

MINUTES

FORTY-NINER SHOPS, INC.

BOARD OF DIRECTORS MEETING

Tuesday, May 9 – Conference Room Meeting

Members Present:

Mr. Scott Apel

Dr. Virginia Gray

Mr. John Barcelona

Dr. Beth Lesen

Mr. Milton Ordoñez

Mr. Isaac Julian

Mr. Jeremy Harris

Dr. Praveen Soni

Ms. Mitali Jain

Absent:

Ms. Diamond Byrd

Staff Present:

Dr. Miles Nevin, Executive Director

Mr. Gordon Copley, Chief Financial Officer

Ms. Rosa Hernandez, Associate Executive Director of Administrative Services

Mr. Clint Campbell, Associate Executive Director of Retail Services

Ms. Sylvana Cicero, Associate Executive Director, ASI

Ms. Cyndi Farrington, Director of Bookstore Services

Mr. Alfredo Macias, Director of Residential Dining Services

Mr. Tom Collier, Accounting Manager

Mr. Idris Aydin, Director of Finance, ASI

A. Call to Order:

The meeting was called to order at 3:01 p.m. by Mr. Scott Apel, Chair.

B. Approval of the Agenda: May 9, 2023

Motion to accept the Agenda as presented

M/S Ms. Jain / Mr. Harris

By acclamation the agenda for May 9, 2023, was approved as presented.

C. Approval of Minutes: April 21, 2023

Motion to accept the Minutes as presented

M/S Ms. Jain / Mr. Harris

By acclamation the minutes of April 21, 2023 were approved as presented.

D. Public Comment:

- There was no public comment given.

E. Board Chair's Report:

- Conflict of Interest Form:
 - Ms. Russo explained that this document would need to be annually reviewed and signed by all Board members and then sent back to keep for our records.

- Board Calendar:
 - The Board Calendar for 2023-2024 had been sent out earlier to the members for review and to provide feedback on the dates that were chosen.
- Board Committee Chairs & Membership
 - A document had been sent about the Committees of the Board which provides the function and description for each of them..
 - The Board discussed the respective sub-committees and determined the following assignments:
 - Audit Committee
 - 1) Chair: Mr. Jeremy Harris
 - 2) Mr. Milton Ordoñez
 - 3) Mr. Alvin Tu
 - F&I Committee
 - 1) Chair: Mr. Scott Apel
 - 2) Dr. Praveen Soni
 - 3) Dr. Beth Lesen
 - 4) Mr. Milton Ordoñez
 - 5) Ms. Mitali Jain
 - Nominating Committee:
 - 1) Chair: Dr. Beth Lesen
 - 2) Dr. Virginia Gray
 - 3) Mr. John Barcelona
 - 4) Ms. Teresa Falcon
 - Personnel Committee
 - 1) Chair: Dr. Beth Lesen
 - 2) Mr. Scott Apel
 - 3) Dr. Virginia Gray
 - 4) Mr. Jeremy Harris
- Board Role Officer Assignments
 - The Board Role Officer assignments were reviewed, and it was decided that they would remain the same for the upcoming year:
 - Chair: Mr. Scott Apel
 - Vice-Chair: Dr. Beth Lesen
 - Treasurer: Mr. Milton Ordoñez
 - Secretary: Dr. Miles Nevin

Motion to approve the 2023 – 2024 Board Calendar, Board Roles and Board Sub-Committee Assignments

M/S Mr. Julian / Ms. Jain

By acclamation the Board Calendar, Board Roles and Board Sub-Committee assignments are hereby approved

F. Finance & Investment Committee Chair's Report:

- Mr. Copley presented next year's Budget for review which had been shared and approved by the F&I Committee for recommendation to the Board at their meeting on May 2nd.
 - Next year's budget would represent a stabilization of operations taking into account re-opening this year with traffic on campus that hasn't been seen since 2020.

