



UWF Business Enterprises, Inc. Board of Directors Meeting

University of West Florida

Virtual Meeting

November 28, 2022

Present

Vice Chair Susan O'Connor, Treasurer Chula King, Member Jerry Maygarden, Member Judge Lacey Collier, Member Robert Sires, and SGA President Patrick Marshall. Also attending were Associate General Counsel Carolyn Eaton, Director of Business and Auxiliary Services James Adams, Chief Audit Executive Cynthia Talbert, Chief Executive Officer Ed Ranelli, and Accountant Suzanna Daughtry.

Absent

Chair C. Ray Jones

Welcome/Opening Remarks

Vice Chair Susan O'Connor called the meeting to order at 1:03 p.m. She welcomed all attendees to the quarterly BEI Board of Directors meeting and thanked them for their attendance. She then asked Suzanna Daughtry to call the roll and she confirmed that a quorum was present.

Approval of Minutes

September 26, 2022, BEI Board Meeting.

Vice Chair O'Connor asked if there were any additions or corrections to the minutes. None were noted.

Motion to approve: Chula King

Second: Member Jerry Maygarden

Motion passed.

Treasurer Report

Treasurer King provided the Treasurer's report.

To summarize BEI's financial activity for the fiscal year July 1 – September 30, 2022:

- Follett reported bookstore commissionable sales of \$1.029 million yielding an 11.65% commission of \$119,837 to date. This represents a sales decrease of \$133,454 compared to the prior year's first-quarter sales which were \$1.162 million with a commission of \$119,115. This decrease continues to be in line with prior year trends due to changes in textbook sales and the Florida Textbook Affordability Act.
- Aramark reported commissionable sales of \$1.213 million and paid a 6% commission of \$72,808 for the first quarter of the fiscal year ending June 30, 2023. This is higher than the prior year, July through September, with commissionable sales of \$1.043 million with a commission of \$62,674.
- All the bookstore and dining commissions received to date will be provided to auxiliary services for their support functions.
- BEI received \$74,614 for rent, interest, and CAM (common area maintenance) fees from tenant leases at Argonaut Village. Rent revenues in the same time the prior year were \$45,821. The increase is mostly due to the GASB 87

accounting for leases. Additionally, the prior year's rent revenues reported as \$51,251 changed because of the GASB 87 conversion. Also, suite 200 is now the only suite not paying rent for the entire first quarter whereas there were two vacant suites at this time in the prior year. Suite 200 will begin paying rent in January 2023.

- Under the lease for Building 8, rent revenue received was \$7,580. Prior year revenue was \$7,521. The increase in rent revenue is due to the annual July lease rate per square foot increase of 2%.
- BEI reported a net income of \$126,641 for the first quarter of 2023 compared to the prior year's income of \$126,399 for the first quarter of 2022. The increase is due largely to the decrease in vacancies at Argonaut Village.
- Adjusting net income for depreciation, the cash inflow was approximately \$30,896 for the first quarter of the fiscal year ending June 30, 2023, compared to \$140,785 for the first quarter in the prior year. This difference is a result of timing as August and September 2021 payments were made in the 1st quarter whereas, in 2022, they were not made until the 2nd quarter. At the end of September 30, 2022, BEI's ending cash balance was \$915,905 compared to 969,147 in the prior year.

Treasurer King noted that she has reviewed the year-to-date cash activity of BEI as of September 30, 2022.

University Update

CEO Ranelli provided the University update highlights in President Saunders's absence. Commencement at the Bayfront Auditorium is next Saturday, December 10, 2022. Also, the UWF Football team is in the Playoffs and will be playing at Pen Air Field this Saturday, December 3, 2022. In addition, Provost Ellenburg is stepping down and going back to faculty at the end of this year. Interviews are currently being conducted with the four provost candidates over the next couple of days.

CEO's Report

CEO Ranelli discussed BEI's successful projects over the past several years including selling the Scenic Hills Country Club and negotiating favorable long-term contracts with the vendors Aramark and Follett for UWF Dining and Bookstore services. In addition, long-term leases have been secured with stable tenants at Argo Village. And, BEI continues to generate sustainable positive net income, cash flow, and cash balances for the advancement of UWF's mission. As reported in the Treasurer's Report, net income for the first quarter of the fiscal year 2023 was approximately \$126,000 which was about \$3,000 ahead of budget. Also, our ending cash balance for the quarter was \$915,000. Bookstore and Dining Services Commissions as reported by the Treasurer were at or near budgeted levels. We are approaching pre-pandemic levels with commissions; commissions received by BEI are donated to the University of West Florida. Argo Village and Building 8 are cash-flowing and are now 100% occupied with stable long-term tenants despite a challenging commercial real estate market. Hotworx, the new franchise tenant in unit 200, has signed a 10-year lease and is opening this month after having achieved its targeted client subscriptions.

