A. **Call to Order:**

The meeting was called to order at 8:34 a.m. by Chair, Scott Apel

B. **Approval of the Agenda:** January 21, 2022

Motion to accept the Agenda as presented.

M/S Dr. Soni / Dr. Lesen

By acclamation the Agenda for the meeting of January 21, 2022 was hereby approved as presented.

C. **Approval of Minutes:** October 22, 2021

Motion to accept the Minutes as presented.

M/S Dr. Soni / Dr. Lesen

By acclamation the minutes of October 22, 2021 were hereby approved as presented.

D. **Action Items:**

- **2nd Quarter 2021-2022 Financial Review:** 2nd Quarter operating results are ahead of Plan.
  - Financial Overview:
    - Sales came in at $6,033,309 which is 20% above budget.
      - Bookstore retail sales are up by 25% and remain steady with more in-store traffic over these past months than had been anticipated.
      - However, textbook sales were minimal at $93,468.
      - Residential Dining is up at $3,860,144 and $755,504 (24.3%) over budget with occupancy remaining consistent at 90% for the fall semester.
➢ Retail Dining is at $440,000 with the limited location openings as had been planned.
   - Operating expenses have been held in check even though the business volume has increased in part due to continued hiring challenges across the organization.
   - Operating income came in at $781,417 which is $828,271 better than planned.
   - Investment gain of over $430,000 which helped recover the investment loss sustained during the first quarter.
   - Net contribution of $355,925 and is over $1 million better than originally budgeted.
   - Operating cash flow of $490,040
   - Capital Status Full Year 2021 - 2022
     - Current year expenditures have been kept to a minimal with only the following expenses:
       ➢ Caffeine Lab opening in the University Library which came in below the $75,000 budget at only $34,571
       ➢ $15,297 was for Outpost table repairs
       ➢ There was a maintenance repair to the Nugget done by Beach Building Services at $27,592
   - Financial Statements:
     - Cash/Investments are up $1.1 million benefitting mostly from investment gains realized in the second half of FY2020/2021.
     - Inventory is down $500,000 stemming from reduced business volumes in our Textbooks/Course Materials department
     - Accounts payable is down $600,000 primarily offset by the unemployment insurance reserve.
     - Year to Date cash flow comes in at around $284,000
       ➢ Compared to last year, our operating results have improved but our business model has changed slightly over these past few years.
   - Year-to-Year Comparison:
     - Sales are up by 286% at over $6 million and margins are up by 10 points due to increased economy of scale across the board.
     - Operating income of $781,417 with a positive variance of $2,057,108 resulting in a positive operating contribution of $73,373.
       ➢ Reported Net contribution of $355,925
   - Plan and Objectives
     - The Shops recently received notification that the 2nd Paycheck Payroll Protection Loan had been forgiven in full as had been the case with the 1st PPP Loan.
       ➢ This will reduce the Shops liability and designated funds by $2 million moving forward.
     - We will continue to manage cash flow by reinvesting idle cash as per the Auditors’ recommendation.
       ➢ This will include a paydown of the CalPERS unfunded accrued liability as planned with the Board before the onset of the COVID pandemic.
     - Mr. de Wit has already put forth the request to conduct a VEBA FAS106 Actuarial report since that hasn’t been done since June 30, 2019.
     - At this time, the Shops are gearing up for the Spring Semester with a soft opening of a couple retail dining locations.
Motion to accept the 2nd Quarter 2021-2022 Financial Review

M/S Dr. Soni / Dr. Lesen

By acclamation the 2nd Quarter 2021-2022 Financial Review was hereby approved to recommend to the Board.

E. Discussion Items

- CalPERS Actuarial Report
  o Mr. de Wit had distributed the latest CalPERS actuarial reports for the Legacy and PEPRA programs with a valuation as of June 30, 2020, as these are typically assessed over a year in arrears.
    ▪ The Shops unfunded accrued liability for the Legacy program was similar to previous reports at $5.5 million.
  o The summary GASB 68 re-evaluation is pending for year-end reporting. This brings forth the account holdings to June 2021 values (one year in arrears) and is based on pooled rates and recent contributions.
  o As previously discussed, Mr. de Wit plans to re-institute the Board approved pay-down of $1 million within the next few months.
    ▪ That would include a $500,000 catch-up payment for 2020-2021 and another $500,000 for this fiscal year.
    ▪ Mr. de Wit anticipates that we could be close to fully funded by the end of this year for GASB 68 reporting purposes.

- Budget Planning
  o When it comes to budget planning for the next fiscal year, the assumption will be that come the fall semester the campus will be returning to in-person instruction.
    ▪ Hopefully by the start of this process in March, the Shops will have a better idea about the impact of the pandemic for the fall semester campus plans.

F. Adjournment

- There being no further business, the meeting was adjourned at 9:20 a.m.