

MINUTES

FORTY-NINER SHOPS, INC.

BOARD OF DIRECTORS MEETING

Friday, May 13, 2022 – Zoom Conference Meeting

(Exception Made Due to Covid-19 Issues & Campus Safety Precautions)

Members Present:

Mr. Milton Ordoñez	Dr. Wendy Reiboldt	Dr. Praveen Soni
Ms. Genesis Jara	Mr. Jesus Gonzalez	Mr. John Barcelona

Account:

Mr. Scott Apel	Dr. Beth Lesen	Mr. Jeremy Harris
Ms. Jeana Young		

Staff Present:

Mr. Robert de Wit, Interim General Manager/Controller
Ms. Marianne Russo, Executive Secretary
Ms. Rosa Hernandez, Director of Human Resources & Communications
Mr. Clint Campbell, Director of Contracts & Facilities Management
Ms. Cyndi Farrington, Director of Bookstore Services
Mr. Alfredo Macias, Director of Residential Dining Services
Mr. Tom Collier, Accounting Manager

Guests:

Mr. Miles Nevin, Executive Director of Associated Students, Inc.
Ms. Sylvana Cicero, Associate Executive Director of Associated Students, Inc.

A. Call to Order:

The meeting was called to order at 10:02 a.m. by Mr. Milton Ordoñez, Treasurer.

B. Approval of the Agenda: May 13, 2022

Motion to accept the Agenda as presented.

M/S Dr. Reiboldt / Dr. Soni

By acclamation the Agenda for the meeting of May 13, 2022 was approved as presented.

C. Approval of Minutes: April 22, 2022

Motion to accept the Minutes as presented

M/S Dr. Reiboldt / Dr. Soni

By acclamation the minutes of April 22, 2022 were approved as presented.

D. Public Comment:

- There was no public comment given.

E. Board Chair's Report:

- Campus Updates:
 - Mr. Ordoñez mentioned that the campus is currently preparing for the Commencement Ceremonies scheduled to start the following week, May 16th.

F. Finance & Investment Committee Chair's Report:

- Mr. de Wit presented the FY 2022-2023 Budget for review which had been shared and approved for recommendation to the Board by the F&I Committee at their meeting on May 9th.
 - The budget was based on next year being a transitional and re-building year with the following post-pandemic activities included:
 - Shared Services transition support
 - Increased staffing levels in the Residential and Retail Dining areas with continued minimum retail dining options as a Master Food Plan is developed.
 - Key Drivers – Business Impact and Wage Administration
 - Campus has planned for 90% of fall semester classes to be back in person.
 - Residential Dining volume has been budgeted at 90% occupancy.
 - The Retail Dining budget assumes the Nugget re-opening during the next fiscal year.
 - Campus Contributions of \$2.1 million with donations subject approval by the Board.
 - Continued closure of the University Dining Plaza building, Shops Catering Department and Concessions.
 - Vending contract minimums have not been reached.
 - Wage administration:
 - California Minimum Wage remains steady at \$15 an hour as of January 2022.
 - Labor scope creep, retention and hiring concerns with the current job market.
 - A 4% salary increase was included.
 - Key Activities –
 - Outpost Bond interest expense of \$128,025 plus an annual principal payment of \$105,000.
 - An estimated 5% investment return has been included.
 - A pay down of around \$1 million is planned for CalPERS that would include both a \$500,778 minimum unfunded liability payment on July 30, 2022, and the prior Board approved annual payment of \$500,000 with a fall actuarial report pending.
 - Since the VEBA Account is now considered fully funded, an annual \$400,000 withdrawal has been included for retiree medical expenses.
 - General Assumptions –
 - Executing to contracts in place
 - All known rate increases accounted for including annual insurance/contributions, increases for property, workers compensation, PERS and liability along with campus allocations for EO-1000 and utilities.
 - Enrollment flat when compared to Fall 2021 numbers with 39,700 projected
 - Summary Operating Statement
 - Sales are budgeted at over \$28 million for the 2022-2023 fiscal year.
 - The Shops could see a \$5 million actuarial credit for FY 2021-2022 based on the CalPERS, UIP and VEBA Actuarial assessments pending final Year-end investment balances

