

CI University Auxiliary Services, Inc.

Board of Directors

Meeting Minutes

Thursday, February 18, 2021 11:00 AM - 12:00 PM

This meeting is open to the public at the following location:

Zoom meeting Click to join the meeting: <https://csuci.zoom.us/j/86834888421>

University Auxiliary Services Board of Directors members present: David Press, Bill Robe, Andrea Grove, Stephanie Bracamontes, Ysabel Trinidad.

Members not present: Marianne McGrath, Sidney Valencia

CI and UAS staff present: John Lazarus, Jeff Kim, Bridget (Partida) Donlon

1. Meeting called to order at 11:04am.
2. Request for public comments on matters not on the agenda (Bill Robe) – no public comments
3. Bill Robe requested approval of minutes from November 19, 2020
4. Andrea Grove motioned to approve, and David Press seconded. Unanimously approved.
5. David Press notified the Board that after extensively interviewing six different auditor firms over two weeks, a new Auditor, Cohn Reznick, has been selected.
 - a. Procurement worked on the fee structure
 - b. Cohn Reznick is also the auditor for CSUN and CSULA
 - c. Changing from Vasin, Heyn and Company
 - d. Stephanie Bracamontes commented that changing auditors is a big deal and Ysabel Trinidad noted that having new auditors with fresh eyes is advantageous.
 - e. Stephanie will be meeting with Cohn Reznick in April/May and thanked David Press for his extensive help in participating in the negotiations.
 - f. Bill Robe questioned if the Board needs to approve with a vote. John Lazarus confirmed that a vote is not required on this item.
6. John Lazarus reviewed proposed updates to UAS Bylaws required by California Education Code.
 - a. UAS_Bylaws_September 2020 Ed Code DRAFT 1 (10-26-20)nb-cmts attached
 - b. Changes such as notification times (ie: post agenda 10 days in advance of meeting, formatting changes, Auxiliary Organizations Association compliance, etc.)
 - c. Nathan was a huge help in updating the Bylaws and cleaning up typos and formatting errors.
 - d. Bill Robe noted that there are no substantial changes
7. John Lazarus requested approval of new bylaws.
 - a. David Press motioned to approve. Andrea Grove seconded. New Bylaws approved unanimously
8. Update on PPP Loan Forgiveness as well as application for PPP2:
 - a. John Lazarus reported that UAS received approximately \$699,300k in PPP1 loan in 2020 and we're waiting/expecting Fed to approve PPP1 Loan Forgiveness in the form of a grant.
 - b. Applying for PPP2 and expecting to receive another \$110k – 120k to spend on payroll, rent and debt forgiveness
 - c. No questions from the Board
9. John Lazarus discussed Q2 Financial review and the numbers are as expected.
 - a. Board Reports attached
 - i. Note. There is a FY Projection 20-21 column on the Board reports and that forecasts where we'll end up at the end of the FY.
 - ii. A "Forecast" column will be added to future reports and expected to be seen by Q4.
 - b. Assets reviewed.
 - c. Liabilities reviewed
 - d. \$1.6m from CARES Act funding is expected from Campus
 - e. Income Statement reviewed

