



UWF Business Enterprises, Inc. Board of Directors Meeting
Scenic Hills Country Club Argonaut Ballroom
May 9, 2014 – **Approved**

Present

Chair K. C. Clark, Vice-chair Jay Patel, Secretary Suzanne Lewis, Treasurer John Todorovich, Member C. Ray Jones, Member Hal White, General Counsel Pat Lott, ICEO James Barnett, Vice President Susan Stephenson, and Staff Support Secretary Marie Glass. Absent: President Judy Bense.

Guests: Ellen Till, Ruth Davison, Betsy Bowers, Kim Brown, Jim Hurd, Angela Wallace, Dave O'Brien, Tiffany Nisewonger, Jeff Schmidt, Lewis Bear, Gretchen VanValkenburg, Brittany Swinford, Eric Ingerman, Pennie Sparks, Anamarie Mixson, Molly Murphy, Saltmarsh, Cleaveland & Gund and Phillip DeBoer, Saltmarsh, Cleaveland & Gund.

Welcome/Opening Remarks

Chair Clark called the meeting to order at 9:00 a.m. Ms. Glass called roll and confirmed that a quorum was present.

Approval of Minutes

February 17, 2014. Secretary Lewis asked if there were any changes or corrections to the minutes. None were noted.

Motion to approve: Vice-chair Patel

Second: Member White

Motion passed unanimously.

University Update

Vice President Stephenson provided the latest University updates on behalf of President Bense. Topics included graduation, the Grand Opening of the new Confucius Institute, Student Successes, and Athletics championships and rankings. Dr. Brown provided the legislative update and the BOG Metrics. ICEO Barnett provided a brief summary of the university storm damage.

Treasurer's Report

Treasurer Todorovich stated that the Campus Dining Services amended and restated agreement between BEI and Chartwells was fully executed on April 2, 2014. The renegotiated agreement includes extended amortization periods for the unamortized balances of capital investments made by Chartwells prior to July 1, 2013. Since the effective date of the renegotiated agreement is July 1, 2013, the amount of Dining Services revenue recognized for this fiscal year has been adjusted to reflect these changes. The renegotiated SHCC food and beverage and catering events service agreement with Chartwells is

currently in final review. Staff expects the agreement will be executed prior to fiscal year end. Any bookstore or dining services commissions earned during the remainder of this fiscal year that exceeded the amount of requested auxiliary support for operation by these unassigned functions will be held by BEI for other projects and activities. Parking and Transportation Services revenues and associated expenses were higher during the third quarter compared to the 2nd quarter due mostly to the start of the spring semester. BEI continued to incur project and development costs during the third quarter for University Park through the contractor Brailsford & Dunlavey for financial advisory services. This is approximately 95% complete. SHCC 3rd quarter total revenue was approximately 1.7% less than the 2nd quarter revenue. Operating expenses were 15.3 % lower in the third quarter than the amount of expense during the first and second quarter but overall much smaller net loss was still realized for the third quarter. Scenic Hills was closed two days in January due to negative weather. SHCC began selling introductory memberships in March and began selling introductory memberships on-line in April.

CEO's Report

ICEO Barnett provided the latest updates on Argonaut Village Restaurants, Digital Monument Sign, University Park, Northwest Retirement Village, and Scenic Hills Country Club introductory membership drive and storm damage.

Mr. O'Brien updated the Board on the internship program. Mr. O'Brien had discussions with Dr. Andy Holdnak, Associate Chair of HLES, as to why there has not been any response to the program. The issue has been assessed and steps are in place to build a reputation and develop some interest by looking into possibly partnering with Marriott, field work and job shadowing, then grow into internships.

Public Comments

None

Action Items

- 1) Form 990 and 990-T- Ms. Wallace explained to the Board that the Form 990 is an annual information return BEI is required to file. This is the 2nd Form 990 to be filed for BEI. BEI is also required to file a Form 990-T to report unrelated business income as a tax-exempt organization with gross income of \$1,000 or more from a regularly conducted unrelated trade or business. BEI was granted two extensions of time to file these tax documents. The forms are due to the IRS on May 15th. The 2012 IRS Form 990 – Return of Organization Exempt from Income Tax for the tax period of fiscal year ending June 30, 2013 and the Form 990-T Exempt Organization Business Income Tax Return were prepared for BEI by local CPA Firm – Saltmarsh, Cleaveland, & Gund. Molly Murphy and Philip DeBoer from Saltmarsh are here today and will answer any questions that you might have pertaining to the tax return. Ms. Wallace discussed each section of the Form 990 and 990-T.

The BEI DRAFT 2012 Form 990 and Form 990-T are presented to the Board for approval.

Motion to approve: Member White

Second: Vice-chair Patel

Motion passed unanimously.

- 2) Ratification – Corporate Authorization Resolution (Servis 1st Bank) and Ratification – UWF BEI Signature Authorization for Checks and Transfers of Funds (Servis 1st Bank) – SHCC PayPal Bank Account – Ms. Wallace stated that Scenic Hills Country Club began selling Introductory

Memberships thru the website on April 1, 2014. All credit card payments made on-line are processed through PayPal. A separate bank account was recently established with ServisFirst Bank to receive transfers of funds from PayPal. Signature Authorities on the new account are the same as the Scenic Hills Business Checking account: Rick Gorman, Scenic Hills General Manager; Dr. James Barnett, Interim CEO; and Dr. John Todorovich, Treasurer. The Corporate Authorization Resolution is presented for ratification and approval by the Board along with the Affiliated Account Signature Card required for approval by the Board.

