



**UWF Business Enterprises, Inc. Board of Directors Meeting**  
University of West Florida  
Virtual Meeting  
April 25, 2022

**Present**

Chair C. Ray Jones, Vice Chair Susan O'Connor, Treasurer Chula King, Member Jerry Maygarden, Member Robert Sires, SGA President Patrick Marshall and UWF President Martha Saunders. Also attending were General Counsel Susan Woolf, Chief Executive Officer Ed Ranelli.

Guests: Betsy Bowers, Jeffrey Djerlek, James Adams, Cynthia Talbert, Tiffany Nisewonger and Kevin Warren

**Absent**

Judge Lacey Collier

**Welcome/Opening Remarks**

Chair Jones called the meeting to order at 1:00 p.m. He welcomed all attendees to the virtual meeting and thanked the Board of Directors members for their service, He then asked Vice Chair, Susan O'Connor to call the roll and she confirmed that a quorum was present.

**Approval of Minutes**

November 15, 2021 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: Susan O'Connor

Motion passed.

**University Update**

President Saunders provided the University update highlights on record enrollment and improved graduation rates. The legislature approved 30 million dollars for UWF, awaiting the governor's signature. Recent policy changes that will impact us include our accreditation body and freedom of expression. In-Person Graduation on May 7 at the Pensacola Bay Center and a special ceremony for athletes. Division building leadership helps replace vacancies such as Dr. Tomso's transition to Interim replacing Dr. LeDuff. Enrollment is on track for Fall but it is still too early to tell.

**Treasurer's Report**

Regarding BEI's financial activity for the first nine months of fiscal year June 30, 2022, (July 1 – March 31, 2022)

The bookstore and dining sales are improved since the prior year

- In the first 9 months, Follett reported bookstore sales of \$2.261 million yielding a \$10.25% commission of \$231,793 to BEI. This represents a decrease from the prior year sales which were \$2.324 million with commissions of \$238,182. This decrease is in line with prior year trends.
- Aramark reported \$3.949 million in sales for the first 9 months. BEI received a 6% commission of \$221,510 before sales tax. This is more than prior year sales of \$3.158 million (\$511K was non-commissionable for July 2020 meal plans due to contract modification related to the Pandemic) with commission of \$150,936 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 \$151,618 for rent and CAM (common area maintenance) fees from tenant leases at Argonaut Village. Rent revenues thru the 3rd quarter prior year were \$181,970. The difference is mostly due to the deferred rent revenue based on straight line accounting application to multi-year leases, the loss of tenant in suite 200, The Fan Shop, in May 2021, and the deferral of rent start time for suite 600 and 200. Occupancy is currently anticipated in May for the new tenant, **Eurasian Bistro**, in suite 600 and the first two months rent has been received. **Hotworx** is scheduled to begin occupancy on September 22 per current negotiations.
- Under the new lease beginning July 1, 2019 for Building 8, rent revenue received is \$22,565 for the first 9 months of 2022. Prior year revenue was \$22,131. The increase in rent revenue is due to the annual 2% lease increase, which is currently 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-to-date ending net revenue over expenses from all activities is approximately \$375,141. Prior year was higher at \$548,168. The significant decrease is largely due to the change in allocation of deferred revenue per the amended Aramark contract by \$134,081 and a decrease of \$41,398 in Argo Village rental income due to vacancy of The Fan Shop and the effects of the straight-line revenue recognition for multi-year leases.
- I have reviewed the year to date cash activity of BEI as of March 31, 2022. The cash balance as of March 31, 2021 is \$924,098.24. The estimated cash inflow is \$37,784 for fiscal year 2022.

### **CEO's Report**

Dr. Ranelli informed the BEI Board of Directors that the former accountant for BEI, retired and a search is ongoing for the replacement. In the interim, the Associate Vice President/Controller, Jeffrey Djerlek, will serve as an accountant for BEI. The year-to-date net income of approximately \$375,000, was below the budgeted revenue, because of vacancies in the Argonaut Village and adjustments to the foodservice (Aramark) contract. Despite pandemic-related reductions in Argonaut rental income and Bookstore and Dining Service commissions, BEI ended the period with a cash balance of approximately \$924,000. Argonaut Village will be fully leased by the end of June 2022. Two new tenants are Eurasian Bistro, Suite 600, and Hotworx (a franchise for infrared exercise/workout facility), Suite 200. Eurasian Bistro will have a soft opening on May 24, 2022 and be fully open by early June 2022. The Hotworx contract is a 10-year lease with three 5-year renewal options and will be open before the Fall 2022 semester. In the proposed budget for 2022/23, the CAM (Common Area Maintenance) payable by Tenants of

Argonaut Village. The CAM will be \$4.97 sq/ft and as required in the Lease agreements all tenants have been notified this CAM rate will go into effect July 1, 2022.

