

MINUTES

FORTY-NINER SHOPS, INC.

BOARD OF DIRECTORS MEETING

Friday, November 3 – Conference Room Meeting

Members Present:

Scott Apel	Dr. Beth Lesen	Dr. Virginia Gray
Milton Ordoñez	Dr. Praveen Soni	John Barcelona
Mitali Jain	Teresa Falcon	Alvin Tu

Absent: Jeremy Harris

Staff Present:

Dr. Miles Nevin, Executive Director
Gordon Copley, Chief Financial Officer
Rosa Hernandez, Associate Executive Director of Administrative Services
Clint Campbell, Associate Executive Director of Retail Services
Sylvana Cicero, Associate Executive Director, ASI
Cyndi Farrington, Director of Bookstore Services
Alfredo Macias, Director of Residential Dining Services
Arnecia Bryant, Director of Facility Operations & Sustainability, ASI
Tom Collier, Accounting Manager
Idris Aydin, Director of Finance and Administration, ASI, Inc.
Kristy Nguyen, Accounting & Financial Analyst, ASI, Inc.
Stewart Ohanesian, Senior Accountant, ASI, Inc.

A. Call to Order:

The meeting was called to order at 10:03 a.m. by Mr. Scott Apel, Chair.

B. Approval of the Agenda: November 3, 2023

Motion to accept the Agenda as presented.

M/S Ms. Jain / Dr. Gray

By acclamation the Agenda for the meeting of November 3, 2023 was approved as presented.

C. Approval of Minutes: September 15, 2023

Motion to accept the Minutes as presented

M/S Ms. Jain / Mr. Barcelona

By acclamation the minutes of September 15, 2023 were approved as presented.

D. Public Comment:

- There was no public comment given.

E. Board Chair's Report:

- Bylaw Review
 - At our September Board meeting, there was a discussion had about updating our Bylaws and aligning them to changes that have occurred with Shared Services along with providing needed adjustments to help our Board conduct business more efficiently.
 - Dr. Nevin reviewed the Bylaws highlighting some of these revisions which included but were not limited to the following:
 - Including the “dba Beach Shops” under the 49er Shops
 - Updating titles of the ASI Executives
 - All mentions of “General Manager/CEO” updated to “Executive Director”
 - Retitled Article XII to “Non-Discrimination”.
 - One of the more significant changes was to Article XI – Standing Committees where it has been edited to state that all Board Committees will now elect a Chair and Vice-Chair.
 - As with the main Board, this Vice-Chair position would be able to oversee a Committee meeting in the event the Chair was unable to attend.
 - This would help immensely with keeping to our already confirmed meeting schedules and conducting Board business as needed.

Motion to approve the changes to the organization's Bylaws as presented

M/S: Dr. Lesen / Dr. Soni

By acclamation, the updated version of the Bylaws were hereby approved

F. F&I Committee Chair's Report

- Tax Return 990 and 990T
 - Mr. Copley explained that the Shops had recently filled out and submitted our 990 and 990T forms which were required by all non-profit organizations.
- He continued to the 1st Quarter Financial Review presentation and reported that these results were essentially just favorable to budget which is typical as they represent only 5 weeks of normal operations, and the Shops typically see a loss.
 - In terms of activities, he discussed the following projects and programs:
 - While the Beach Hut location was now officially open, it is a work in progress.
 - Equitable Textbook Access program is moving forward as anticipated as we continue to see the marketplace shift to digital course materials.
 - Staff Leadership Training program through Employers Group is underway with our management staff.
- Performance Budget – 1st Quarter
 - Revenue was slightly unfavorable to budget, however, the Bookstore division was favorable to their budget numbers.
 - Credit and Revenues are favorable due to the higher DIDA access program payments that were seen this semester.
 - Cost of Goods results are mixed but remain essentially on budget, however, unfavorable revenue numbers have driven an unfavorable gross profit for the quarter.
 - Operating expenses came in favorable to budget due to our newly re-negotiated Residential Dining commissions and lower expense repair costs than were previously anticipated.

- G&A expenditures are favorable due to better cost containment throughout the organization along with cost sharing arrangements.
- Investments for the quarter are significantly unfavorable, and Mr. Copley will be discussing that further within the presentation.
- Yearly 1st Quarter 23-24 to 1st Quarter 22-23
 - This year's quarter financial results represent a return to full operational volumes seen from more student traffic returning to campus.
 - Operating expenses are up from prior fiscal year because we have staffed up to a better degree this year to help meet with operational demands.
 - G&A expenses were up as well for the additional staff needed within our support departments.
 - The investment marketplace has improved this year considerably over the prior year.
- Capital Expenditures
 - This first quarter we had saw around \$37,000 spent on Capital Expenditures for our Retail Dining division which consisted of the following:
 - Beach Hut start-up costs came in around \$20,000.
 - There was \$17,000 spent on the Caffeine Lab for new equipment.
 - We are anticipating a capital expenditure cost for our new accounting system to be realized within the 2nd or 3rd Quarter of the year and the amount could vary depending on whether or not we include a procurement module within this new platform.
- Investment Results
 - Over the past 24 months the overall economic/marketplace investment returns have seen significant volatility with remarkable losses that are then followed by unexpected gains.
 - As such, our results were down with losses from Morgan Stanley and BIG totaling around \$210,000 combined along with the VEBA trust down \$266,000.
 - This seems to be a trend during the month of September, actually known as the "September Effect", that historically goes back nearly a century, and many believe is caused by investors returning from summer to lock in gains as well as tax losses before the end of the year.
- Statement of Financial Position:
 - This financial statement shows an increase in current assets largely driven by increased cash balances.
 - The reduced A/P figures indicate a use of this cash, however, as we seek to remain in good credit standing with our vendors.
 - A decrease in "Non-current Liabilities" is due to the unfunded accrued liability from our CalPERS Pension obligations.
- Comparative Cash Flow Statement:
 - In terms of the Cash Flows from Operating Activities, the Change in Net Assets shows a reduced loss driven by the prior year's non-cash CalPERS unfunded liability transaction.
 - The Cash Flows from Operations figures were largely favorable to prior year end which indicates a favorable balance between sources of cash and uses of cash that are generated from operations overall.
- Shared Services Project Updates:
 - There was a recent meeting with our MS365 Business Implementor for the new Shops Chart-of-Accounts system to hopefully help our Accounting departments operate better moving forward.
 - This will be a project with several phases that will be started with the Shops first and then transitioning to ASI.
 - Account naming would be more in line with General Accounting Accepted

