

MINUTES

FORTY-NINER SHOPS, INC.

BOARD OF DIRECTORS MEETING

Friday, October 22, 2021 – Zoom Conference Meeting

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

Members Present:

Mr. Scott Apel

Dr. Wendy Reiboldt

Dr. Beth Lesen

Dr. Praveen Soni

Mr. Jesus Gonzalez

Ms. Lindsay Apaza

Mr. John Barcelona

Absent:

Mr. Jeremy Harris Ms. Genesis Jara

Staff Present:

Mr. Robert de Wit, Interim General Manager/Controller

Ms. Marianne Russo, Executive Secretary

Ms. Rosa Hernandez-Henderson, Director of Human Resources & Communications

Mr. Clint Campbell, Director of Contracts & Facilities Management

Ms. Cyndi Farrington, Director of Bookstore Services

Guest(s):

Mr. Corry Colonna, Executive Director of Housing & Residential Life

Mr. Miles Nevin, Executive Director of Associated Students, Inc.

A. Call to Order:

The meeting was called to order at 10:33 a.m. by Mr. Scott Apel, Chair.

B. Approval of the Agenda: October 22, 2021

Motion to accept the Agenda as presented.

M/S Dr. Reiboldt / Dr. Lesen

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

C. Approval of Minutes: September 24, 2021

Motion to accept the Minutes as presented

M/S Dr. Lesen / Dr. Reiboldt

By acclamation the minutes of September 24, 2021 were approved as presented.

D. Board Chair's Report:

- Mr. Apel reported that Dr. Lesen and the Student Affairs department were doing an incredible job keeping the campus' Covid cases low and helping to enforce all Covid related health and safety mitigations from the online Pre-Screening surveys to mask wearing along with providing multiple Covid testing and vaccination locations around campus.
- The Board Retreat had tentatively been scheduled for November, however, Terranea had not been able to accommodate those dates during that timeframe.

- At the September Board meeting, Ms. Russo had been asked to reach out to them and see about scheduling dates for the beginning of January before the spring semester.
 - The dates they would have open were confirmed as January 6 – 8th and January 17 – 19th.
- Mr. Apel asked the members to reach out to Ms. Russo and let her know what would be their best availabilities for these dates so this Board Retreat could be scheduled and confirmed.

E. Personnel Committee Report

- Mr. Apel reported on the meeting that occurred on Friday, October 15th, since the Chair of this committee, Mr. Jeremy Harris, was unable to attend. The following items were discussed within the meeting:
 - The need for a standardized process to determine salary increases for 49er Shops employees and how that should be tied into the annual Employee Review process developed and put into place in January 2020.
 - What would be the best timing to begin another Employee Compensation Review considering that the last review was conducted back in 2018 and the Shops were due for another as per the recommendation of its last consultant, Employers Group.
 - It was decided that until an annual salary increase could be more strategically finalized next year then they would table this review for the time being especially since there was other research being conducted that could be utilized.
 - The General Manager/CEO transition plan was discussed as Mr. de Wit would be retiring in spring semester 2022 after staying on longer than originally planned due to the pandemic situation.
 - Additionally, Mr. Apel reported that the Shared Services project that had begun at the beginning of the year had recently started up again and he would be sharing more information about the discussions and potential results of these assessments with the Board at future meetings.

F. Bookstore Textbook Review

- Ms. Cyndi Farrington, the Bookstore Services Director, presented an overview about our Course Materials and Textbooks department and the changing market for this business.
 - She reviewed that over the years, the 49er Shops had made significant efforts to provide CSULB students more affordable textbooks by offering used, digital and rental options.
 - However, traditional textbook sales have been steadily decreasing at a concerning rate especially over the past few years as digital book sales increase.
 - One of these options the Shops currently provides is the Day One Digital Access (D1DA) program that allows students to have digital access to their course materials on the first day of their course with the option to purchase these materials over the first two weeks of classes at a discounted rate.
 - While this program is being well received, the market share and business margins for the Bookstore have decidedly not been as strong as traditional textbook sales in the past.
 - A trend being observed nationwide is that 40% of faculty have reportedly taught at least one course that does not require the use of a textbook or any course materials.
 - As was discussed in a previous Board Meeting, 46% of faculty on campus aren't submitting any textbook requests for their courses or listing their classes as "Zero Cost Course Materials".
 - When looking at the College Store industry, Ms. Farrington reviewed the history of Bookstore business models:

