



UWF Business Enterprises, Inc. Board of Directors Meeting

University of West Florida

Virtual Meeting

April 24, 2023

Present

Chair C. Ray Jones, Member Betsy Bowers, and Member Robert Sires. Also attending were President Martha Saunders, Associate Vice President Jeffrey Djerlek, General Counsel Susan Woolf, Director of Business and Auxiliary Services James Adams, Chief Audit Executive Cynthia Talbert, Chief Executive Officer Ed Ranelli, and Accountant Suzanna Daughtry.

Guests from James Moore & Co.: Kevin Warren, Drew Steinmeyer

Absent

None

Welcome/Opening Remarks

Chair Jones called the meeting to order at 1:09 p.m. He welcomed all attendees to the quarterly BEI Board of Directors meeting and thanked them for their agreement to attend. He then asked Suzanna Daughtry to call the roll and she confirmed that a quorum was present.

Approval of Minutes

February 27, 2023, BEI Board Meeting.

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

Motion to approve: Member Robert Sires

Second: Member Betsy Bowers

Motion passed.

University Update

President Saunders provided the University update and stated that enrollment is up about 2%. Facilities projects are moving forward. The Field House changes are moving ahead of schedule. Groundbreaking for the Sandy Sansing Sports Medicine Center in the Annex at the Gooden Center went well. Founders Week resulted in records being broken. The Day of Giving donations exceeded around \$200,000 and there was a record number of individual donors. The legislature is still in session and did not take up the budget over the weekend. They are expected to work on it as the week goes on. The session results are being closely monitored. An increase in the operational budget was requested. Funding for infrastructure and funding to demolish the old Southside dorms was requested. Also, additional funding was requested for great growth programs, e.g., cyber security, engineering, nursing, as well as logistics and supply chain management. In addition, a request was submitted to begin a civil engineering program due to encouragement and pressure from the community.

Treasurer Report

Member Betsy Bowers provided the Treasurer's report.

To summarize BEI's financial activity for the fiscal year July 1 – March 31, 2023:

- Follett reported bookstore commissionable sales of \$2.030 million yielding an 11.65% commission of \$252,609 to date. This represents a sales decrease of \$251,988 compared to the prior year's third-quarter sales which were \$2.282 million with a 10.25% commission of \$231,793. This decrease in sales 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 \$4.692 million for the third quarter of the fiscal year ending June 30, 2023. BEI received a 6% commission of \$229,019. This is higher than the prior year, July through March, with commissionable sales of \$3.949 million with a commission of \$221,511.
- All the bookstore and dining commissions received to date will be provided to auxiliary services for their support functions.
- BEI received \$241,935 for rent, interest, and CAM (common area maintenance) fees from tenant leases at Argonaut Village. Rent revenues for the same time last year were \$151,618. The increase continues to be mostly due to the GASB 87 accounting for leases. Also, suite 200 was the only suite not paying rent for the entire second quarter whereas there were two vacant suites at this time in the prior year. Suite 200 began paying rent in January 2023.
- Under the lease for Building 8, rent revenue received was \$22,515. Prior year revenue was \$22,565. The slight decrease in rent revenue is related to the GASB 87 lease termination accounting requirements as we moved to month-to-month.
- BEI reported a net income of \$336,373 at the end of the third quarter of 2023 compared to the prior year's income of \$376,007 at the end of the third quarter of 2022. The decrease is due largely to the increase in salary expense for the CEO's salary now being fully funded by BEI.
- At the end of March 31, 2023, BEI's ending cash balance was \$884,059.99 compared to 924,098 in the prior year.

Member Bowers noted that she has reviewed the year-to-date cash activity of BEI as of March 31, 2023.

CEO's Report

CEO Ranelli discussed the BEI Board restructuring, per the Revised BEI Bylaws that have been approved, and were implemented with Robert Sires, appointed by the Chair of the UWF Board of Trustees (BOT), who will continue to serve as the UWF BOT Representative to BEI; Betsy Bowers, UWF CFO, appointed by the UWF President for a 4-year term to the BEI Board and her appointment has been approved by the UWF BOT; and C. Ray Jones, the University President's designee to the BEI Board, will continue to serve on the BEI Board. As noted in the agenda, we will have the election of officers of the new BEI Board coming up later in this meeting.

CEO Ranelli relayed updates about the contract renegotiations with Aramark and Follett. Contract negotiations with Aramark Dining Services have been completed and are currently awaiting review by General Counsel for execution. BEI's commission rate will be increased to 7% from the pre-pandemic level of 6%. Meal plans are now above pre-pandemic levels. Despite elevated food costs, the sales volume in the dining area has been as expected. Aramark will initiate aggressive marketing of voluntary meal plans to both off-campus and on-campus students. Aramark anticipates a breakeven level in the next budget year with the new contract.

The Follett bookstore contract expires September 30, 2024. We anticipate we will execute a 5-year renewal with Follett by the end of the Summer. We have asked Follett to propose an unrestricted cash advance for consideration of extending the contract for another five years. We anticipate that the bookstore will continue to experience some negative trends in book sales, primarily because of the movement toward electronic books. We have asked them to try to offset this decline by increasing merchandising of the retail items in the bookstore.