Practices (GAAP).

- The new system will be able to provide reporting enhancements that will prove overwhelmingly beneficial, especially on the ASI side.
- The Shops and ASI are actively engaged in applying for the Employee Retention Tax Credit (ERTC) Program.
 - We are currently working with a vendor that was recommended by ADP who would be able to use the data from this system needed for this process.

Motion to accept the 1st Quarter 2022-2023 Financial Review

M/S Dr. Lesen / Ms. Jain

By acclamation the 1st Quarter 2022-2023 Financial Review was hereby approved

G. Risk Management Review:

- Risk Management Review:
 - Ms. Hernandez discussed that as part of CSU Audit requirements, the Shops need to annually provide a risk management overview to the Board so she would be reviewing our current risk management efforts and guidelines.
 - Risk management is a critical part of our organization due to our unique work environment that includes retail and food services, cash handling, alcohol licenses and various satellite operations along with our equally unique employee pool of often times inexperienced student staff.
 - With the onset of the Covid-19 pandemic in March 2020, we put together very conservative mitigation efforts that helped to keep our staff safe and locations as supported as possible.
 - Some of these activities included but were not limited to the following:
 - Developed a COVID Response Plan that aligned with the City of LB Social Distancing Protocol.
 - Contracted with INX for increased cleaning and daily electrostatic spraying.
 - COVID Mitigation Training was introduced on a companywide basis for not only supervisors and managers but also hourly employees.
 - Increased Employee Communication on all updated safety and health mitigation efforts through an expanded Risk Management website and internal Shops At-A-Glance emailed newsletters.
 - In 2019, we changed our Safety Committee approach based on a CSU Audit recommendation and put together a more comprehensive Risk Management Committee.
 - Our committee members actively help to mitigate risk by ensuring that we are conducting the necessary company-wide safety training along with being in compliance with all regulatory requirements.
 - Highlights from this committee over the past few years include but are not limited to the following:
 - ❖ Updated our process to analyze work injuries and review accident investigations.
 - ❖ Introduced departmental location audits that include a defined corresponding corrective action process.
 - ❖ Organized Cart Vehicle Inspections with key lock boxes along with introducing in-person Cart and Vehicle Driver Training
 - ❖ Implemented a new First Aid Program
 - ❖ Revised the Injury Illness Prevention Program

- ❖ Strategically working on a companywide training matrix
- When it comes to our risk management efforts, the organization strives to maximize resources available through the campus as well as in our Long Beach community with the following partners:
 - The CSU Risk Management Association (CSURMA) and Auxiliary Organization Risk Management Association (AORMA) Insurance
 - The insurance coverage received from these organizations include Liability, Workers Compensation, Property, Crime and Unemployment Insurance along with Alliant Risk Control Consulting.
 - Occupational Safety & Health Administration
 - State of California Fire Marshall
 - California Alcohol Beverage Control
 - LA County Weights & Measures
 - Los Angeles County and Long Beach Health Department
 - CSULB Environmental Health & Safety Department

Motion that the Board has reviewed and approved the current Beach Shops Risk Management program

M/S Ms. Jain / Mr. Tu

By acclamation the board approved the Risk Management program as presented

H. Executive Director's Report

- Dr. Nevin provided the following Shared Services updates:
 - The Facilities department, under the direction of Arnecia Bryant, have been working very hard over this past semester especially in our Residential Dining Hall facilities which had been transitioned back to the organization from Housing services this past year.
 - On the Human Resources side, the following activities were discussed:
 - We are currently engaged with Employers Group for the Shops' Salary Survey and Compensation Analysis which will be the first one since the pandemic.
 - Over this past October, we coordinated and combined our Open Enrollment efforts providing a better and more comprehensive service to both organizations.
 - Rosa is in the process of interviewing for a new ASI Human Resources Manager that we hope to have hired by the end of the year.
 - As a second phase for HR where it concerns the Shared Services program, we will be looking into succession planning for certain key positions.
- Management Priorities
 - Looking forward for the Shops, one of the primary management priorities will be the implementation of the Equitable Textbook Access program.
 - Dr. Nevin led the Board in a discussion about the following considerations for this program:
 - Potential name change based on the feedback received from different stakeholder groups on campus.
 - Reassessing the pricing structure and making sure it aligns best with the needs of students on campus.
 - Reviewing the recent ASI Senate Resolution in support of this textbook access program.

- This discussion provided insight and impactful suggestions along with recommendations on how best to proceed and move this program forward going into the Spring semester.

H. Adjournment

There being no further business, the meeting was adjourned at 11:36 a.m.