



UWF Business Enterprises, Inc. Board of Directors Meeting

University of West Florida

Virtual Meeting

September 26, 2022

Present

Chair C. Ray Jones, Treasurer Chula King, Member Jerry Maygarden, Member Judge Lacey Collier, and SGA President Patrick Marshall. Also attending were Associate Vice President Jeffery 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: Kevin Warren

Absent

Vice Chair Susan O'Connor, Member Robert Sires

Welcome/Opening Remarks

Chair Jones called the meeting to order at 1:00 p.m. He welcomed all attendees to the quarterly BEI Board of Directors meeting and thanked them for their attendance. He then asked Suzanna Daughtry to call the roll and she confirmed that a quorum was present.

Approval of Minutes

April 25, 2022 BEI Board Meeting.

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

Motion to approve: Chula King

Second: Judge Lacey Collier

Motion passed.

University Update

Dr. Ranelli provided the University update highlights in President Saunders's absence. UWF enrollment is at an all-time high with 14,000 enrolled students. Students and staff are back on campus. UWF is returning to pre-pandemic levels. The budget is the best it has been in several years and that is largely due to the Northwest Florida Delegation. There was an increase in the operating budget of about \$6 billion. In addition, SUS made an allocation of \$13.5 million for deferred maintenance and there was an additional \$8.5 million for deferred maintenance to catch up on deficiencies in the maintenance budget. The Nursing program received about \$4.8 million for the expansion of the nursing program. Recurring funds were received of \$1.3 million for the Haas center, \$1.1 million for mechanical engineering, and \$1 million for physician assistants. Dr. Ranelli noted that the Board of Governors met on the UWF campus for the September meeting. Returning to normalcy this year is anticipated.

CEO's Report

Dr. Ranelli provided financial highlights for the 2022 fiscal year. He noted that students are back on campus with a record enrollment of 14,000 students. He also noted that dining services and bookstore activities are near pre-pandemic levels and that Argo Village is 100% leased. BEI reported a net income of \$508,540 but below budget due to pandemic-related reductions in dining and bookstore sales, amendments to the dining service contract, and vacancies at Argo Village. BEI did have a positive cash flow of \$155,659 (inclusive of depreciation) for the year and closed the fiscal year with an

\$885,899 cash balance. Dr. Ranelli reviewed the recent amendments to the Aramark agreement. He stated that despite the amendment adjustments, dining services closed the year with a positive net income of \$528,675 and BEI donated \$223,682 in dining commissions to UWF. Despite the transition to online instruction and the trend to online textbooks, BEI's bookstore commissions were \$302,201. BEI donated \$242,201 commissions to UWF and reported a net income of \$60,000 for the year. Per the Follett bookstore contract, the amortization of deferred revenues from Follett's cash advances will be completed in September 2022. CEO Ranelli then shared information about rental revenues from Argo Village and Building 8. Lastly, Dr. Ranelli reported that the Crowe LLP audit of BEI's internal controls reported no internal control or compliance issues at BEI.

Treasurer Report

Treasurer King provided the Treasurer's report.

The bookstore and dining sales are improved since the prior year.

- In the past fiscal year, Follett reported bookstore sales of \$2.363 million yielding a \$10.25% commission of \$242,201 to BEI. This represents a decrease from the prior year's sales which were \$2.887 million with commissions of \$295,928. This decrease is in line with prior year trends due to changes in textbook sales and Florida Textbook Affordability Act.
- Aramark reported \$4.818 million in sales for the past fiscal year. BEI received a 5% commission of \$240,897 before sales tax. This is more than prior year sales of \$3.762 million (\$511K was non-commissionable for July 2020 meal plans due to contract modification related to the Pandemic) with a 6% commission of \$197,737 before sales tax.

Rental incomes are less than expected due to Argo Village vacancies and deferral of rent due dates for new occupants.

- BEI received \$238,306 for rent and CAM (common area maintenance) fees from tenant leases at Argonaut Village. Rent revenues for the prior year were \$260,389. The difference is mostly due to the deferred rent revenue based on straight line converting to GASB 87 leases, the loss of tenant in suite 200, The Argo Fan Shop, in May 2021, and the deferral of the rent start time for suites 600 and 200. The conversion of leases to GASB 87 resulted in the net position for FYE 2021 changing from \$4,311,132 to \$4,313,421. Starting in May, **Eurasian Bistro** has occupied suite 600. **Hotworx** is now scheduled to begin occupancy on December 12 per current negotiations.
- Under the new lease beginning July 1, 2019, for Building 8, rent revenue received was \$31,019 for the fiscal year of 2022. Prior year revenue was \$29,509. The increase in rent revenue is due to the annual 2% lease increase, which is continued at \$10.40 per square foot. The tenant, SBDC, has opted to extend the lease for two years until June 30, 2024.
- The BEI fiscal year-ending net revenue over expenses from all activities is approximately \$508,540. The prior year was lower at \$226,957. The significant increase is largely due to the increase in dining services commissions during the last quarter of the fiscal year 2022 of \$132,462.
- The cash balance as of June 30, 2022, was \$885,899.48. The estimated cash inflow is \$15,180 for the fiscal year 2023.

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

Public Comments

None

Action Items

1. Draft Audited Financial Statements for June 30, 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. Mr. Warren highlighted and commented on the components of the audited financial report. He

noted that the audit opinion stated in the report indicates that the financial statements present fairly, in all material respects, the financial position of UWF Business Enterprises, Inc. as of June 30, 2022. 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, 2022 were presented for Board approval. It was noted and confirmed by Kevin Warren that there were no material differences between the BEI draft audited financial statements for June 30, 2022 included in the board packet and the final BEI audited financial statements for June 30, 2022.

Motion to approve: Treasurer Chula King

Second: Patrick Marshall

Motion passed by three of the seven voting Board members.

Due to the early departure of a voting Board member before the motion to approve the financial statements, there was not a majority of the voting Board members present for the motion. We will retake the vote at the next Board meeting with the final BEI audited financial statements for June 30, 2022.

Informational Items

1. Third Amendment to Aramark Agreement – CEO Ranelli reviewed the executed third amendment to the Aramark Amendment. The minimum guarantee on the commissions was mutually agreed to be waived for the fiscal year 2022 and fiscal year 2023. Also, there was an agreement to reduce the commissions from 6% to 5% for the fiscal year 2022. The commission for the fiscal year 2023 will be 6%. An 8% increase in the student meal plans was also agreed on for the fiscal year 2023. It was agreed that both parties will revisit the price increase and commissions by the end of the fiscal year 2023 based on the most current data.
2. 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 fiscal year ending June 30, 2022. Variances between budgeted and actual data were noted and explained.

Auxiliary Director Report

Mr. Adams shared that meal plan purchases are nearly at pre-pandemic levels. Aramark reported total concessions of \$18,600 from the first two football games on campus with three more games upcoming. Follett bookstore reported concessions of over \$21,000 from both inside the bookstore and on the field during the first two football games. Aramark has been expanded to be able to take credit cards and Nautilus cards for payment. There were over \$500 in sales from the Nautilus card purchases. Regarding Argo Village, the remodeling at Hotworx is ahead of schedule and they hope to open by late October. Hotworx has reported pre-selling over 100 memberships.

Other Business

Mr. Marshall confirmed that student engagement and enrollment is at an all-time high. He also confirmed that there were many concession purchases at the football games. Mr. Marshall stated that he went to purchase a polo shirt at the bookstore and that they were all sold out.

Adjournment

There being no further business, Chair Jones adjourned the meeting at 1:36 p.m.

Respectfully submitted,
Suzanna Daughtry, Accountant