MINUTES
FORTY-NINER SHOPS, INC.

BOARD OF DIRECTORS MEETING

Friday, May 13, 2022 – Zoom Conference Meeting
(Excepton 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:
  o 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.
  o 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.
  o 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.
  o 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.
  o 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
  o 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
o 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.
    o 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