



**Board of Directors
Meeting Minutes of June 24, 2020
Via Zoom Conference (Due to COVID-19)**

MEMBERS PRESENT: Bill Campsey
Patrick Day
Charlie Faas
Tanvi Kothari
Julie Stone
Zoebeida Delgadillo

GUESTS: Kathleen Prunty, AVP Business Services
Raymond Luu, Associate Director of Commercial Services

I. CALL TO ORDER

Interim Board Chair Charlie Faas called the meeting to order at 2:01 PM

II. PUBLIC COMMENTS

No Public Comments.

III. APPROVAL OF AGENDA

MOTION: Bill Campsey moved to approve the Board of Directors meeting agenda for June 24, 2020 as presented. Patrick Day seconded the motion.

VOTE: Motion carried unanimously.

IV. APPROVAL OF MINUTES

a. Board Meeting Minutes of October 4, 2019

MOTION: Bill Campsey moved to approve the October 4, 2019 Board of Directors meeting minutes. Patrick Day seconded the motion.

VOTE: Motion carried unanimously.

b. Board Meeting Minutes of April 15, 2020

MOTION: Bill Campsey moved to approve the April 15, 2020 Board of Directors meeting minutes. Patrick Day seconded the motion.

VOTE: Motion carried unanimously

V. INTERIM BOARD CHAIR'S REPORT – CHARLIE FAAS

Since March, operations have been a financial disaster. As we know there has been a lot going on to morph/change and switch to virtual learning. In mid-March we didn't ask our students to leave but allowed them to get out of their leases in housing and went to online classes. The bulk of our 4000 housing students left right away, then the numbers dwindled to 1100 and eventually down to 150. The Dining Commons had to remain open through the end of the Spring semester, but we did refund meal plans for those who opted to leave housing. Chartwells did as good as they could, given the circumstances. They closed all retail dining except Village Market which was converted and operated by the Dining Commons when numbers went down to 150. With the Dining Commons running Village Market they were able to make the dollars go further. When you have fixed overhead you have limited options. With no cash revenue from meal plans and retail outlets, there was no revenue stream coming in. As the number went down they furloughed staff.

We do have CARES money available to us that is going predominately towards housing. Out of 28 million, 14.5 million went to students and is almost completely distributed. Another 14.4 million has not been drawn against yet but predominately will go to changes we have had to make in the teaching/learning modes (stipends, equipment, additional zoom licenses). Since we released students out of housing contracts, we were able to put these funds towards the housing deficit. Dining would also get \$1-2 million.

The University has not said where the remaining funds will go yet. We are working to put a plan together because there is a long list where money is needed.

The Governor cut the State budget by 10%. As we set up the budget, we are going to continue to be challenged in 2021. For Fall semester, only 15% of classes will be on campus. Mostly labs for Science and Engineering upper class students and some Art and other classes that need to be in person. Instead of 4000 students in housing we are looking at 2100-2500 with half being freshmen. That means less meal plans so need to look at economies of scale. We can't have high quality meals and longer service hours. In the Fall we are looking to shorten Dining Commons hours and schedule a time for students to come in. There will be windows of times in order to stick to social distancing. More than likely, there will be no eat in dining in the DC rather pick up your meal and either go back to your room or eat outdoors. We are looking into setting up outdoor seating near Washburn, the quad, CV2 and the towers just to have more of a safer outdoor environment for students to eat and congregate in small groups. The Student Union will be open but limited. We are not encouraging Staff to come back. Retail dining will be narrowed way down. Currently looking to open

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between 11am-2pm. At any given time maybe 1000 people will be on campus at a time. Most students coming to campus will be transitional – drive to campus, park, go to class then go home. If we see it getting busier, then the hours will be adjusted. We will be running an analysis of when and where classes are. If most on campus classes are in Duncan, students probably will not go to the SU for food. If Engineering, then yes they probably will. There will be next to no catering since there will not be staff around, no student groups, and a limited number of faculty. Groups larger than 25 are not allowed through December.

We do not know what will happen in January for it depends on Santa Clara County and a vaccine and how comfortable people are to come back. Worst case scenario, there could be another waive of the virus. This is the most likely scenario that we can see.

Bill Campsey asked for an update on the Alquist Acquisition – are we still looking at this long term? Charlie Faas said yes, absolutely no change. We put out 5 RFPs for various services to tear down the Alquist Bldg and acquire the parking structure as well as study the water table and traffic patterns. This is all being funded by the \$250,000 from Senator Beall and Assemblymember Kalra. Consultants worth about \$90K hit the SSI Budget in 2019-20 and another \$45K in looking for partners to come in. Alquist has to happen for SJSU's future. We need affordable housing to attract Faculty, Staff and Grad Students. We need to continue to figure out how to add more beds to our campus and that might be in a non-traditional way. Money will be hard to come by, and reserves need to be spent down so we won't be able to put any down payments. Whether we partner with Urban Catalyst or community colleges, we need to continue to move forward and hope this is short term and that we will get back to a different normal soon with students and faculty back on campus and growth on campus. We recruited a lot of great faculty including faculty of color. Stanford closed their recruitments down. Julie Stone commented that Santa Clara University finished their tenured track recruitments.

We will have an excess capacity of beds but will fill 100% of what we are able to fill. Next year's plan is to be back at 4000. Alquist will make up the deficit. We recently hired a Senior AVP for FD&O, Traci Ferdolage. She has good experience and background in this area and will be the point person on the Alquist project.

Bill Campsey asked another question – Regarding NCAA – if we do not have on campus classes, will we not have sports? Charlie commented that he has not heard any updates on the existence of sports in Fall. It is firmly up in the air, however the plan is to bring athletes back first or second week in July. First football then women's soccer, men's soccer etc. There needs to be a process for quarantining, training and testing.