Motion to approve: Secretary Lewis

Second: Treasurer Todorovich

Motion passed unanimously.

- 3) Restatement – Audited Financial Statements for June 30, 2013 – Ms. Wallace explained to the Board that the BEI Board approved the BEI audited financial statements for June 30, 2013 on November 15, 2013. Subsequent to approval the final interpretation of accounting pronouncement GASB No. 60 – *Accounting and Financial Reporting for Service Concession Arrangements* required restatement of the reporting of vendor contracts in the BEI financial statements. This pertains to the Amortization of the \$1.1 million signing incentive paid to BEI and capital investments from the Dining Services vendor under the Dining Services Contract and amortization of the \$600,000 signing bonus paid to BEI and capital investments from the Bookstore vendor under the amendment to the Bookstore Operating Agreement. Amounts previously reported as Deferred Service Concession Arrangement Revenue are now reported as Current and Long-Term Unearned Service and Management Arrangement Income. The Net Position and Change in Net Position for BEI remain the same as originally reported. The updated financial statements of BEI for fiscal year ending June 30, 2013 have been audited by the firm Saltmarsh, Cleveland, and Gund and are presented for Board approval.

Motion to approve: Vice-chair Patel

Second: Member Jones

Motion passed unanimously.

- 4) BEI Budget – Treasurer Todorovich referenced the proposed budget for the next fiscal year as provided in the agenda materials. He stated we now have a history and we had to work on projections prior to this to establish ourselves as an organization. Ms. Wallace explained to the Board various sections of the proposed budget. Dr. Stephenson stated this is the first year Parking and Transportation is included in the budget. The Board discussed the aspects of the budget. The FY14-15 annual budget for BEI is presented to the Board for approval.

Motion to approve: Member Jones

Second: Vice-chair Patel

Motion passed unanimously.

- 5) RFP Accounting Services – Ms. Wallace stated that in November 2013, BEI released a Request for Proposals for Accounting Services. Proposals were submitted by three firms. The submitted proposals were reviewed and scored by the BEI Evaluation Team. After scoring, the top ranked firm – Bizzell, Neff & Galloway was contacted for an interview. The BEI Evaluation Team designated Ms. Wallace to conduct the interview with representatives from the firm to discuss the specific BEI Accounting Services needs and requirements and to report back to the

Evaluation Team. The Evaluation Team then recommended Bizzell, Neff & Galloway to provide Accounting Services for BEI to the UWF Chief Financial Officer and the BEI Interim CEO for review and contract negotiation. The recommendation is now presented to the Board for approval to authorize BEI to execute an engagement letter as outlined in the agenda.

Motion to approve: Vice Chair Patel

Second: Treasurer Todorovich

Motion passed unanimously.

- 6) RFP Auditing Services and Preparation of Form 990 and 990-T – Ms. Wallace stated that in December 2013, BEI released a Request for Proposals for Auditing Services and Preparation of Form 990 and Form 990-T. Proposals were submitted by three firms. The submitted proposals were reviewed and scored by the BEI Evaluation Team. After initial scoring, two firms were closely ranked. Both firms were contacted for an interview. The BEI Evaluation Team conducted separate interviews with representatives from both firms. The Evaluation Team then scored both firms again. The Evaluation Team recommended Clifton Larson Allen to the UWF Chief Financial Officer and the BEI Interim CEO for review and contract negotiation. The recommendation is now presented to the Board for approval to authorize BEI to execute engagement letters as outlined in the agenda.

Motion to approve: Member White

Second: Secretary Lewis

Motion passed unanimously.

- 7) Nomination of One (1) Additional Board of Director – ICEO Barnett asked the Board to reference the matrix as provided in the agenda. Vice President Stephenson added that the nominating guidelines as well as the position description were included. The handouts provide a list of 5 potential nominees. The Board discussed the nominees. UWF BOT Chair Lewis shared his thoughts as well. The Board decided to direct staff to contact the candidates to gauge their interest in serving. Staff will contact candidates Mr. Dick Baker, Ms. Debbie Ritchie and Mr. Lacey Collier.

Informational Items

- 1) Budget to Actual - Chair Clark thanked Ms. Wallace for the Quarter Comparison Report. Ms. Wallace will plan to update those reports for each meeting. Ms. Wallace explained to the Board since we recently executed the amended agreement with dining services there were some adjustments that had to be worked in the amortization of revenues to capital investments. That is factored into the 3rd quarter report. There were 22 rain days that affected seven weekends at SHCC and they were closed for two days for the ice storm. Compared to last year third quarter, 13 days with rain last year with 2 weekends affected. SHCC has increased revenue by utilizing social media, promotions with Groupon, and selling introductory membership on-line. Dining Services expenses are high right now, but this is just because of the timing of the auxiliary support. They will not exceed budget.

Break at 10:30 a.m.

Resumed at 10:50 a.m.

- 2) University Park – ICEO Barnett presented the Full Build-Out University Park Project and briefly discussed minor changes. Next, he presented the Phase 1 University Park Scope of Project and discussed changes. The Board discussed various projects and funding. Vice President Stephenson stated there may be a special meeting before the next regular BEI meeting on August 4, 2014 to approve the ground lease for the project.

Other Business

None

New Business

None

There being no further business, the Chair adjourned the meeting at 11:19 a.m.

Respectfully submitted,
Tiffany Nisewonger, Assistant Staff Support Secretary