



UWF Business Enterprises, Inc. Board of Directors Meeting
University of West Florida
Conference Center Lounge, Building 22
February 5, 2018

Present

Treasurer Ed Ranelli, Member C. Ray Jones, Member Judge Lacey Collier, SGA President Kishane Patel, Member Chula King, Member Jerry Maygarden, Member Dave Cleveland, Member Susan O'Connor, President Martha Saunders, General Counsel Pamela Langham, Chief Executive Officer Steve Cunningham, and Assistant to the CEO Lisa Bernau.

Guests: Betsy Bowers, Tiffany Nisewonger, Cindy Talbert, Colleen Asmus, Ellen Till, Janice Gilley, Eric Ingerman, and Dorian Zwierewicz.

New Board Member Orientation

The regular Board of Directors meeting was preceded by a New Board Member Orientation meeting attended by most members of the BEI Board. During the New Board Member Orientation, CEO Cunningham reviewed highlights of BEI Regulations and Operating Policies along with a two-year overview of important events. Controller Colleen Asmus provided a Budget and Audit overview. General Counsel Pam Langham provided a Legal Overview including the Florida Sunshine Law, Public Records, Conflict of Interest, and Code of Ethics requirements.

Welcome/Opening Remarks

CEO Cunningham called the meeting to order at 1:30 p.m. Lisa Bernau called roll and confirmed that a quorum was present.

Approval of Minutes

November 6, 2017, Board Meeting.

CEO Cunningham asked if there were any changes or corrections to the minutes. None were noted.

Member Jerry Maygarden, Member Chula King, Member Susan O'Connor and Member Dave Cleveland abstained.

Motion to approve: Member C. Ray Jones

Second: Member Judge Lacey Collier

Motion passed.

University Update

The University capital campaign closed out at \$64.4 million dollars; the next capital campaign is in the works.

In Academic Affairs, the weekly war room focus is on performance based metrics, which are subject to change by the Florida Board of Governors or the Legislature.

UWF Athletics has received national attention due to football exposure. UWF will also be hosting the basketball playoffs this year.

Housing applications are up 46% compared to last year.

Academic Engagement is moving forward with "Suit Up," a project that assists students with purchasing an appropriate work wardrobe at JC Penney.

Although the weather has caused some delay, the University Park project should be completed in late March, with an open house planned during UWF Founder's Week in April.

Ground was broken for the Lab Sciences Annex that provides an emphasis on STEM for both students and faculty.

The new tax code will result in some changes in the way business is conducted at UWF.

UWF continues to strengthen its presence in Ft. Walton Beach, including plans for a Sea3D Additive Manufacturing Lab

on that campus.

The President is appointing a military affairs liaison who will assist in strengthening UWF's relationships with the military.

Enrollment in the Fall was a little more than 13,000. Some students withdrew due to hurricane activity in the state. Enrollment for Spring semester was 12,300.

Treasurer's Report

Treasurer Ranelli provided the Treasurer's Report.

- The Treasurer and CEO meet regularly to review BEI financial information and to sign checks, transfer requests, and other financial documents.
- Bookstore sales through the end of the 2nd quarter decreased approximately 13% compared to sales through the end of the 2nd quarter of last fiscal year. There was a decline in new textbook sales resulting from an increase in used book sales and digital book sales. Clothing and gift sales declined possibly as a result of fewer FTIC resident students.
- Upon BEI's notice of termination of the campus dining services agreement, the Chartwells agreement was assigned to the University. As of November 2017, all dining services commissions under the current agreement are University revenue. For the period BEI earned dining services commissions this fiscal year, sales for campus dining services decreased 18% compared to sales for July through October 2016. The decrease is from fewer mandatory meal plan sales, which includes a decrease in Dining Dollars. This is a result of a reduction in the number of FTIC resident students.
- Parking and Transportation Services was reassigned to the University on July 1, 2017. BEI recorded a \$3.8 million donation to the University in July 2017 from the reassignment.
- BEI completed the sale of Scenic Hills Country Club on August 31, 2017. BEI recorded a loss from the sale in the amount of \$1,080,000.
- BEI continues to earn rental income from Argonaut Village.
- Revenue from the Digital Signs has decreased 25% through the end of the 2nd quarter compared to the revenue through the end of the 2nd quarter of last fiscal year, primarily from reduced lease fees associated with reduced advertising sales for the East Campus digital monument sign.