President Saunders has asked for a review and potential modification of BEI Bylaws to move toward a more efficient management and governance structure. We will review the proposed changes to the BEI Bylaws as one of the action items, today. The Bylaws may be amended by a majority vote of the current voting members of the BEI Board of Directors. Such amendments must be approved by the Board of Trustees of the University as required by Florida law, University regulations, and policies. The BEI Revised Bylaws will only be effective upon approval by the University Board of Trustees. Current Board members will continue to serve until the reappointments are made.

Another action item for Board review, today, is a proposed BEI Investment Policy. The Investment Policy will permit BEI to invest a portion of its cash balances in laddered CDs or short-term treasuries to take advantage of recent increases in interest rates. It will generate additional income for BEI. Currently, there is approximately \$900,000 in cash which is earning nominal interest in the checking account. We will be looking at a proposal to invest approximately \$500,000 of that cash balance in short-term interest rates which will generate approximately \$20,000 of additional net income for BEI while maintaining investment safety, liquidity, and return.

Public Comments

None

Action Items

1. Final Audited Financial Statements for June 30, 2022 – At the last board meeting on September 26, 2022, Mr. Kevin Warren representing James Moore and Company, independent certified public accountants, presented the audited financial report for the year ending June 30, 2022, to the board members present at the board meeting. A quorum was not present for the vote to approve the audited financial statements at the last Board meeting. Therefore, CEO Ranelli presented the audited financial statements as an action item for approval at today's meeting. CEO Ranelli noted that there were no internal audit or compliance issues, and a clean audit was received.

The BEI final audited financial statements for June 30, 2022, were presented for Board approval.

Motion to approve: Member Jerry Maygarden

Second: Treasurer Chula King

The motion was passed unanimously by the five voting Board members present at the meeting.

2. Investment Policy – CEO Ranelli presented the 2022 Investment Policy to the UWF-BEI Board for approval. Consistent with the investment policy, given recent increases in interest rates, CEO Ranelli recommended moving approximately \$500,000 of BEI's approximately \$900,000 idle cash balance (currently earning nominal interest in a checking account) to a brokerage account and investing in laddered, short-term CDs or short-term treasuries, which are currently earning \$4.0-4.5% interest. This would increase BEI's cash flow and net income by approximately \$20,000 annually, while assuring investment safety, liquidity, and return.

The proposed BEI Investment Policy has been reviewed by the UWF CFO and the UWF Controller who concur with the recommendation for approval. UWF General Counsel (GC) Office has reviewed the BEI Investment Policy for consistency with SUS and UWP policies, regulations, and BEI bylaws. Upon the BEI Board's approval of the BEI Investment Policy, the investment policy will be presented to the UWF BOT for its review and approval.

Motion to adopt: Treasurer Chula King

Second: Judge Lacey Collier

The motion was passed unanimously by the five voting Board members present at the meeting.

3. BEI Revised Bylaws – CEO Ranelli presented the BEI Revised Bylaws to the UWF-BEI Board for approval. The purpose of this revision is to simplify and restructure the BEI board and governance structure. The revisions have been vetted individually with each member of the BEI Board. The basic elements of the revisions include: reducing the number of BEI Board members to three board members consisting of the UWF President or her designee, a board member appointed by the UWF BOT Chair, and a board member appointed by the UWF President; changing the board terms of office to 4 years with reappointments at the discretion of the President or UWF BOT Chair; confirming the frequency of BEI board meetings to a minimum of once a year to approve the BEI budget and financial audit and confirming the BEI Board Chair's discretion to call special meetings of the Board when necessary and appropriate; and simplifying the reporting requirement for Quarterly Capital Expenditure Plans by permitting the CEO to provide the President and each BEI Board member written quarterly notifications confirming that there are "no significant" commitments of resources of the Corporation or University. Significant commitments of BEI or UWF resources require BEI Board and UWF Board review and approval.

These Bylaw revisions have been vetted with the UWF President, UWF BOT Chair, UWF BOT representative to BEI BOD, and individually with each member of the BEI Board. The UWF General Counsel (GC) Office has reviewed the proposed BEI Bylaw revisions for consistency with SUS and UWF policies and regulations. Upon the BEI Board's

approval of the Bylaw revisions, the new Bylaws will be presented to the UWF BOT for its review and approval. The BEI Bylaws will not be effective until approved by the University Board of Trustees. Current Board members will continue to serve until the reappointments are made.

Motion to approve: Treasurer Chula King

Second: Jerry Maygarden

The motion was passed unanimously by the five voting Board members present at the meeting.

4. 2021 Tax Form 990 – CEO Ranelli informed the Board that James Moore is completing the 2021 Tax Form 990 and filed an extension that has been granted by the IRS for this return to be submitted on May 15, 2023. We will defer official action on this and have the Board vote on it at the next meeting upon receipt of the 2021 Tax Form 990.

Informational Items

1. BEI Budget to Actual – Suzanna Daughtry presented the Budget to Actual comparison charts showing the variance between the actual performance versus the budgeted performance of BEI operations for the first quarter ending September 30, 2022. Variances between budgeted and actual data were noted and explained.

Adjournment

There being no further business, Vice Chair O'Connor adjourned the meeting at 1:30 p.m.

Respectfully submitted,
Suzanna Daughtry, Accountant