- i. Town Center: John Lazarus noted that the Town Center loss was more than originally estimated because Town Center was kept open longer than originally expected. Utilities were underestimated resulting in approximately 8% increase/ \$33k shortage.
 - ii. Food SUB: shortage is due to Brian Bernardez and Roxanne Herlien being employed longer than budgeted and utilities expenses.”.
 - f. Freudian Sip JSB: food for Meal Plans is being made in Islands Café kitchen and delivered/distributed at Freudian Sip JSB.
 - g. Drop in revenue is a direct result of drop in dorm residency, as expected.
 - h. “Rule of Thumb” is that every 75 resident students = \$200k in income. Therefore, -\$350k in revenue is caused by the drop in students physically on campus.
 - i. Bookstore: John Lazarus reports that there is no deal with Follett yet, but expects to have a signed agreement within a week. Follett will likely be paying \$165k and will probably go to a straight commission.
 - j. Vending: some costs were recorded in error.
 - k. Copier Program: losses attributed to decreased number of customers physically on campus.
 - l. One Card: doing better than anticipated.
 - m. Catering: significantly down as expected. Summer revenue completely dependent on whether or not Summer Conferences are allowed to happen safely under health guidelines, and whether parents feel safe and comfortable sending their children to summer camps.
 - i. John Lazarus has worked extensively with campus partners in Procurement and other areas to decrease standard contract time from 4 months to 6 weeks so that if the health restrictions are let up, we can quickly contract with groups and get them in this summer.
 - n. Anticipating \$2m in loss this fiscal year.
 - o. Shortfall is expected to be made up by \$1.6m in CARES funds and \$700k from PPP1 loan/grant.
 - p. Ysabel Trinidad noted that the goal is to break even. There are \$0 in reserves and a deficit is not an option. CARES supplement seems to be the answer. ‘21/’22 might be the same situation, anticipating a CARES 3 Act to supplement lost revenue so that ‘21/’22 doesn’t end in deficit.
 - q. David Press questioned if the CARES funds will be received by June 30th (end of fiscal year). John Lazarus confirmed that the expectation is yes -- the loan will be converted to a grant and we should know the definitive answer by the next Board meeting in May.
 - r. David Press asked if UAS has begun budgeting for ‘21/’22. John Lazarus confirmed yes.
- 10. Stephanie Bracamontes gave a CARES funding update in FY20/21 by sharing a slide report.
 - a. UAS is expecting to receive \$2.5m from California Higher Education Relief Fund and \$700k from Paycheck Protection Program.
 - b. Ready to convert loan to grant but needs to meet with bank to follow-up.
 - c. John Lazarus noted that UAS spent \$700k on payroll expenses within 8 weeks.
 - d. David Press noted that even if loan isn’t converted to grant during this fiscal year, it’s okay because the income will be accrued as deferred revenue. Stephanie Bracamontes confirmed that’s correct.
- 11. John Lazarus gave a Director’s Report on the current state of UAS Operations
 - a. Three Board appointments are coming due (Ysabel Trinidad, Bill Robe and Andrea Grove) and we want to ask them to continue to serve.
 - b. There was a \$3k embezzlement discovered at JSB that happened in February 2020 (right before COVID closures).
 - i. It was a sophisticated plan that involved a detailed paperwork scheme and the Brinks deposits. It wasn’t discovered until May because it wasn’t initially apparent if it was a clerical error or a crime. Stephanie Bracamontes noted that part of the delay was due to a one-month lag time in Brinks’ response to inquiries. CIPD investigated, interviewed and arrested the suspect in January ’21. UAS is seeking restitution and expects to recover the \$3k loss.
 - ii. David Press questioned why the Auditors didn’t discover the loss and were they informed of the loss? John Lazarus said that the Auditors did not discover the embezzlement because of the sophistication of the scheme, and it was not initially reported to them because at the time it was unclear whether the loss was an error or a crime.

- c. UAS has implemented changes and tightened up cash reconciliation system.
 - d. John Lazarus reports that Chef Peter Maher and Chef Nic Manocchio have met with students to get their feedback and suggestions for improving food quality and service. Customers satisfaction is improving.
 - e. Although we have not had any COVID-positive dorm residents to date, there is a mechanism in place to serve food to quarantined students if necessary.
 - f. '21/'22 Budget is dependent on Fall total enrollment and the return of Faculty and Staff to campus
 - g. Andrea Grove expects about 75% of Faculty and Staff will return to campus in the Fall. Discussion about people's comfort level and feelings of safety migrating around campus and how that will affect retail food sales.
 - h. John Lazarus notes that a 50-75% drop in retail sales seems realistic at this point.
 - i. Anticipating a ceiling of 740 students living in the dorms in Fall 2021.
12. Bill Robe invited Board comments. No comments were made.
13. Bill Robe asked Board members for specific agenda items for the next meeting.
- a. John Lazarus suggested adding the '21/'22 Budget for review (and also thanked the Board for their support throughout this past difficult year).
14. Next UAS Board Meeting is scheduled for May 20, 2021
15. Bill Robe adjourned meeting at 11:55am.