CEO's Report

CEO Cunningham reflected on past key developments for UWF BEI. BEI was in serious financial straits due to the underperforming Scenic Hills Country Club and several issues with the food services contract. Reassigning Parking and Transportation Services to UWF and closing on the sale of SHCC (sufficient to pay off outstanding debt of that operation) were two key developments. BEI then solicited proposals for a new dining services contract and received interest from three companies. All companies were given the same criteria, which included BEI's assumption of the operations of Argonaut Village as of the transition date and the requirement for the proposers to pay off as much of the existing outstanding unamortized liability for capital investment as possible. Sodexo, Aramark, and Chartwells responded. A working group was formed to evaluate the proposals and provide feedback to BEI and the President. Aramark was selected for further negotiations, and that transition process should be completed by May 5, 2018. Ultimately, approval by the BEI Board of Directors and the UWF Board of Trustees will be required. The new contract will triple the amount of revenue compared to the current agreement and provide new capital investment, as well as satisfy the unamortized liability to Chartwells. The end result will be a positive development for BEI and allow a focus on stabilizing Argonaut Village moving forward.

Public Comments

None

Action Items

- 1) Board of Directors/Nominations & Election of Officers – CEO Cunningham explained that the chair, vice-chair, and secretary positions are vacant. Nominations were taken for the position of chair. Member Dave Cleveland was nominated by Member Judge Lacey Collier with support by Member C. Ray Jones.

Motion to approve: Member Judge Lacey Collier

Second: Treasurer Ranelli

Motion passed unanimously.

Chair Cleveland assumed control of the meeting.

Nominations were taken for the position of vice-chair. Member C. Ray Jones was nominated by Member Jerry Maygarden with support from Member Judge Lacey Collier.

Motion to approve: Member Jerry Maygarden

Second: Member Judge Lacey Collier

Motion passed unanimously.

Nominations were taken for the position of secretary. Member Susan O'Connor was nominated by Vice-Chair C. Ray Jones with support from Treasurer Ranelli.

Motion to approve: Vice-Chair C. Ray Jones

Second: Treasurer Ranelli

Motion passed unanimously.

- 2) Amendment Number One/Lease Agreement with Chartwells for Argonaut Village – CEO Cunningham reported that General Counsel has reviewed this document which outlines procedural changes due to the upcoming transition with Aramark on May 6, 2018.

Motion to approve: Treasurer Ranelli

Second: Member Judge Lacey Collier

Motion passed unanimously.

Information Items

- 1) Argonaut Village Update – CEO Cunningham reported that the May 6, 2018 transition date is the day that BEI assumes control of Argonaut Village. BEI has reviewed the financials, the status of the sub-tenants, and the need to recruit a tenant for the anchor space. Boneheads continues to operate, and BEI is working with the owner/alum through the College of Business and Hospitality avenues. The vacant and former Subway space is of interest to the owner of Herbal Nails and Spa, and BEI is working with General Counsel on amending the lease agreement for inclusion of that vacant space. The Follett Argo Fan shop opened in Fall 2017. Starbucks will transfer from Chartwells to Aramark and BEI will receive lease income from Aramark after the May 6, 2018 transition. The anchor space is not leased at this time and will need to be built out for improvements when a tenant indicates an interest. A pedestrian bridge is not in the immediate plans, but tenants are being asked to encourage their employees to park in the upper (separate) parking lot directly west of Argonaut Village. Signage options for the development are being reviewed at this time. Cash flow, lease payments, tenant improvements, and expenses are also being reviewed.
- 2) Food Services Transition Update – CEO Cunningham reported Aramark was approved to assume the food services responsibilities effective May 6, 2018, pending successful contract negotiations. The initial term of the contract is for a period of ten (10) years. Aramark will be bringing in a Chick-fil-A, Moe's Southwest Grill or equivalent, and other new venues as well as remodels and improvements to existing dining services facilities and premium meal plan service. Residence halls will continue to have convenience stores and café venues with upgrades. The agreement will be presented to the BEI Board for approval before it goes to the University Board of Trustees for approval, and BEI is on track to have that agreement available for the April BEI Board meeting.
- 3) Strategic Planning Process – CEO Cunningham reported he will be working with each Board member as well as University Administration and other stakeholders to compile ideas for the future of BEI in preparation for a strategic

planning session to be held at the April meeting. A report will be prepared for review and discussion following the meeting.

Other Business

SGA President Kishane Patel shared his concerns about the decline in bookstore sales, especially in light of cheaper off-campus offerings. Ellen Till clarified that part of the decline in book sales for the bookstore is due to an increase in used book and digital sales. Follett continues to explore less expensive ways to offer the product to the student. SGA President Patel also shared his opinion that an improvement in food service should result in an increase in the number of voluntary meal plans sold. Students will appreciate having more options/high end food venues on campus because it will allow them the convenience of staying on campus during breaks between classes.

New Business

None

Adjournment

There being no further business, Chair Cleveland adjourned the meeting at 2:50 p.m.

Respectfully submitted,
Lisa Bernau, Assistant to the CEO