



UWF Business Enterprises, Inc. Board of Directors Meeting
Scenic Hills Country Club Argonaut Ballroom
November 10, 2014

Present

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

Guests: Angela Wallace, David O'Brien, Tiffany Nisewonger, Rick Gorman, Ruth Davison, Jim Hurd, Megan Prawdzik, Brendan Kelly, Anamarie Mixson, Eric Ingerman, Johnathon Schnigg, Susan Stephenson, Dave Scott, Martha Saunders, Cindy Talbert, Gail McGrady, Ellen Till, Jake Herbert, Carlos Sosoy, Phillip Imperial, Courtney Miller, Ethan Freeland, Jenny Hamilton, Greg Kirby and Steve Moreau of Follett, and Karen Wright, ServisFirst Bank.

Welcome/Opening Remarks

Chair Clark called the meeting to order at 1:30 p.m. Ms. Glass called roll and confirmed that a quorum was present.

Approval of Minutes

September 22, 2014. Chair Clark asked if there were any changes or corrections to the minutes. None were noted.

Motion to approve: Vice-chair Jay Patel

Second: Member C. Ray Jones

Motion passed unanimously.

University Update

President Bense provided the latest University updates about the administrative structure, reaffirmation of accreditation by SACSCOC, athletic successes, holiday break, enrollment, and faculty union impasse negotiation. UWF student Jeni Curry was named Student of the Year by the National Collegiate Honors Council during the council's 2014 Conference in Denver, Colorado; this is the highest honor bestowed upon an undergraduate student.

Treasurer's Report

ICEO Barnett provided the Treasurer's Report on behalf of Treasurer Todorovich. The BEI 2013 tax forms 990 and 990-T were prepared by BEI's auditing firm Clifton Larson Allen and were presented in detail later in this meeting. There was a small decline in bookstore sales in the first quarter this fiscal

year as compared to the first quarter last fiscal year. The decline is likely due to an increase in part to competition in online retailers and textbook rentals. Campus dining sales have increased first quarter this year versus first quarter last year; however, the commission rate was reduced by 5% (from 7.25% to 2.25%) during the contract renegotiation in exchange for additional capital improvements which total \$7.68 million during the course of the 20 year agreement that expires on June 30, 2035. Some of those capital investments include: a) \$50,000 renewal of tables and chairs at SHCC, b) East Campus Argonaut Village \$3.68 million after Amendment 1 is executed, and c) approximately \$100,000 spent recently for retail dining improvements such as Starbucks point of sale upgrades. Parking and Transportation fee increase materialized. We are in the third year of a five year permit sale increase. Scenic Hills Country Club revenue is trending in the right direction in comparing the first quarter of 2014 to the first quarter of 2013. Revenue is up 32% due to the golf and pro shop income. Some non-recurring expenditures occurred during the first quarter primarily associated with the April 29, 2014, storm damage and marketing the introductory membership program which brought the associated expenses up 8.95% for the quarter. ICEO Barnett and Treasurer Todorovich continually meet with Ms. Wallace on a recurring basis and they review each BEI enterprise carefully looking to improve revenue and expense positions.

CEO's Report

ICEO Barnett provided an update on the East Campus Argonaut Village. The completion is scheduled for next spring. The Scenic Hills Country Club mortgage will be due June 29, 2015. BEI plans to renegotiate with ServisFirst without adding capital improvements. Current contractual vs. self operation process of the food and beverage at SHCC will be analyzed. The SHCC Argonaut ballroom is not being scheduled by Compass Chartwells as much as it was in the past when self operated, which is a key revenue generating opportunity. The final proposal on the Electric Vehicle project will be reviewed in December.

Public Comments

None

Action Items

- 1) Form 990 and Form 990-T – Ms. Wallace explained to the Board that the Form 990 Return of Organization Exempt from Income Tax is an annual information return which BEI must file. BEI is also required to file a Form 990-T Exempt Organization Business Income Tax Return 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. Both forms are due to the IRS on November 15, 2014. The 2013 Form 990 for the tax period of fiscal year ending June 30, 2014 and the 2013 Form 990-T were prepared for BEI by the accounting firm Clifton Larson Allen. Ms. Wallace covered the specific sections and items that were updated for 2013.

The BEI Draft Form 990 and Form 990-T were presented to the Board for approval.

Motion to approve: Member White

Second: Member Jones

Motion passed unanimously.

- 2) Unsolicited Proposal Policy, 1/17-11/14 – Mr. O'Brien explained the various reasons why the Unsolicited Proposal Policy is necessary such as allowing BEI to entertain propriety proposals from the private sector P3 (public-private partnerships unsolicited). This will allow BEI to explore new and innovative ideas and the policy provides a formal process to follow. General Counsel

Lott suggested changing the confidentiality statement and including a clear statement that BEI is under no obligation to go through a formal review process on every proposal.

The Unsolicited Proposal Policy was presented to the Board for approval contingent upon General Counsel's review.

Motion to approve: Vice-chair Jay Patel

Second: Member Collier

Motion passed unanimously.

Informational Items

- 1) SHCC Loan Renewal and Modification – Mr. O'Brien explained the renewal of the existing note due on June 29, 2015. He introduced Karen Wright, Sr. Vice President for Commercial Banking from ServisFirst to the Board to answer any questions. The Board discussed the various options. General Counsel Lott stated that the BOG Debt Management Guidelines provide that a DSO may incur a mortgage debt for acquisition of real property without having approval from the BOG. This financing would be a renewal of the existing note, and would not require seeking competitive bids or approval from the BOG.

Break at 2:23 p.m.

Resumed at 2:35 p.m.

- 2) Presentation by University Bookstore Contractor, Follett – UWF Auxiliary Services Director Ms. Ellen Till introduced Steve Moreau Regional Manager, Follett Higher Education Group and Greg Kirby, UWF Bookstore Manager. Mr. Moreau briefly explained corporate operations and programs such as retail expansion and looking at driving online sites to enhance student success. Mr. Kirby stated the slight decline in sales was due to online competition as well as increased rental fees. Follett is going with the university mission to help students with academic success through affordability. Mr. Kirby briefly explained to the Board book costs vs. rental. Rentals are more affordable to students. Follett is being more aggressive in generating revenue by partnering with computer companies, offering appliances and emblematic merchandise, recognizing buying patterns, and expanding the use of eBooks. The goal is to drive customers in the store by targeting sales.
- 3) Budget to Actual – Ms. Wallace explained the Budget to Actual Report was a summary of actual revenue and expense transactions for the 1st quarter ending September 30, 2014, for all BEI activities compared to the revenue and expense budgets established for the fiscal year. Ms. Wallace discussed the details of transactions listed on the reports as presented to the Board.

Future Budget to Actual Reports will include a breakdown of bookstore and dining services sales commission revenue and amortized revenue and contractual services expenses so the Board will be able to analyze all aspects of YTD (year to date) activity.

Other Business

New Business

None

There being no further business, the Chair adjourned the meeting at 3:00 p.m.

Respectfully submitted,

Tiffany Nisewonger, Assistant Staff Support Secretary