



UWF Business Enterprises, Inc. Board of Directors Meeting

University of West Florida

Virtual Meeting

February 26, 2024

Present

Chair C. Ray Jones, Treasurer-Secretary Betsy Bowers, and Member Dick Baker. Also attending were President Martha Saunders, 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.

Guest from Moore, Hill & Westmoreland, P.A.: Jessica Scholl

Absent

None

Welcome/Opening Remarks

Chair Jones called the meeting to order at 1:01 p.m. He introduced Dick Baker as the representative from the Board of Trustees (BOT) and welcomed him as a new member of the BEI Board of Directors. 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

September 25, 2023, BEI Board Meeting.

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

Motion to approve: Treasurer-Secretary Betsy Bowers

Second: Member Dick Baker

Motion passed.

University Update

President Saunders provided the University update. She relayed that the Legislature budget has dropped and that they are now going into a conference to determine how to divide up the money. She stated she believes the higher education budget is \$6.4 billion. We will wait to see what UWF receives. Enrollment for the Spring semester was confirmed to be up 6%. There has been steady and sustainable growth over the past few years. Fall applications and admissions are up, so it looks like another strong enrollment in the Fall semester. Our swim and dive team won the NSISC conference championship. Coach Philip Kraus won swim coach of the year and Barbara Parker won dive coach of the year. Also, Freshman Taylor Graham won diver of the meet. We are in the midst of a positive athletic year.

President Saunders reviewed updates on Facilities. The gateway project is underway. It is a more formal part of our landscape master plan; it will be a beautiful entryway to the university where students can stand and take pictures safely. Also, there is good progress on the Darrell Gooden Center.

Treasurer Report

Treasurer-Secretary Betsy Bowers provided the Treasurer's report.

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

- Follett reported bookstore commissionable sales of \$1.329 million yielding an 11.65% commission of \$154,851 to date. This represents a sales decrease of \$130,552 compared to the prior year's second-quarter sales which were \$1.460 million with an 11.65% commission of \$170,061. This decrease is in line with prior year trends due to changes in textbook sales and the Florida Textbook Affordability Act.
- Aramark reported commissionable sales of \$3.401 million and paid a 7% commission of \$238,082 for the second quarter of the fiscal year ending June 30, 2024. This is higher than the prior year, July through December, with commissionable sales of \$2.841 million with a 6% commission of \$170,460.
- All the bookstore and dining commissions received for the fiscal year 2024 have been provided to auxiliary services for their support functions.
- BEI received \$165,787 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 \$155,710. The increase is mostly due to full tenant occupancy.
- There was no revenue for Building 8 as it has been vacant. Building 8 is in the process of being sold.
- BEI reported a net income of \$232,235 for the second quarter of 2024 compared to the prior year's net income of \$245,679 for the second quarter of 2023. The decrease is due largely to there being rent revenue from Building 8 in the fiscal year 2023 and there being no revenue from Building 8 in the fiscal year 2024.
- At the end of December 31, 2023, BEI's ending cash balance was \$924,807 compared to \$923,574 in the prior year.

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

CEO's Report

CEO Ranelli welcomed new BEI Board member, Dick Baker. He stated that Mr. Baker will replace Robert Sires who has resigned from the UWF Board of Trustees (BOT). He thanked Mr. Sires for his service to UWF and BEI. Mr. Baker will serve as the UWF BOT representative to the BEI board. CEO Ranelli stated that he has updated Mr. Baker on BEI, and provided a brief orientation to BEI and the Board.

CEO Ranelli discussed BEI's year-to-date financial performance through January 2024. The BEI estimated Net Income and Cash Balance, as of the end of January 2024, were \$268,903 and \$919,452, respectively.

CEO Ranelli provided updates regarding the bookstore contract negotiations. The bookstore contract with Follett expires September 30, 2024. BEI is in the final stages of renegotiating a renewal and a new contract which includes the transition to the Equity Access Program (EAP) which will provide online access to all of a student's required instructional materials at a reduced total cost of \$270 per student per semester.

Currently, negotiations with Follett for bookstore services also include:

- Bookstore commission rates at the current commission rate beginning at 11.65% on bookstore sales up to \$4.0 million, with increases in the commission rate for sales above \$4.0 million.
- Follett providing capital advances to BEI/UWF of \$1.0 million consisting of \$300,000 cash advance upon renewal of the bookstore contract for two five-year terms; \$200,000 cash advance upon implementation of the EAP Program; \$250,000 cash advance for renewal of the second five-year term; and \$250,000 for bookstore renovation and upgrade.

