CI University Auxiliary Services, Inc.

Board of Directors
Meeting Minutes
Thursday, May 19, 2022

Attendees: Bill Robe, David Press, Jacquelyn Hoffman, Marianne McGrath,
Jeff Kim, Barbara Rex, Stephanie Bracamontes, John Lazarus, Peter Maher

I. 11:05am: Welcome and Call to Order by Bill Robe
II. Public comments: none
III. Bill Robe made a motion to approve the Meeting Minutes from February 17, 2022
   a. Barbara Rex motioned
   b. David Press seconded
   c. Motion approved unanimously
IV. John Lazarus gave a detailed Q3 Financial report
   a. UAS is currently expecting a $1.2 million loss, mainly because of Printing
      being down and low residency in the dorms.
   b. The $4.3 million HERF funds continue to sustain UAS, but there are
      challenges ahead
   c. Seeing slight improvement in retail spending
   d. Catering is down from expected
   e. ASI payments have been delayed, but it’s not worrisome
   f. Inventory is up, because sales are up
   g. Accounts Payables as a current liability is off due to a timing issue, but is
      being resolved.
   h. Deferred revenue is being corrected more conservatively
   i. Total Equity Reserves is about $3.3 million
      i. Would be -$1.2 million without the HERF funds
   j. Reviewed Income Statement
i. David Press questioned “Preliminary – Subject to Audit” note
   1. John Lazarus explained it’s just an editor’s error and he will fix.

ii. David Press asked about PPE balances and there are none.

iii. Budget only had Islands and Sea Store operating Corporation will zero out.

iv. Reserves are 0

v. Town Center Market is zeroed out and will be removed from next report (since it no longer exists).

vi. SUB is expected to lose about $51,557

vii. Sea Store losses are not as bad as forecasted

viii. Pizza 3.14 is losing money and needs to be addressed

ix. Islands Café: still not fully open on North Side due to dormitory counts being low. North Side only has Pizza and Pasta stations open.
   1. Expecting $1.8 million in Meal Plan revenue from HRE to UAS by end of fiscal year.

x. Book Store: doing better than expected, but still losing money this year and next.
   1. There is a $200k guarantee that Follet will return when enrollment rates return to normal.
      a. Barbara Rex estimates that will be end of 2024/beginning 2025.

xi. Copier Program: pallet paper sales are down and not expected to return to normal business. Post-pandemic, most people have gone almost paperless.

xii. Catering: expected to earn about $500k in Summer Conferences and $150k in other Catering sales.

k. John noted that comparing ’22 Financials to ’21 isn’t helpful because of the radical climate differences.
i. David Press asked about accounting practices, Stephanie Bracamontes explained that we aren’t in a deficit position.
   1. Barbara Rex notes that we could get a bridge loan from Campus if necessary.
   2. Stephanie noted that we have 3 months of reserves
ii. Jaquelyn Hoffman asked about Islands being fully reopened in Fall, John Lazarus said that is unlikely, based on expected enrollment being down.
I. Total profit is $3.3 million (only because of HERF funds; without HERF, UAS would be -$1.26 million.
V. David Press gave an update on the 2022 UAS Audit Entrance Meeting in September.
   a. David Press asked for a Motion to Approve Audit Committee Minutes.
      i. Bill Robe motioned
      ii. Barbara Rex seconded
         1. Board accepted unanimously
            a. Stephanie Bracamontes abstained.
   b. David Press requested a motion to accept the Audit Exam
      i. Bill Robe motioned
      ii. Barbara Rex seconded
      iii. Motion approved
VI. John Lazarus requested approval of FY 22/23 budget
   a. John requests a Financial Analyst to help with monthly P/L reports.
      i. Suggests we can offset cost of new position with the absence of one Retail Manager position
      ii. Position will increase cost to Corporate
   b. Campus reimbursement costs are up
   c. Sea Store will increase
   d. Pizza 3.14 is expected to sustain a -$220k loss.
   e. JSB is expected to lose -$67k
f. Islands Café: with only 1,102 students in dorms (not capacity), Islands is expected to lose $800k next fiscal year.
g. OneCard: loses -$15k, partially because UAS took on Admin Costs that used to be incurred by IT.
   i. David Press questioned if loss is offset by cash handling costs, and John Lazarus answered no.
h. Copier Program is down -$60k.
i. Catering might have an $87k profit.
j. Barbara Rex is working on a variety of scenarios to help next year.
k. Bill Robe questioned what would happen if a contract company like Sodexo ran the operation.
   i. Barbara Rex commented that an outside operator probably couldn’t/wouldn’t take on a losing operation, especially under the current inflationary headwinds.
   ii. Jaquelyn Hoffman asked when Meal Plan costs were last increased.
      1. John Lazarus confirmed that Meal Plan price has not increased since 2016, despite 22% CPI increase, rising costs and inflation.
l. John Lazarus requested a motion to approve the budget
   i. Bill Robe motioned
   ii. David Press seconded
   iii. All in favor; Budget unanimously approved.

VII. John Lazarus gave the Director’s Report.
   a. Labor market continues to be tight, including at the entry levels.
      Competition for entry-level workers is steep.
   b. We are preparing for Summer Conference season.
   c. The Gateway Hall project at the entrance to campus is underway and will include some retail space.

VIII. Action Item: Board reviewed proposed Board Meeting dates for 22/23:
a. September 15, November 17, February 16 ('23), May 18 ('23) for Annual Meeting.
   i. David Press made a motion to approve
   ii. Stephanie Bracamontes seconded
   iii. All in favor unanimously
IX. Board Comments:
   a. Jaquelyn Hoffman noted that many students pay their own room and board, and we should be mindful of their dollars. All agreed.
   b. Jaquelyn Hoffman asked if Islands could start using social media to post about closures, specials, etc.
      i. John Lazarus will look into it.
X. Agenda items for future meetings: None suggested
XI. 12:04pm: Bill Robe adjourned meeting

Next Meeting: September 15, 2022