- Our 49er Shops Bookstore has moved from a brick and mortar location traditionally selling hard copies of textbooks to more recently a brick and mortar store that has also included digital savings programs like D1DA.
- Other universities like San Diego State and Cal State Fullerton offer inclusive access with a digital first approach which means that they will only sell hard copies if there aren't any digital versions available.
- Additionally, campuses like UC Davis have moved to an equitable access program where students receive all of their course materials for an already established fee upon enrollment.
- Moving forward, the Bookstore will need to develop a more strategic and sustainable business model for selling textbooks knowing that more publishers are moving to primarily only digital options in the future and taking into consideration labor, shipping and storage costs.

G. F&I Committee Chair's Report

- Mr. de Wit reported that the F & I Committee approved the 2020-2021 Tax Return 990 & 990T. Once the finalized documentation is received, he will send it to the Board members to review before these are sent out by the November 15th deadline.
- He then reviewed the 1st Quarter Full Year 2021-2022 Financial Statements:
 - The Shops overall operating results are ahead of plan. While sales came in at 20% below budget, operating expenses have been held in check better than anticipated.
 - Textbooks sales are down 52.1% from plan, however, Residential Dining is up 37% as occupancy came in at 90% for the fall semester.
 - Margin rates are 6.5 points better than planned as we shift in volume from lower margin products.
 - Negative net contribution of \$557,533 which is \$295,861 better than had been budgeted.
 - Operating cash flow of negative \$774,778 that includes a CalPERS unfunded liability payment of \$426,370.
 - Investment loss of \$183,988 with a market downturn heading into October.
 - Inventory and Accounts Receivables down \$823,000 and \$120,000 respectively with liabilities down \$2 million.
 - There is a \$1.8 million dining revenue pending payment that was just received.
 - Capital Expenditures came in at \$72,381 with the majority of that from the opening of the Caffeine Lab in the University Library which came in below budget at \$34,571.
 - There was \$15,297 spent on Outpost table repairs along with a maintenance repair by Beach Building Services for the Nugget coming in at \$27,592.
 - When comparing year-to-year, the Shops' operating results continue to improve with sales up by 49.1% overall from last year with increased activity in Retail and Residential Dining divisions along with margins up by 20 points due to product scale.
 - Our plans and objectives moving forward include gearing up for the spring semester by expanding retail food services and hiring staff needed to support these locations with the anticipated increase in traffic.
 - Additionally, there is a plan to manage the cash flow through the 2nd quarter by reinvesting idle cash through a paydown of the CalPERS unfunded accrued liability as planned with the Board before the onset of the COVID pandemic.

Motion to accept the 1st Quarter 2021-2022 Financial Review

M/S Dr. Lesen / Dr. Soni

By acclamation the 1st Quarter 2021-2022 Financial Review was hereby approved

H. General Manager's Report

- In terms of Human Resources activity, Mr. de Wit reported that Ms. Hernandez and our Human Resources Office were working with the campus on the Vaccine Attestation Survey and validation process.
 - Additionally, there have been 310 employees hired since the beginning of the semester.
- Recently, there was another Weights & Measures audit with no findings for the Bookstore and Convenience Stores.
- The Feed-A-Need program was conducted at the beginning of the fall semester and the Shops donated 300 meals in support of this program.

I. Adjournment

There being no further business, the meeting was adjourned at 11:54 a.m.