BEI's budget for the fiscal year 2024 will be presented for budget review and approval, subsequently in this meeting.

Argo Village continues to be 100 percent occupied with sustainable long-term tenants. We anticipate continued improvement in the operations and financial results at Argo Village.

The UWF Small Business Development Center has vacated Building 8 and moved to the UWF College of Business. We have been exploring the renovations of the building to accommodate an infant childcare center for faculty and staff. We are in the process of developing specifications for that renovation and determining cost estimates and also assessing financial projections for the operation of a 24-unit infant childcare center. The cost estimates range anywhere from \$300,000 to \$400,000, although those are preliminary figures. We are talking with Student Affairs and BEI to fund those renovations. We anticipate that the operation of the childcare center, at existing market rates, will incur an annual operating deficit ranging from \$15,000 to \$65,000. The infant childcare center and staffing will be operated by the UWF Childcare Center. We anticipate construction to be complete by January 2024 with occupancy occurring at that point in time. Providing infant childcare services to faculty and staff will be well received. There is currently an extensive waiting list for those services.

CEO Ranelli stated that following Board approval, funds have been transferred from the non-interest-bearing checking accounts into money market accounts and short-term CDs. Revenues from those investments should offset the approximately \$30,000 reduction in lease payments from Building 8.

Public Comments

None

Action Items

1. Election of Officers – CEO Ranelli presented the slate of board members for election as officers of the Corporation. CEO Ranelli reviewed Article 4 of the BEI Bylaws. Due to the current officers being vacant as a result of the Board restructuring that occurred at the last meeting. CEO Ranelli presented the slate of officers: C. Ray Jones as Chairperson, Robert Sires as Vice Chairperson, and Betsy Bowers as Secretary-Treasurer. Chair Jones thanked the Board members for agreeing to serve as officers.

Motion to approve: Member Robert Sires

Second: Member Betsy Bowers

The motion passed unanimously.

2. BEI 2023-2024 Meeting Schedule – CEO Ranelli presented the meeting options for the next fiscal year. The BEI Board reviewed the proposed meeting schedule for 2023-2024 and agreed to meet on the following dates: September 25, 2023, November 27, 2023, February 26, 2024, and April 29, 2024. The dates were presented to the Board for approval.

Motion to approve: Vice Chair Robert Sires

Second: Secretary-Treasurer Betsy Bowers

The motion passed unanimously.

3. BEI FY 2023-2024 Budget – For the Board of Directors' review and approval, CEO Ranelli presented the fiscal year 2023/24 proposed BEI Budget, which was included in the agenda materials. CEO Ranelli reviewed the financial activities included in the proposed budget with the Board. He noted and explained the significant differences between the prior year's budget and the current year's actual activities and proposed budget. The major variance from the prior year is the result of no income during this period for Building 8, an increase in interest, and an increase in salary allocation; however, the loss of lease income will be partially offset by the interest income that we will receive. CEO Ranelli noted the CAM rate increase is anticipated in July 2023 due to increased costs of insurance, landscape maintenance, and electricity.

Motion to approve: Vice Chair Robert Sires

Second: Secretary-Treasurer Betsy Bowers

The motion passed unanimously.

4. Quarterly Expenditure Report – Each quarter, per Article 8 of the BEI Revised Bylaws, BEI is required to file a BEI Quarterly Capital Expenditure Report. This item is presented to have the Board confirm and ratify the receipt of the BEI Quarterly Expenditure Report that was sent out to the President and BEI Board members as of March 31, 2023. There were no significant changes or significant commitment of resources during the quarter.

The Quarterly Expenditure Report was presented for Board confirmation and ratification.

Motion to confirm and ratify: Vice Chair Robert Sires

Second: Secretary-Treasurer Betsy Bowers

The motion was confirmed and ratified unanimously by the three voting Board members present at the meeting.

Informational Items

1. External Audit Entrance – To respect the firm's time, the External Audit Entrance was presented prior to the CEO Report. Kevin Warren, audit director from James Moore & Co., highlighted the audit service plan, timelines, and deliverable service for the fiscal year 2023. He invited questions and comments from the Board Members during the presentation. The Board did not have any questions for the auditors.
2. 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.
3. Investments in Money Market & CD accounts at ServisFirst & Charles Schwab – CEO Ranelli presented the background information of the BEI board's approval at the last Board meeting of moving approximately \$500,000 of BEI's approximately \$865,000 of idle non-interest-bearing cash balance in the checking accounts to a brokerage account and investing in short-term CDs or short-term treasuries. Following the approval, management executed brokerage accounts with Charles Schwab and ServisFirst Bank to invest the funds. At Charles Schwab, \$175,000 at 4.69%, its current rate, has been invested in a money market. At ServisFirst Bank, \$330,000 at 4.1%, its current rate, has been invested in a money market and \$175,000 has been invested at 4.75% in a 13-month CD. We anticipate these investments will generate approximately \$36,000 over the course of the fiscal year and partially offset the loss of rental income from Building 8.
4. 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 third quarter ending March 31, 2023. Variances between budgeted and actual data were noted and explained.

Adjournment

There being no further business, Chair Jones adjourned the meeting at 2:03 p.m.

Respectfully submitted,

Suzanna Daughtry, Accountant