting

September 28, 2020

Present

Chair C. Ray Jones, Vice Chair Susan O'Connor, Treasurer Chula King, Member Jerry Maygarden, Member Greg Britton, Member SGA President Jordan Negron, UWF President Martha Saunders, Vice President Betsy Bowers, General Counsel Pam Langham, Chief Executive Officer Ed Ranelli, and Accountant Carole Reed

Guests: Chad Lassen (CliftonLarsonAllen), Molly Duvall (CliftonLarsonAllen), Jeffery Djerlek, Ellen Till, and Cynthia Talbot

Absent

Member 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 asked Carole Reed to call the roll and confirm that a quorum was present.

Approval of Minutes

April 27, 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: Vice Chair Susan O'Connor

Motion passed.

University Update

President Saunders provided the University update highlights. The highlights included the reopening plan of the University after the COVID closure in March and the reopening of the campus after Hurricane Sally in late September. In March the University had a very smooth transition to online learning because the e learning shells for all courses were already in place and only needed to be activated. The University held boot camps for faculty to assist them with their transition to online teaching. The University experienced a lower withdrawal rate than usual during this time. As always, the focus of the learning transition was on the students to deliver high quality education. Summer was also taught exclusively online and enrollment was up about 6%. The fall plan for a safe return to campus includes about 30% face-to-face and hybrid (in class and online) courses, and the rest are online courses and enrollment was up. UWF is known for its small classes. Space was evaluated for required distancing which yielded about 850 seats for about 4,000 students using those seats. UWF is currently working on plans for the spring term. Hurricane Sally brought damage to almost every building on campus. Currently, all buildings except for two have been repaired. With about half of the employees working remotely, the loss of internet and the bridge outage created some difficulties and challenges. UWF received acknowledgements and awards during these challenging times. Once again UWF received the Higher

Education Excellence in Diversity in Higher Education award. Also, UWF was named in a survey of great colleges to work for.

Vice Chair O'Connor congratulated President Saunders and her team on the hurricane response. Chair Jones thanked Dr. Saunders for her report and commended her staff on the awards.

Treasurer's Report

Treasurer King reported the following for BEI's financial activity July 1 – June 30, 2020:

- Follett reported bookstore sales of \$3.235 million, yielding \$331,595 in commissions to BEI. This represents an increase over the prior year sales which were \$3.160 million with commissions of \$323,991. In fiscal year ending June 30, 2020, BEI provided \$309,060 to UWF for direct auxiliary management support for oversight of the Bookstore Services Assigned Function. As the campus transitioned to remote learning and work, the bookstore was able to continue online and in person with reduced store hours.
- Aramark reported \$4.332 million in fiscal year sales. BEI received a 6% commission of \$268,446 after sales tax. This was less than prior year sales of \$4.845 million with commission of \$302,014, net of sales tax. All the fiscal year 2020 commission amount was provided to UWF for direct auxiliary management support and reserves for oversight of the Dining Services Assigned Function. 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.
- BEI received \$278,476 for rent and CAM (common area maintenance) fees from tenant leases at Argonaut Village. Rent revenues in the same time prior year were \$208,013. The 34% increase is due to the occupancy of Building 1 on September 23, 2019. In May a tenant exercised his option to break the lease in building 2. At that time there were rent payments outstanding from this tenant. A payment plan was agreed upon and is being honored currently. Application by a new tenant for this space is almost finalized. While there were some mandated closures due to COVID19, all current tenants' rents were collected.
- Under the new lease beginning July 1, 2019 for Building 8, rent revenue received was \$28,930. Prior year revenue was \$20,925. The increase in rent revenue 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. In May 2020 BEI made a capital investment in building 8 with the installation of a new roof at a cost of \$23 thousand.
- The BEI fiscal year ending net revenue from all activities was \$1.635 million. Prior year was \$1.472 million. This represents an increase of about 11%.
- BEI reported a net loss of \$274,263 after the donation of \$1.050 million for Aramark capital improvements. Adjusting for depreciation, donation, and deferred vendor revenues, the cash flow was approximately \$116,817 for the year ending June 30, 2020 compared to \$117,425 in the prior year.
- I have reviewed the year to date cash activity of BEI as of June 30, 2020.

CEO's Report

CEO Ranelli highlighted the annual financial information in relation to events. The CEO noted the favorable financial variances in dining and bookstore despite the March campus closure through the summer term. He reported that an MOU was executed with Aramark for the discontinuance of dining services through the summer, and that the bookstore was able to continue online and in person during the campus closure. He shared that a tenant at Argo Village exercised the option to terminate his lease. A payment plan is in process

for the balance due from the tenant. Building 1 had some flooding during the hurricane and it has been repaired. All tenants at Argo Village are current on rental payments and a new lease for the vacant space has been negotiated pending signatures. An executed agreement, occupancy and tenant improvements are expected soon. CEO Ranelli reported a favorable net revenue to budget and a positive cash flow for the year.

Per inquiry from Chair Jones, CEO Ranelli announced that the new tenant is a Vietnamese restaurant, Basil and Sprout.

Public Comments

None

Action Item

1. Draft Audited Financial Statements for June 30, 2020 – Mr. Chad Lassen and Ms. Molly Duvall from CliftonLarsonAllen, LLP, independent certified public accountants, presented a power point presentation related to the BEI draft audited financial statements for June 30, 2020. The presentation included the audit roles and responsibilities, the audit process, the deliverable documents, and the required communication to the Board. The financial statement review and highlights presentation touched on key financial data and included graphs comparing revenue and expense results for fiscal year 2020 and 2019 by operating units. Mr. Lassen stated that BEI received an unqualified opinion, the highest level of assurance that can be given. Mr. Lassen also mentioned that most of the field work was performed at the end of August remotely due to current events. The presentation ended with an opportunity for the Board to ask questions and discuss the information. The BEI draft audited financial statements for June 30, 2020 were presented for Board approval.

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

Information Items

1. Auditor General Operational Audit 2018 - CEO Ranelli reported on a 2018 audit finding and recommendation by the auditor general for the University of West Florida that impacts DSO's. Management of the three UWF DSO's, including BEI, plans to respond to this finding by documenting and providing estimated costs of university resources used, such as salaries and office space. This information will be provided during the annual budget process going forward. A footnote describing the related party expenses and dollar amounts will be included in the annual audited financial statements of the DSO.

Member Maygarden and Britton requested additional information and clarification on the computation of the costs.

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 fiscal year (July 1, 2019-June 30, 2020) compared to the revenue and expense budget established for the fiscal year. Variances between budget and actual data were noted and explained.

CEO Ranelli added that the budget variance due to dining capital improvements construction will be held in reserve for future refresh projects by the dining services vendor.

Other Business

Treasurer King and CEO Ranelli recognized Ellen Till, Director of Business Auxiliaries, for her contributions to the University and BEI. Ellen is retiring at the end of October and she will be greatly missed. Her diligence in the dining, bookstore, and Argo Village contract management has contributed to the good financial results that BEI has experienced.

SGA representative, Negron, addressed the Board with the suggestion of a special SGA project to help in promoting the new restaurant at Argo Village. As SGA has done in the past, they could provide promotional meal gift cards and/or social media promotional for the new restaurant at Argo Village. This suggestion was received favorably and future discussion will be held at the subsequent meeting.

Chair Jones commended the BEI staff for a successful audit.

Adjournment

There being no further business, Chair Jones adjourned the meeting at 2:33 p.m.

Respectfully submitted,
Carole Reed, Accountant