

MINUTES

FORTY-NINER SHOPS, INC.

FINANCE & INVESTMENT COMMITTEE

January 22, 2021

Members Present: Mr. Scott Apel, Chair Dr. Praveen Soni
Dr. Wendy Reiboldt Ms. Adriana Andrade Rodriguez

Guest: Ms. Tracey Richardson

Staff Present: Mr. Robert de Wit, Interim General Manager/Controller
Mr. Tom Collier, Accounting Manager
Ms. Marianne Russo, Executive Secretary

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 22, 2021

Motion to accept the Agenda as presented.

M/S Dr. Soni / Ms. Andrade Rodriguez

By acclamation the Agenda for the meeting of January 22, 2021 was hereby approved as presented.

C. Approval of Minutes: October 30, 2020

Motion to accept the Minutes as presented.

M/S Dr. Soni / Dr. Reiboldt

By acclamation the minutes of October 30, 2020 were hereby approved as presented.

D. Action Items:

- **2nd Quarter 2020-2021 Financial Review:** 2nd Quarter operating results are running behind plan.
 - Financial Overview
 - Sales came in at \$1,559,235 which is 48.1% below plan.
 - Bookstore sales at 56% volume with increased online orders at the expense of traditional Textbook sales. The curbside pick-up program has been well received.
 - The Outpost is the only retail dining location open at this time.
 - Residential Dining is running at 20% of the planned 50% occupancy down from the planned 1,075 meal plans to 200 meal plans.
 - The Great Plates program brought in around \$185,000 with a count of 43 elderly customers served in the Long Beach community.

- Average monthly operating loss of about \$600,000 which was similar to the first quarter numbers.
- Negative cash flow of only \$87,375 due to the off-setting \$1.1 million investment gain from November and December.
- Capital expenditures for the quarter came in at \$60,000.
- Key Issues and Activities
 - Since many of our budget assumptions are no longer valid, we have implemented a rolling forecast procedure and anticipate a \$6.5 million operating loss at current levels.
 - In order to provide working capital, the Shops withdrew \$3 million from our investment fund accounts along with \$400,000 from VEBA, as per the plan, in support of our retiree medical benefits.
 - There is a minimum wage impact pending as it was increased to \$14 an hour at the beginning of the year.
 - In terms of the Paycheck Protection Program, the loan forgiveness submittal is pending for our initial \$2 million loan.
 - Mr. de Wit has submitted an application for an additional PPP loan at \$2.0 million that is in process.
 - Unemployment Insurance Liability (UIP) through the CSURMA/AORMA Self Insurance Program is up and escalating beyond what had been anticipated. Future premiums are around \$221,000 due to the extended benefits and timeframes coinciding with the pandemic.
 - Year to Date cash flow of negative \$672,000
- Year-to-Year Comparison
 - Investments are up \$500,000 from last year when taking into account the PPP loan liability and VEBA withdrawal.
 - This places the Shops Reserve status into a negative territory given our conservative reserve position.
 - Operating results are down from last year with sales and operating income down across the board with Bookstore sales down by 44% and Res Dining by 95%.
 - Operating expenses down 53% at \$4.7 million.
 - We are trying to mitigate these figures by not hiring any additional staff and are moving current full-time employees to fill in for the additional workload.
 - Margin rates down substantially at 37.2%
- Capital Status Full Year 2020-2021
 - Current year expenditures of \$204,058
 - \$10,500 for an ADA upgrade to the Bookstore front entrance doors.
 - \$23,980 was spent on a Bookstore HVAC assessment to analyze and replace the filtration as part of the pandemic situation.
 - Point of Sale PCI compliance expenditures are at \$79,806
 - \$98,464 for Carts
 - ❖ Last year before the pandemic crisis hit, we had budgeted \$160,000 for new electronic carts for safety reasons and since we were planning to expand our catering functions.
 - ❖ We were able to reduce this order by 3 but still owed this amount for the new vehicles

Motion to accept the 2nd Quarter 2020-2021 Financial Review

M/S Dr. Reiboldt / Dr. Soni

By acclamation the 2nd Quarter 2020-2021 Financial Review was hereby approved to recommend to the Board.

E. Discussion Items

- Budget Planning – FY 2021-2022
 - The Shops is planning for a likely hybrid class approach that would allow for more students on campus.
 - Our primary support will remain with Residential Dining and the Bookstore Services divisions.
 - When it comes to staffing, there will need to be a more conservative approach than has been done in the past since we will not be able to afford hiring staff then laying them off.
 - As such, we are in discussions to coordinate food openings with ASI and if need be, possibly augmenting these dining services with Food Trucks.
 - The Outpost will remain open for business.
 - At this time, the main University Dining Plaza building will remain closed. This would include the Chartroom. However, we are looking at isolating the Nugget from the University Dining Plaza with an architectural assessment from campus since it is a separate building.
 - The Convenience Stores will be opened as needed depending upon the foot traffic.
 - There aren't any plans to open Beach Catering and the Shops will rely on already established 3rd party catering vendors.
- F&I Committee Membership
 - Ms. Tracey Richardson, as part of her campus role, has been meeting with Mr. de Wit to review the Shops financial and operating statements in detail.
 - Since this same information is presented to the F&I Committee, Ms. Richardson was invited to attend the meeting and the members agreed that she would be a good addition to this committee.
 - At the next Board meeting, Ms. Richardson can be formally included within the committee membership.

F. Adjournment

- There being no further business, the meeting was adjourned at 9:54 a.m.