BEI is in the final stages of renegotiating the Aramark Dining Service Agreement to reflect the transition to remote instruction during the pandemic and recent unanticipated increases in labor and food costs. Aramark proposed three options for price increases in the Mandatory Meal Plans plus other minor adjustments in the Dining Service Agreement. The options included price increases in the Mandatory Meal Plans of: CPI+3.5%; price increases CPI+1.5%; or price increases of 8% plus a requirement for a 2nd year Mandatory Meal Plan for UWF resident students. After reviewing the three options proposed by Aramark and after consultations with UWF housing and student affairs, UWF indicated that it would not agree to price increases based on uncertain future forecasts of CPI or a requirement for the 2nd year of Mandatory Meal Plans for UWF resident students. UWF countered with a proposal for an 8% price increase in the Mandatory Meal Plans for the next fiscal year and an agreement to review future increases based on costs, prices, sales, and other data during the fiscal year. Aramark's regional and local representatives indicated acceptance of this compromise and will have Aramark General Counsel draft amendments to the Dining Service Agreement for UWF's review and execution before the beginning of the 2023 fiscal year.

### **Public Comments**

None

### **Action Items**

- 1) BEI 2022-2023 Meeting Schedule – CEO Ranelli presented the meeting options for the next fiscal year. The BEI Board reviewed the proposed meeting schedule for 2022-2023 and agreed to meet on the following dates: September 26, 2022, November 28, 2022, February 27, 2023, and April 24, 2023. The dates were presented to the Board for approval.

Motion to approve: Chula King

Second: Jerry Maygarden

Motion passed unanimously.

- 2) BEI FY 2022-2023 Budget – For the Board of Directors' review and approval, CEO Ranelli presented the fiscal year 2022/23 proposed BEI Budget, which was included in the agenda materials. CEO Ranelli reviewed the financial activities included in the proposed budget with the Board. He noted and explained the significant differences in the prior year's budget and the current year's actual activities and proposed budget. In general, revenues are budgeted to be slightly lower due to reductions in Bookstore and Dining Service sales and commissions; however, the Argonaut Village will be fully leased. CEO Ranelli noted the CAM rate increase is anticipated in July 2023 due to increased costs of insurance, landscape maintenance, and electricity.

Motion to approve: Treasurer Chula King

Second: Member Robert Sires

Motion passed unanimously.

## **Informational Items**

1. External Audit Entrance – To respect the firm’s time, the External Audit Entrance was presented prior to the Action Items. Kevin Warren, audit director from James Moore & Co., highlighted the audit service plan, timelines, and deliverable service for fiscal year 2022. He invited questions and comments from the Board Members during the presentation. The Board did not have any questions for the auditors.
2. BEI Policies and Conflict of Interest – CEO Ranelli presented the annual BEI Conflict of Interest Policy form request to the Board. He requested that each BEI Board member review the BEI Conflict of Interest Policy (BEI 1.14-11/11) which requires disclosure on an annual basis of any personal, family, or business relationships that could give rise to a conflict of interest involving BEI or the University of West Florida. CEO Ranelli asked that the members complete and sign the Conflict of Interest Disclosure Form and return it to the BEI office where it is maintained on file pursuant to BEI Internal Controls.
3. BEI Budget to Actual – Jeffrey Djerlek explained that the Budget to Actual Report represented a summary of the actual revenue and expense transactions from the beginning of the fiscal year through the end of the 3<sup>rd</sup> quarter (July 1, 2020-March 31, 2021) compared to the revenue and expense budget established for the fiscal year. Variances between budget and actual data were noted and explained.

## **Other Business**

Treasurer Chula King asked for an update on the Crowe DSO Audit. Cindy Talbert explained to the Board the audit results are expected in July or August. The DSO audits include over 100 across the state and she does not anticipate any significant findings.

## **Adjournment**

There being no further business, Chair Jones adjourned the meeting at 2:00 p.m.

Respectfully submitted,  
Tiffany Nisewonger