

**MINUTES**

FORTY-NINER SHOPS, INC.

**BOARD OF DIRECTORS MEETING**

**Friday, February 25, 2022 – Zoom Conference Meeting**

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

**Members Present:**

Dr. Beth Lesen

Dr. Praveen Soni

Mr. Jeremy Harris

Ms. Genesis Jara

Mr. Jesus Gonzalez

Mr. John Barcelona

**Absent:**

Mr. Scott Apel

Dr. Wendy Reiboldt

**Staff Present:**

Mr. Robert de Wit, Interim General Manager/Controller

Ms. Marianne Russo, Executive Secretary

Mr. Clint Campbell, Director of Contracts & Facilities Management

Ms. Cyndi Farrington, Director of Bookstore Services

Mr. Alfredo Macias, Director of Residential Dining Services

**Guest(s):**

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

Mr. Milton Ordonez, Associate Vice-President, Financial Management

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

Ms. Jeana Young, Student Executive Vice-President, Associated Students, Inc.

Mr. Joe Nino, Interim Asst. Director Gov. Affairs & Initiatives, Associated Students, Inc.

Ms. Teresa Falcon, Student Senator, Associated Students, Inc.

**A. Call to Order:**

The meeting was called to order at 10:01 a.m. by Dr. Beth Lesen, Vice-Chair.

**B. Approval of the Agenda: February 25, 2022**

- A request was made to include “Public Comment” as an agenda item placed before the Time Certain Presentation for the 49er Shops investment review.

Motion to accept the Agenda as amended

M/S Dr. Soni / Mr. Gonzalez

By acclamation the Agenda for the meeting of February 25, 2022 was approved as amended.

**C. Approval of Minutes: December 10, 2021**

Motion to accept the Minutes as presented

M/S Dr. Soni / Mr. Gonzalez

By acclamation the minutes of December 10, 2021 were approved as presented.

**D. Public Comment:**

- Associated Students Senator, Ms. Teresa Falcon, discussed her concern about food waste from the Parkside and Hillside Dining Halls and wanted to see about revisiting a program between Residential Dining and the Beach Pantry to help distribute these meals to students in need.
  - Senator Falcon inquired as to whom she should speak to at the 49er Shops to help with questions that she had and Mr. Alfredo Macias, the 49er Shops' Residential Dining Director, identified himself as the best person to help get her answers.
    - Mr. Miles Nevin also offered to help coordinate with his staff and Mr. Macias to see what would be possible with the Beach Pantry moving forward.

**E. Time Certain Presentations:**

- Beach Investment Group (BIG) class presentation:
  - The students reviewed their 2021 Annual Report presentation for the Board. For the entire year, the BIG team was able to yield an overall 12.48% increase on investments.
    - This past year the group created an Economic Risk Model guideline that took into account factors like COVID-19 and current geopolitical issues along with utilized a top-down approach on equity security styles focusing on quality, value and momentum which helped the group continue its strong performance through last year.
  - The group finished their presentation by inviting the 49er Shops Board members to their BIG Summer Boot Camp session to come, observe and participate in this event.
    - The dates and details have not been decided yet for this summer but will be passed on to Mr. de Wit and 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, 2021, along with discussing Morgan Stanley's Global Investment Committee in terms of their investment strategy for 2022.
    - Mr. Price reported that the portfolio fund did see a yield of over 9.5% year-to-date for a total of around \$10.1 million.
      - Mr. de Wit mentioned that the Shops did need to withdraw \$3 million in 2020 from the investment portfolio that helped maintain cash flow through the pandemic.
    - Ms. Longhurst projected that while the market will continue to be volatile on many fronts over this next year, tighter financial conditions could provide investment opportunities moving forward.

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

- Campus Updates
  - Dr. Lesen reported that the campus is now as close as possible to full repopulation which has fortunately gone much more smoothly than was anticipated.
    - There have been some positive cases since the beginning of February, however, the transmission rates have remained relatively on the lower side.
  - There have been some recent shifts with LA County and Long Beach Health Department in terms of COVID health and safety guidelines, masking ordinances along with vaccination and booster requirements and how that will now affect quarantine guidelines.

- The campus will continue to respond to these shifts and communicate any updates to our community as quickly as possible.
- Spring Board Retreat:
  - This retreat is schedule for Friday and Saturday, April 8 and 9<sup>th</sup> and will be held at the Terranea Resort in Rancho Palos Verdes.

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

- 2<sup>nd</sup> Quarter 2021-2022 Financial Review – Operating results are ahead of Plan.
  - Sales came in at \$6,033,309 which is 20% above budget.
    - Residential Dining and Bookstore Retail Sales are over 20% up and remain steady especially with the increased traffic on campus.
  - Operating expenses have been held in check even though the business volume has increased in part due to continued hiring challenges across the organization.
    - Operating income came in at \$781,417 which is \$828,271 better than planned.
  - G&A expenses are in line with the budgeted numbers as minimal staffing remains in place for our support departments.
  - Investment gain of over \$430,000 which helped recover the investment loss sustained during the first quarter.
  - Net contribution of \$355,925 which is over \$1 million better than originally budgeted.
  - Current year capital expenditures have been kept to a minimal at around \$83,000 with only the following expenses:
    - Caffeine Lab opening in the University Library which came in below the \$75,000 budget at only \$34,571
    - \$15,297 was for Outpost table repairs
    - There was a maintenance repair to the Nugget done by Beach Building Services at \$27,592
  - Cash/Investments are up \$1.1 million benefitting mostly from investment gains realized in the second half of FY2020/2021.
  - Inventory is down \$500,000 stemming from reduced business volumes in our Textbooks/Course Materials department.
  - Operating cash flow of \$490,040 Year to Date cash flow comes in at around \$284,000
    - Compared to last year, our operating results have improved but our business model has changed slightly over these past few years.

