

**MINUTES**

FORTY-NINER SHOPS, INC.

**BOARD OF DIRECTORS MEETING**

**Friday, April 16, 2021 – Zoom Conference Meeting**

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

**Members Present:**

Mr. Scott Apel  
Mr. Jeremy Harris  
Ms. Genesis Jara

Dr. Beth Lesen  
Dr. Praveen Soni  
Mr. Omar Prudencio Gonzalez

Dr. Wendy Reiboldt  
Ms. Tracey Richardson  
Ms. Maythe Alderete Gonzalez

**Absent:** Ms. Adriana Andrade Rodriguez

**Staff Present:** Mr. Robert de Wit, Interim General Manager/Controller  
Ms. Marianne Russo, Executive Secretary  
Ms. Rosa Hernandez-Henderson, Director of Human Resources  
Mr. Clint Campbell, Director of Contracts & Facilities Management  
Mr. Alfredo Macias, Director of Residential Dining Services  
Ms. Cyndi Farrington, Interim Bookstore Services Director

**Guests:** Mr. Jesus Gonzalez, ASI President for 2021-2022  
Ms. Lindsay Apaza, ASI Executive Vice-President for 2021-2022

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**A. Call to Order:**

The meeting was called to order at 10:05 a.m. by Mr. Scott Apel, Chair.

**B. Approval of the Agenda: April 16, 2021**

Motion to accept the Agenda as presented.

M/S Dr. Lesen / Dr. Reiboldt

By acclamation the Agenda for the meeting of April 16, 2021 was approved as presented.

**C. Approval of Minutes: February 19, 2021**

Motion to accept the Minutes as presented

M/S Dr. Soni / Mr. Prudencio Gonzalez

By acclamation the minutes of February 19, 2021 were approved as presented.

**E. Board Chair's Report:**

- Campus Updates:
  - Mr. Apel reported that CSULB staff and faculty have been returning back to campus recently more and more along with students as the vaccines continue to be distributed.
  - Student Financial Services just distributed over \$24 million in direct aid to students earlier this week based on need and family contribution.

- Spring Board Retreat:
  - The retreat will take place on Friday, April 23<sup>rd</sup>, at 10am and we have scheduled a financial overview presentation with Dr. Peter Ammermann to provide the board with investing and our 49er Shops investment policy information.

## **F. Bookstore Overview**

- Ms. Farrington presented a Bookstore overview pertaining to trends within the industry.
  - She referenced the Faculty Watch Survey that was conducted last year by the National Association of College Stores (NACS).
    - The goal of the survey was to get an overall gauge of what kind of course materials decisions were being made by faculty.
    - The results that were received by the survey aligned with trends the Bookstore had been seeing where there was a 50% split between faculty adopting a digital textbook or a printed textbook.
  - The Bookstore offers an inclusive access program called Day One Digital Access (DIDA) that allows students to have free access to their course materials from the first day of classes through the add/drop deadline with an option to purchase these materials digitally at a discounted price from the publisher any time during this period.
    - The NACS Survey showed that in 2016-2017 only 3% of faculty used an inclusive access program, however that number jumped to 21% in 2019-2020.
    - The Bookstore has seen faculty participation for the DIDA program grow from 7.7% in Spring 2020 to 17.4% in Spring 2021
  - A trend that Ms. Farrington and Textbook staff have noticed is that about 46% of faculty either didn't submit an adoption request for their courses or have listed their classes as "No Textbook Required" (NTR) or "Zero Cost Course Materials" this past semester.
    - However, staff have received inquiries from students enrolled in some of these courses with questions about course materials the Bookstore weren't made aware were needed.
  - The Board was asked for suggestions on how the Bookstore can continue to be competitive while adding value and supporting the campus.
    - The general consensus was that the faculty have a continuing misperception when it comes to what the 49er Shops represent on campus including what programs the Bookstore has to offer for their students in terms of Beach Book Compare and DIDA.
  - The Bookstore have found new opportunities to improve and increase their business success over this last year which included the following:
    - Improved web order service with a Curbside Pick-Up option implemented in December 2020
    - Through our partnerships on campus, there has been an increase in special orders especially when it comes to computers sales and general merchandise.

