

## MINUTES

FORTY-NINER SHOPS, INC.

### BOARD OF DIRECTORS MEETING

**Friday, February 19, 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

Ms. Adriana Andrade Rodriguez

Dr. Beth Lesen

Dr. Praveen Soni

Mr. Omar Prudencio Gonzalez

Dr. Wendy Reiboldt

Ms. Tracey Richardson

Ms. Maythe Alderete Gonzalez

**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. Andy Price & Ms. Karin Longhurst – Graystone Consulting/Morgan Stanley  
Beach Investment Group (BIG) Class and Dr. Peter Ammermann

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**A. Call to Order:**

The meeting was called to order at 10:31 a.m. by Mr. Scott Apel, Chair.

**B. Approval of the Agenda:** February 19, 2021

Motion to accept the Agenda as presented.

M/S Dr. Soni / Dr. Lesen

By acclamation the Agenda for the meeting of February 19, 2021 was approved as presented.

**C. Approval of Minutes:** December 4, 2020

Motion to accept the Minutes as presented

M/S Dr. Soni / Dr. Lesen

By acclamation the minutes of December 4, 2020 were approved as presented.

**D. Time Certain Presentations:**

- Beach Investment Group (BIG) class presentation:
  - The students reviewed their 2020 Annual Report presentation for the Board. For the entire year, the BIG team was able to yield an overall 16.85% increase on investments.
  - Due to the bullish outlook for the foreseeable future in 2021, the group will look into foreign markets as well as energy and healthcare sectors as these both look to secure market growth.

- Dr. Ammermann included a Directors Addenda and reviewed the following items:
  1. Potential Action Item – Movement of Portfolio to a New Firm: At the beginning of the year, the long-term brokers the group has previously used left Wells Fargo and TSG Wealth Management to start their own firm, Pacific Coast Capital Partners, and Dr. Ammermann wanted to see about the possibility of moving the 49er Shops portfolio to Pacific Coast in an effort to maintain the relationship with their original broker.
    - Mr. de Wit believes there wouldn't be any risk with this but had a question about whether or not their broker would start charging transaction fees under this new firm which had not been the case when they were under Wells Fargo.
    - After some discussion, it was decided that Dr. Ammermann would come to the next F&I Committee to review this decision in more depth so that a recommendation could be brought to the Board for approval moving forward.
  2. Dr. Ammermann finished the presentation by inviting the 49er Shops Board members to the Final BIG Summer Boot Camp session to come, observe and participate in this event. Specifics dates have not been decided yet for this summer but will be passed on to Ms. Russo once confirmed.
- Mr. Andy Price & Ms. Karin Longhurst – Morgan Stanley
  - Ms. Longhurst and Mr. Price provided an overview of the Shops portfolio as of December 31, 2020 as well as a financial forecast for the investment market for 2021.
  - Mr. Price reported that the total fund did see a yield of over 18% year-to-date, however, he added that at the Shops recently had to drawdown around \$3 million from this fund which would affect the financial numbers reviewed.
    - Mr. de Wit asked that if the organization did need to withdraw any additional funds to provide cash flow for the summer months, would that affect the current strategy employed for this fund or would they be able to manage at the same level just at a reduced portfolio.
    - As with the last withdrawal, Mr. Price did appreciate the early notification and stated that it shouldn't affect the overall strategy and they would be able to keep the same financial targets moving forward.

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

- Spring Board Retreat:
  - Mr. Apel suggested that as a possible topic for this retreat, we could bring Dr. Ammermann in to review investment terminology and strategy especially in terms of these presentations and Mr. de Wit agreed this would be a good topic to address.
- Campus Updates
  - He reviewed that the campus budget does look to be headed in a positive direction, however, there are some terms that still need to be defined moving forward concerning some possible outstanding future commitments.
  - The campus has been able to vaccinate around half of the faculty and staff through this first run of the vaccine program including Shops employees and is currently waiting on the City of Long Beach for an additional supply to better prepare and align with fall semester repopulation efforts.