Motion to accept the 2<sup>nd</sup> Quarter 2021-2022 Financial Review as recommended by the F&I Committee

M/S: Dr. Soni / Mr. Gonzalez

By acclamation, 2<sup>nd</sup> Quarter 2021-2022 Financial Review was hereby approved.

## **H. Personnel Committee Report**

- Report on HR Policy Updates:
  - Mr. de Wit reported out on our recent Personnel Meeting since Mr. Harris had to leave the meeting early.
    - The committee met on Friday, February 18<sup>th</sup>, to discuss and approve changes made to the HR Policy documentation regarding employee performance reviews being started up again, revised wage and salary plans, employer

contribution rates, revisions to the Injury and Illness Prevention Program, and the recent updates for the COVID-19 Preparation Plan.

Motion to approve the review and updates to the Human Resources Policy as recommended by the Personnel Committee

M/S Dr. Soni / Mr. Gonzalez

By acclamation the Human Resources Policy review was hereby approved.

## **I. Nominating Committee Report**

- Dr. Lesen reported that this committee met on Friday, February 11th, to review four Board vacancies that were coming up for review:
  1. Faculty Member position
  2. Staff Member position
  3. Community Member position
  4. Student at Large position
- For the positions of Faculty member and Community member, Dr. Praveen Soni and Mr. Jeremy Harris have both expressed interest in continuing for a 3<sup>rd</sup> term with the Board of Directors respectively.
- Mr. de Wit discussed that an application and resume had been forwarded to him from Mr. Apel recommending that the Staff member position be filled by Mr. Milton Ordonez who had recently been appointed to the Associate VP of Financial Management position left by former Board member, Ms. Tracey Richardson.
- Additionally, the committee approved to move forward with the recommendation of Ms. Jeana Young to the Board as the new ASI Vice-President of Finance since Ms. Lindsay Apaza had recently resigned from that position.
- The position of Student-At-Large would need to be decided at a future Nominating Committee meeting.

Motion to approve Dr. Soni and Mr. Harris for a third board term, Mr. Ordonez to the Staff member position and Ms. Young to the ASI Vice-President of Finance position

M/S: Mr. Gonzalez / Mr. Barcelona

By acclamation, these Board member positions were approved as presented.

- Another point of order addressed was that Mr. Apel had requested for Mr. Ordonez to be given the role of Board Treasurer moving forward.

Motion to approve Mr. Ordonez to be the new Board Treasurer

M/S: Dr. Soni / Mr. Gonzalez

By acclamation, Mr. Ordonez was approved to be the Treasurer for the 49er Shops Board of Directors

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

- Mr. de Wit reviewed and discussed the Shops previous activities:

- The recent Paycheck Protection Program Loan forgiveness of \$2 million was recorded as income on the January financial statements.
- When it comes to Human Resources, the following updates were discussed:
  - The State of California recently re-instated the California Supplemental Pay Leave retroactive to January 1<sup>st</sup>, 2022.
    - Under this new order, an employee would be entitled to 40 hours of sick pay if they are diagnosed with COVID and an additional 40 hours if someone in their household has a positive diagnosis or is exposed to the virus.
      - ❖ There is some concern that this would impose an additional expense for the Shops that wasn't planned for accordingly.
  - California Minimum Wage increased again this past January to now \$15.00 per hour which has not only impacted our minimum wage staff but also has a trickle-down impact to the supervisors and management staff with their salaries.
  - The Shops recently participated in the AOA Compensation Study.
    - As part of this study, some pay shortcomings were noticed that could be impacting key staff vacancies in our Retail and Residential Dining Services divisions which have been addressed accordingly.
- We are currently working with the campus on the CSU Audit of the ID Card Program and have been submitting documentation in support of that process.
- The Residential Dining Agreement has been extended for an additional year.
  - The Shops participated in a CSU Residential Dining Increase Trends Survey which showed that out of 23 California State Universities, the 49er Shops were the 19<sup>th</sup> lowest in terms of meal plan rates.
- In looking forward at current and future activities, the following items were presented:
  - Mr. de Wit has initiated the FAS106 Actuarial Study that would provide an assessment of our accrued post-retirement benefit obligation in conjunction with the VEBA trust balance moving forward.
  - The Shops have kicked off the Employee Review process starting the week of February 21<sup>st</sup> which is planned to go through April in time for the budget process.
  - The CSU Operating Agreement was set to expire this May 2022 so Mr. de Wit is currently working on putting that together to be submitted to the Chancellor's Office for approval.
    - As part of this documentation, he would be including the updated Board Bylaws that were approved in February 2020.
    - When the Board had made these Bylaw updates, they also approved updates to the Articles of Incorporation, however, the Shops' attorney did provide feedback on these changes that would need to be considered by the Board at future meetings.
  - The CalPERS paydown of previously Board approved funding is scheduled for the end of March once we can verify that the spring semester budget will align with what was projected through the rest of the fiscal year
  - The annual budget process will be starting up soon and Mr. de Wit shared the Budget Schedule timeline that would extend over the next few months.

## **K. Adjournment**

There being no further business, the meeting was adjourned at 12:03 PM