## **F. F & I Committee Report**

- 3<sup>rd</sup> Quarter 2020-2021 Financial Review – operating results are running below plan
  - Financial Overview
    - Sales came in at \$2,822,221 which is 45.9% below budget
    - While Bookstore sales came in at 67% volume, there was a pick-up in computer related sales that totaled \$744,000 thanks to special campus orders.
    - The Outpost remains the only retail dining location open at this time.
  - Residential Dining remains at below 20% of planned occupancy

- The Great Plates program brought in over \$183,337
- The Shops are averaging a monthly operating loss of about \$354,000, however, that has been mitigated by an investment gain of over \$340,785 for the quarter.
- Negative cash flow was around \$503,000 when factoring in the net gain of \$2 million from the second PPP loan.
- Capital expenditures are at \$50,501 for the quarter.
- Key Issues and Activities
  - The Shops received an additional Paycheck Protection Program Loan of \$2 million from the SBA on March 3<sup>rd</sup>.
    - A third round of documentation in support of the initial PPP loan forgiveness documentation has been submitted.
  - The Shops are projecting a \$5.8 million operating loss at current levels with a net \$3.3 million net contribution that has been mitigated by the year's investment gain to date.
  - There was a recent CalPERS actuarial reassessment resulting in a liability increase of \$1,024,129 that will be booked at year-end.
    - A prior Board approved pay-down program for this liability amounting to \$500,000 is being deferred due to cash management concerns.
- Capital Status Full Year 2020-2021
  - Current year expenditures of \$204,058
    - Recently spent \$32,523 on a storage system upgrade for our IT infrastructure
- Year over Year Financial Statement Overview & Comparison
  - The Shops Cash/Investments are up \$1 million from last year which is misleading since this includes the following:
    - \$4 million from the 2 PPP Loans received to date
    - \$2.3 million investment gains year-to-date
    - \$400,000 as part of the planned VEBA withdrawal for retiree medical benefits
    - There are large vendor payments pending for digital textbooks D1DA program.
    - The Shops net reserve position has moved into negative territory
  - March and year-to-date cash flows came in at negative \$138,000 and \$1.2 million respectively.
  - While operating expenses are down by 56.1%, sales are down 70.5% with the Retail Dining division being limited.
  - Margin rates are down at 37.3% vs. 57%.
- Board Schedule
  - Mr. de Wit reviewed the current breakdown for the 2021-2022 Budget Schedule and reported that preliminary departmental figures would be coming in by the end of this week.
    - The Shops will be taking a conservative approach to hiring along with keeping loss business areas closed through the next fiscal year.
    - In terms of budget assumptions, while the campus is planning for 50% of classes to be online, Housing is optimistic with a 90% occupancy figure for next fall.

## G. General Manager's Report:

- Mr. de Wit reviewed Shops' updates that have recently occurred within this last quarter:
  - The Great Plates Senior Meal Program has been extended through September 2021 and

- our Res Dining staff have helped to process over 20,100 meals to date.
- The Shops are introducing new Web Order and Pick-Up Meal Reservation programs through the ID Card TransAct mobile app for the fall semester.
- The Bookstore held a virtual Grad Fair and have sold over 3,750 cap & gowns to date.
- There was a recent Weights and Measures audit at the Bookstore where they examined over 71 transactions without any findings.
- The Shops are moving forward with a collaboration between ASI and the Family & Consumer Sciences department who plan to utilize a portion of the University Dining Plaza to build/construct a teaching kitchen with a Basic Needs grant they have received.
- Additionally, the Bookstore has a new Book Buyback contract with MBS which will help staff with the textbook return process.
- Updates on the Shops corporate and administrative side included:
  - 49er Shops Directors participated in the campus' NeuroLeadership program.
  - The Shops have been working with the campus and other auxiliaries in regards to the Shared Services project.
  - Our Human Resources staff have been working hard on various COVID related administration projects such as the Senate Bill 95 retroactive Covid sick-pay allocation, COBRA extension and managing the CalOSHA Covid Response for our organization.
  - The CalPERS audit is still ongoing and the Shops are working with our attorney to get this resolved for our retirees moving forward.

## **J. Adjournment**

There being no further business, the meeting was adjourned at 11:48 AM