Motion to approve the Operating Budget FY 2022-2023 with a negative Operating Contribution of \$363,449 and a positive Net Contribution of \$116,551

M/S Dr. Reiboldt / Dr. Soni

By acclamation the Operating Budget for FY 2022-2023 is hereby approved

- General & Administrative Budget:
 - Shared Services Staffing includes a new Chief Financial Officer hire with an additional \$200,000 for part-time labor beyond current limited core staff in support of Shared Services integration.
 - No Executive Director allocation budgeted at this time in coordination with the ASI Budget.
 - Net Zero budget for retiree medical premiums with \$400,000 being reimbursed from the VEBA account.
- Campus Contributions and Corporate Donations
 - Mr. de Wit reviewed the list of annual corporate donations that are required to be approved if they are above \$2,500:
 - Shops Student Employee Scholarships: \$10,000
 - Presidents Scholars Cash Donation: \$10,000
 - 49er Shops Textbook Scholarship: \$10,000
 - Student Emergency Fund: \$5,000
 - Guardian Scholars: \$2,750
 - BIG – SMIF Bloomberg Terminal: \$26,500

Motion to approve the FY 2022-2023 Corporate Donations over \$2,500 as specified above

M/S Dr. Reiboldt / Dr. Soni

By acclamation those approved corporate donations for FY 2022-2023 are hereby approved

- Capital Funding
 - The Shops current year capital expenditures were \$94,384 for the following items:
 - Caffeine Lab Opening
 - Safety Compliance
 - For this next fiscal year, the Shops are requesting capital funds of \$680,584 for mostly contingency based projects that would include::
 - Moving Great Plains to the Cloud
 - Replacing and Upgrading Servers
 - Possible facility and elevator repairs
 - Replacing analog security cameras with new digital equipment
 - Covid related air filters

Motion to approve the Capital Funding request for 2022-2023 in the amount of \$680,584

M/S Dr. Reiboldt / Dr. Soni

By acclamation the Capital Funding FY 2022-2023 are hereby approved

- Reserve Planning
 - Mr. de Wit recommended that monies be designated as assets without donor restrictions in the amount of \$8,789,397.
 - Priority 1 items would include any committed and incurred liabilities that are non-asset backed and break down to the following:
 - ❖ Working capital at 8% of operating expense at \$1,126,831
 - ❖ Annual Capital Replacement projects at \$680,584
 - ❖ Beach Club Student Held Funds at \$500,000
 - ❖ Pre-Retiree Sick Pay at \$520,000 for the pre-1989 staff plus CalPERS invested pre-retirees
 - ❖ Cal PERS unfunded liability at \$2,382,218 as per the most recent CalPERS actuarial assessment
 - ❖ AORMA Unemployment Insurance Premium to be paid 2021-2022
 - ❖ Beach Investment Group at \$622,233
 - Priority 2 items would include incurred and asset-backed contingency liabilities whose designation could be subject to a holdings limit for the following item:
 - ❖ SRB Funding for the Outpost at \$2,9857,531 (Current bond liability)
 - At this time there are no available funds for any Priority 3 items.

Motion to approve the Reserve Designations of \$8,789,397 for FY 2022-2023

M/S Dr. Reiboldt / Dr. Soni

By acclamation the Reserve Designations for FY 2022-2023 are hereby approved

G. General Manager's Report:

- Mr. de Wit discussed that the Shops are currently working on year-end activities which include preparing for Inventory and the annual audit process.
 - Additionally, they have been conducting CFO Interviews within the context of Shared Services.

H. Adjournment

There being no further business, the meeting was adjourned at 11:32 AM