



## **UWF Business Enterprises, Inc. Board of Directors Meeting**

University of West Florida

Virtual Meeting

September 27, 2021

### **Present**

Chair C. Ray Jones, Treasurer Chula King, Member Jerry Maygarden, Member Robert Sires, SGA President Ruben Gardner and UWF President Martha Saunders. Also attending were Vice President Betsy Bowers, General Counsel Susan Woolf, Chief Executive Officer Ed Ranelli, and Accountant Carole Reed

Guests: Carolyn Eaton, James Adams, Cynthia Talbot, Jeffery Djerlek, Kevin Warren, Wayne Durrett, and Drew Steinmeyer

### **Absent**

Member Judge Lacey Collier, Vice Chair Susan O'Connor

### **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 Carole Reed to call the roll and she confirmed that a quorum was present.

### **Approval of Minutes**

April 26, 2021 BEI Board Meeting.

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

Motion to approve: Jerry Maygarden

Second: Chula King

Motion passed.

### **University Update**

President Saunders provided the University update highlights. Dr. Saunders will be presenting the annual State of the University Address on Thursday, September 30. She was happy to report a smooth start of the academic year. The fall semester showed a record enrollment of 13,246 to date, and the University has a stabilized budget. Dr. Saunders noted many of the recent recognitions that the University has received including the several 2022 ranking recognitions by U.S. News & World Report.

### **Treasurer Report**

Treasurer King provided the Treasurer's report.

- Follett reported bookstore commissionable sales of \$2.887 million yielding a 10.25% commission of \$298,435 for fiscal year ending June 30, 2021. This represents a sales decrease of \$347,969 compared to prior year sales which were \$3.235 million. Bookstore commissions were \$33,160 less than prior year commissions of \$331,595. In fiscal year ending June 30, 2021, BEI provided \$295,928 to UWF for direct auxiliary management support for oversight of the Bookstore Services Assigned Function.
- Aramark reported commissionable sales of \$3.251 million and paid a 6% commission of \$184,799 for fiscal year ending June 30, 2021. Commissionable sales were less than prior year by \$1.082 million and dining commissions were \$76,667 less than prior year commissions of \$268,446. The reduction is due to reduced dining services as the campus transitioned to remote instruction. All the fiscal year 2021 commissions of \$184,799 were provided to

UWF for reserves and direct auxiliary management support for oversight of the Dining Services Assigned Function. As a reminder, the campus closed in March 2020 for remote work and study in response to the Global Pandemic. A contract MOU and an amendment were signed with the dining services vendor on July 14, 2020 and November 17, 2020 which provided for discontinuing and limiting dining services and sharing costs due to the disruption of regular operations on campus.

- BEI received \$260,208 for rent and CAM (common area maintenance) fees from tenant leases at Argonaut Village. Rent revenues in the same time prior year were \$278,476. The decrease is mostly due vacancy for suite 600 for the entire year and offset by a lease for this space that earned BEI \$15,000, but was terminated by the tenant prior to occupancy due to its other business difficulties related to the Pandemic.
- Under the lease for Building 8, rent revenue received was \$29,508. Prior year revenue was \$28,930. The increase in rent revenue is due to the annual lease rate per square foot increase of 2%.
- BEI reported net income of \$226,954 for fiscal year 2021 compared to prior year income of \$776,107. The reduction is due to reduced bookstore and dining commissions described above, but largely due to the cumulative effect of the November amendment to the dining contract which extended the amortization of capital improvements an additional 5 years. This reduced deferred revenue by \$503,914 in the current year.
- Adjusting net income for depreciation, capital improvements, deferred vendor revenues and other items, the cash inflow was approximately \$136,806 for the year ending June 30, 2021 compared to \$116,817, after the donation of \$1.050 million capital improvement to UWF in the prior year. At the end of fiscal year June 30, 2021, BEI's ending cash balance was \$828,362 compared to prior year ending cash of \$691,557.

Treasurer King noted that she has reviewed the year to date cash activity of BEI as of June 30, 2021.

### **CEO's Report**

Dr. Ranelli provided financial highlights of the 2021 fiscal year. He noted that despite a challenging year due to COVID and movement to remote instruction, BEI finished the fiscal year better than anticipated. BEI reported net income of \$226,954 compared to the prior year of \$776,107. The reduction is due to reduced bookstore and dining commissions, but is largely due to the cumulative effect of the extension of the amortization of capital improvements which reduced deferred revenue by \$503,914, a non-cash item. Adjusting net income for the \$503,914 reduction in deferred revenue yields a net income of \$730,868 or a negative variance to prior year of only \$45,243. Adjusting net income for depreciation, capital improvements, deferred vendor revenues and other items, BEI had a positive cash flow of \$136,806 for the fiscal year compared to \$161,817 in the prior year. Dr. Ranelli shared that the tax form 990 has been completed by James Moore and Company and is in review and should be ready to submit on time by November 16, 2021. CEO Ranelli then shared information about lease space available at Argo Village and ongoing lease negotiations.

### **Auxiliary Director Report**

Mr. Adams shared highlights from the Bookstore and Dining Services activities for the beginning of the fall semester. Bookstore sales were strong with retail sales driving the increase. Sales at the on-campus football game topped \$10,000 which was about \$3,500 higher than average at Wahoo Stadium. The upward sales trend is expected to continue throughout this year. Follet is also running another pilot of the Access program for the spring semester and increasing the number of sections in the program. Meal plan sales have been good with 1,041 meal plans sold to date and additional sales anticipated during the semester. The goal is to match the 2019 sales of 1,100 plans sold. Aramark like other businesses across the country is struggling to hire employees to run their operations. The semester began with two retail outlets closed and another with modified hours due to the staffing shortage. However, as of last week this has been rectified and all retail outlets are back to normal operations which should help to increase sales.

### **Public Comments**

None

### **Action Items**

1. Draft Audited Financial Statements for June 30, 2021 – Mr. Wayne Durrett representing James Moore and Company, independent certified public accountants, presented the audited financial report for the year ending June 30, 2021. Mr. Durrett 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, 2021. 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, 2021 were presented for Board approval.

Motion to approve: Ruben Gardner

Second: Treasurer Chula King

Motion passed unanimously.

2. Revised Master Sublease Agreement - CEO Ranelli informed the Board that in response to the 2020 UWF audit finding, BEI agreements were reviewed to ensure BEI is current with changing legislation and to ensure accountability and transparency. The Master Sublease Agreement was reviewed and revised by BEI management, a workgroup and General Counsel. Dr. Ranelli itemized the revisions for the Board in the red-line copy available in the BOD documents.

These revisions were presented to the UWF-BEI Board of Directors for approval so that they may be submitted to the UWF BOT for approval.

Motion to approve: Member Jerry Maygarden

Second: Chula King

Motion passed unanimously.

### **Informational Items**

1. Board Members term expirations and reappointments – CEO Ranelli informed the Board that UWF-BEI Bylaws section 3.4 provides direction for UWF-BEI Board of Directors terms and appointments. Three directors have initial terms that are due to expire soon. These members are eligible for reappointment for a second term. After consulting with the members to ensure their interest to continue serving, these members were reappointed.

Chair Jones thanked the reappointed members for their contributions and their willingness to serve.

2. BEI Budget to Actual – Carole Reed 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, 2021. Variances between budgeted and actual data were noted and explained.

### **Other Business**

There was a discussion on BEI's purpose to advance the University as stated in the Bylaws and current opportunities for members to support the University.

### **Adjournment**

There being no further business, Chair Jones adjourned the meeting at 1:48 p.m.

Respectfully submitted,  
Carole Reed, Accountant