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

- 2<sup>nd</sup> Quarter 2020-2021 Financial Review:
  - Sales came in at \$1,559,235 which is 48.1% below plan with a negative cash flow of \$87, 375.
  - There was an investment gain of \$1.1 million which helped to offset the lower quarter numbers.
  - In terms of key issues and activities, we have implemented a rolling forecast procedure since many of our budget assumptions are no longer valid and anticipate a \$6.5 million operating loss at current levels.
    - As mentioned previously, the Shops withdrew \$3 million from our investment portfolio along with \$400,000 from the VEBA trust 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.
  - When it comes to the Paycheck Protection Program loan already received for \$2 million, the loan forgiveness submittal is currently pending.
    - Mr. de Wit reported that he has also submitted an application for an additional PPP loan at \$2.0 million, however, the process is taking longer than anticipated due to confusion by the SBA as to the Shops' affiliation with the campus which he is working through currently.
  - Mr. de Wit reported that he is concerned with the increased Unemployment Insurance Liability (UIP) through the CSURMA/AORMA Self Insurance Program. It has escalated beyond what had been anticipated with future premiums coming in around \$221,000 due to the extended unemployment benefits allotted under the pandemic for layoffs incurred March of last year.
  - Investments are up \$500,000 from last year when taking into account the PPP loan liability and VEBA withdrawal,
    - Mr. de Wit reviewed that this places the Shops Reserve status into a negative territory status given our current reserve position.

Motion to accept the 2<sup>nd</sup> Quarter 2020-2021 Financial Review as recommended by the F&I Committee

M/S: Dr. Reiboldt / Dr. Soni

By acclamation, 2<sup>nd</sup> Quarter 2020-2020 Financial Review was hereby approved.

- Budget Planning – FY 2021-2022
  - While there are still many unknowns, the Shops are planning next year's budget for a likely hybrid teaching approach which should allow for more students on campus.
  - The Shops will continue to take a more conservative approach when it comes to staffing moving forward.
- F&I Committee Membership
  - Being that Ms. Richardson is already a part of campus financial discussions with the Shops' staff and doesn't have any current committee assignments, Mr. de Wit recommended that she be included on the F&I Committee and Mr. Apel agreed.

## **G. Personnel Committee Report**

- Report on HR Policy Updates:
  - Mr. Harris reported that the committee met earlier this morning to discuss and approve changes made to the HR Policy documentation in regards to revised wage and salary

plan adjustments and updates to the Injury and Illness Prevention Program while reviewing in depth the Covid-19 administration and Preparation Plan that defined mitigation efforts for health and safety standards including departmental Cleaning and Disinfecting plans to better align with the current campus efforts.

- 403B Working Group:
  - Mr. de Wit discussed that the Shops currently have a 403B plan in which traditionally he and Ms. Hernandez have been the primary fiduciaries for, however, moving forward this may be a good time to engage the board and include a member in the semi-annual investment review process.
    - After some discussion, a recommendation for Ms. Richardson was made to join this Working Group and she accepted.

## **H. Nominating Committee Report**

- Dr. Lesen reported that this committee met on Friday, February 12<sup>th</sup>, to review a possible opening to the faculty position since Dr. Reiboldt would be ending her 2<sup>nd</sup> term come this May.
  - Since Dr. Reiboldt is eligible to run again, she was asked if she would be interested in a third term on the Board and she agreed.

Motion to approve Dr. Wendy Reiboldt as the faculty board member representative for a third term

M/S: Mr. Apel / Dr. Soni

By acclamation, Dr. Reiboldt was approved for a third term as the board's faculty member representative. Dr. Reiboldt abstained.

## **I. General Manager's Report:**

- Mr. de Wit reviewed and discussed the following items:
  - When it comes to the CalPERS audit, the Shops have engaged an attorney but we haven't received any additional information from them at this time.
  - The Shops are working with the campus and other auxiliaries in regards to the Shared Services project and will soon be going into Activity Based Analysis Workshops as part of this process.
  - The Bookstore is currently in the process of sending back excess textbook inventory not purchased for the Spring Semester.
  - The Residential Dining Division is still moving forward with the Great Plate Programs through the month of February.
  - The Shops are in discussions with ASI in regards to using the University Dining Plaza location to build/construct a demonstration kitchen for which they currently have a grant to construct.

## **J. Adjournment**

There being no further business, the meeting was adjourned at 12:20 PM