- This would include staffing back to pre-pandemic levels as well as taking into consideration how inflation has already impacted our cost of goods and labor numbers which is anticipated to continue into this next fiscal year.
- Key Assumptions:
 - Enrollment on campus and housing occupancy volumes are expected to stay similar as to what was seen over this past year.
 - In terms of rates, the following items have been factored in:
 - A newly negotiated Residential Dining contract that includes a new meal plan rate for the next fiscal year.
 - Increased utility and insurance costs, along with inflation costs that could create headwinds for the gross profit margins.
 - The following Labor costs that have been included:
 - All current and open positions and their benefits with designated tier and employee types have been factored in for next year.
 - The potential for a minimum wage increase has been allocated for since it has been the trend in California over the past several years that also allocates for the additional rate creep.
 - We are placing a temporary hold on the previously agreed upon CalPERS liability paydown put into place through a Board action, however, this could go back into effect depending on how well financials turn out next year.
- High Level Summary:
 - Due to the year-end \$5.1 million CalPERS liability adjustment, we are expecting a negative net contribution for next year.
 - However, we are also anticipating an overall revenue increase across all divisions especially from Residential Dining, along with a minimal gross profit percentage improvement that will be driven by the Bookstore's blend switch from textbooks to expanding services and higher-margin retail merchandise.
 - Payroll increases have been allocated within the budget numbers due to partial staff within the forecast as opposed to the full staff allocated in the budget.
 - As mentioned previously, with inflation comes increased utilities' costs as well as more risk and headwinds for our retail and residential dining operations.
 - G&A increases due to the assumption of being fully staffed up and the current cost sharing arrangements of the organizations.
- Capital Funding:
 - In terms of expenditures for the next year, those are based on needed projects involving maintenance and repair along with system and safety upgrades that include the following projects:
 - For our Accounting department, the purchase and implementation of a new cloud-based general ledger accounting system
 - The Bookstore building needs an air-conditioning system replacement along with repairs to the railing on the north side of this locations.
 - Retail Dining locations have been allocated contingency funds for potential repairs, maintenance, and upgrades to help retain continual operations.
- Projected Fund Balances:
 - There are specific designated funds budgeted at over \$9 million and reserved for the following areas:
 - Student Managed Beach Investment Group (BIG)
 - Sick Leave Reserves

- Beach Club deposits
- PERS Unfunded Liability
- SRB Funding - Outpost

Motion to approve the Operating Budget FY 2022-2023 as recommended by the F&I Committee

M/S Ms. Jain / Dr. Soni

By acclamation the Operating Budget for FY 2022-2023 is hereby approved

G. Executive's Report:

- Dr. Nevin reported that we are pleased with the developments of the Shared Services project between the two organizations which look to be going well.
 - Mr. Apel and Dr. Nevin gave recognition to the leadership staff on both sides who have been working very hard in support of this program and being open to the spirit of the Shared Services program.
 - Other universities have been looking into this program and are excited to see the progress we have been making thus far.
- As we transition into the summer preparing for the fall semester, we have some major projects coming up in terms of textbooks and food service that we hope will provide better support to our students and campus community.
 - One such project is the Future U which has the potential to bring the food services from the Shops and ASI together in a more cohesive way moving forward.
- Dr. Nevin deferred to Ms. Hernandez who let the group know that she and her Human Resources staff were currently in the process of Employee Evaluations which included the evaluation of the Executive Director.
 - Hard copy forms were passed out to the group and digital forms would also be sent as reference for this process.
 - Using the information that is given through these documents, she will be working with Mr. Harris, the Chair of the Personnel Committee this past year along with Dr. Lesen who is this year's Personnel Committee Chair to organize and plan this process over the next month.
 - There was a question posed about whether Dr. Nevin would be receiving two separate evaluations this year, one from the Shops as per our bylaws along with ASI which has that as part of their bylaws as well.
 - Ms. Hernandez responded that to be in compliance there would be two evaluations this year, however, she and the HR staff are looking at this process to see how best to move forward with one more comprehensive evaluation that could align with the needs for both auxiliaries.
- Looking forward to Board meetings during the next school year, Dr. Nevin wanted to discuss cutting down on the printed materials that have previously been put together for these meetings.
 - After some feedback was provided, it was decided to bring less of these printed materials in the future in an effort to be more sustainable along with saving on costs in the long run.

H. Adjournment

There being no further business, the meeting was adjourned at 3:57 p.m.