Upon completion of bookstore negotiations, the renewal and new contract and terms will be presented to the BEI board for review and approval at a subsequent board meeting.

CEO Ranelli provided updates regarding the dining services contract negotiations. BEI and Aramark are currently negotiating amendments to our existing food service contract which expires in 2028 but was extended to 2033 due to the impacts of the COVID pandemic. Current issues under negotiation include:

- Limiting food price increase to 4% to keep prices comparable to other SUS universities.
- Extending the current contract to 2033 by exercising the current contract option and including an option to renew for an additional 5 years to 2038.
- Aramark providing funds for \$950,000 in capital projects consisting of:
 - \$100,000 for Micro Lab & Rolling Hills project at the Engineering building
 - \$500,000 for renovation/transition to the Drop Program: a pre-prep/online/pick-up
 - \$250,000 for franchise mandatory refresh/renovation of Chick-fil-A
 - \$100,000 unrestricted cash advance
- BEI will recruit a local coffee vendor to replace Starbucks at Argo Village to avoid a \$800,000 franchise mandatory renovation.

Upon completion of final negotiations, the amendments to the Aramark food service contract will be presented to the BEI board for review and approval at a subsequent board meeting.

CEO Ranelli provided an update on the sale of Building 8, the office building and property at 9999 University Pkwy. The Small Business Development Center vacated Building 8 and relocated back to the UWF College of Business on July 1, 2023. After exploring alternative uses for the building from other UWF units, BEI offered the office building for lease or sale.

Later in this board meeting, we will ask the BEI board to approve the sale of the office building and property at 9999 University Pkwy to the International Union of Elevator Constructors (IUEC) Local 124.

Public Comments

None

Action Items

1. Sale of Building 8 at 9999 University Pkwy – The International Union of Elevator Construction (IUEC) Local 124 inquired about the purchase of the property, and after review and inspection, made an offer to purchase the property and office building. After some negotiation of the purchase price, BEI and IUEC representatives agreed upon a cash purchase price of \$461,500, which is above the appraised value of \$455,939 conducted by Sherrill Appraiser in May 2023. The membership of IUEC approved the purchase of the office building and property on January 12, 2024. The presentation ended with an opportunity for the Board to ask questions and discuss the information.

Motion to approve: Member Dick Baker

Second: Secretary-Treasurer Betsy Bowers

The motion passed unanimously.

2. Replacement of Digital Sign in Argo Village at UWF Entrance – For the Board of Directors approval and authorization, Director of Business and Auxiliary Services James Adams presented the purchase of a replacement digital sign at the Argonaut Village entrance to the UWF campus with a spending limit of up to \$110,000. The digital sign at Argonaut Village has not been operable for the past two months. This sign is an integral part of our advertising strategy for both the University and Argonaut Village. BEI has been asked to assist in the purchase of a replacement sign as soon as possible. We are currently looking at a new Daktronics sign to be purchased through the state contract to ensure the lowest price. We currently have the Daktronics software on campus that we can utilize without an additional annual subscription fee.

Motion to approve: Secretary-Treasurer Betsy Bowers

Second: Member Dick Baker

The motion passed unanimously.

3. Form 990 – CEO Ranelli informed the BOD that the 2022 form 990 included with their meeting materials was prepared by James Moore & Co. He recommended that the BEI Board approve the tax returns as electronically submitted to the Internal Revenue Service by the accounting firm. Chair Jones cited the importance of this public document.

Motion to approve: Member Dick Baker

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 on January 8, 2024. 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: Member Dick Baker

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. Investments in Money Markets, CD, and U.S. Treasury accounts at ServisFirst & Charles Schwab – CEO Ranelli presented the background information of the BEI board’s approval of moving approximately \$500,000 of BEI’s approximately \$865,000 of idle non-interest-bearing cash balance in the checking accounts to brokerage accounts and investing in short-term CDs or short-term treasuries. At Charles Schwab, \$75,000 at 5.09%, its current rate, has been invested in a money market and \$100,000 has been invested at 4.375%, its current rate, in a U.S. Treasury. 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. CEO Ranelli reviewed the amounts of interest earned on each account as of January 31, 2024.
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 second quarter ending December 31, 2023. Variances between budgeted and actual data were noted and explained.

Adjournment

There being no further business, Chair Jones adjourned the meeting at 1:46 p.m.

Respectfully submitted,

Suzanna Daughtry, Accountant