Many questions are still on the table regarding travel. Do we cancel non-conference games and just play within our conference. We get paid to play non-conference games so the financial implications are great. We are "blessed" that it will not be a financial hit to us to not have people in the stands to watch the games. Schools like Fresno and SDSU will take a big revenue hit. We also make a lot of money with televised games. It will be interesting to see the impact on all sports without fans.

VI. OPERATIONAL REPORT

Reported by Charlie Faas under section V and IX

VII. COMMITTEE REPORTS

- a. Administrative Committee – No report
- b. Audit Committee – No report

VIII. OLD BUSINESS

IX. NEW BUSINESS

- a. FY20-21 Budget - Based on the FY19-20 budget we anticipated that we would lose a quarter of a million but we show a loss of \$1.2 million. The driver behind is that we had to pay additional dollars for Chartwells to make operations whole. We also took out a PPP Loan in the amount of \$100K for the Golf Complex staff. We know that \$80K will be forgiven so we can show that but we are still working on the last \$20K and do not want to show as being forgiven yet. Barnes and Noble FY19-20 showed a \$800K revenue but they have been closed the past few months not benefiting from Graduation, Admitted Spartan's Day, and Orientation so ended up with revenue of \$600K.

Since SIP we have had over 572 events cancelled. This is a significant number of events that generate revenue. We hope to have these events back in Spring 2021.

The Golf Complex operations remained neutral for FY19-20 and will be moved out of Spartan Shops beginning July 1, 2020. FD&O will take over facilities and the Golf operations will move to Athletics.

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The dilemma is a balanced budget next year. As the budget shows, highlighted in blue, we will need a \$1.5M subsidy to balance the budget.

The Auxiliaries are going through a deficit just like housing. Spartan Shops deficit is due to the dining situation. We need to look for ways to make it happen through the reserves we have on campus, not by funding the auxiliary, but by funding the deficit in dining.

Patrick Day asked what we make on commuter meal plans?

Charlie Faas stated it is two fold where to grow this need. One option is to get non-freshmen to go to the Dining Commons bringing more economies of scale. Essentially this is free money. We need to pitch to upper classmen – do you really want to go to the store or for this price do you want to go to the Dining Commons? Secondly, the other up sale is dining dollars. In general, getting commuter or upper class students to purchase dining dollars to use in retail eateries or the Dining Commons gives these students flexibility. Chartwells is pitching the dining dollars. If you talk about solely take out service, you lose the socialization aspect. We are working with Patrick Day and Student Affairs to set up more outdoor dining seating all around campus. From the faculty and staff side we have seen an uptake in the past two years utilizing the Dining Commons, but now we won't have faculty staff on campus to support this.

The plan is to have shorter operating hours beginning from 11am-2pm. If we find that we are turning people away at 2, then hours will be extended as needed. Odds are that the commuter student who comes to campus at 4pm won't be going to retail to eat.

Chartwells is also pushing the Boost concept and turning to a cashless system in the Fall. You will be able to pay using Boost or credit card. When using the Boost system, you will be pinged when your food is ready so you will not have to wait in line. This will alleviate the long lines that we have experienced in the past.

Julie Stone asked if there is no sales tax only on meal plan purchases.

Charlie Faas stated that there is no sales tax when purchasing meal plans and dining dollars. Chartwells needs to continue to advertise this.

Patrick Day asked if Chartwells has thought about their product line and perhaps connecting with UberEats or Doordash to offer quick delivery of food items that the 10,000 students who live around campus can utilize. Charlie Faas mentioned that Chartwells is looking to diversify what they offer to an extent but not to the extent of what Patrick just mentioned. Although Chartwells is offering food to go they have not implemented additional delivery perimeters for example to off-campus students in the area. Patrick

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Day continued that from the food provision aspect it would be an interesting opportunity based on outreach to off campus students.

Julie Stone recommended having a box of items to provide a meal (meal prep) that students can grab and go and cook in their apartments. That way students don't need to go to the market and they would be able to purchase using their meal plan or dining dollars.

Charlie Faas stated that Chartwells went as far as delivering to students/employees in housing but not delivering off campus. It is worthwhile to think about it especially with where Julie was going in having a box of food items available and let the students go make their own meals.

Patrick Day stated that he looks at what students are taking from the food pantry and even long term there could be a future for this. Just looking for different options. The main difference with the food pantry as Charlie Faas stated is that food at the pantry is free, whereas getting it through Chartwells it will cost by using either a meal plan or dining dollars.

Tanvi Kothari mentioned that restaurants near campus are doing a similar model where you can either pick up food to go from the menu or pick up prep meals that you go home and cook. Charlie Faas commented that essentially it is a semi-cooked meal that you can finish at home and be able to have a hot, fresh meal at a reasonable price.

Charlie Faas asked if the Board is ok to approve budget as it stands right now?

Patrick Day questioned the number for shared services stating that it has increased. Charlie Faas explained that the shared services comes from Marna's team. And the reason for the increase is due to both Raymond and Ann providing services to Spartan Shops. We have one entity today so economies of scale allow us to spread our fixed cost amongst other auxiliaries, business services, purchasing, HR. Other expenses have dropped significantly. We also moved real estate repairs and maintenance to FD&O which has made the process easier but there is an increase in percentage liability due to our staff being certified; whereas before Spartan Shops would bid out the work. Regarding the \$80,000 one-time fee with the event center, Raymond Luu stated he needs to look at the agreement with the Student Union. It should be a commission, however with no events through December there will be no commission.

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In the New Year there are no planned large renovations for the rental properties as they come up for rent. Some units have been remodeled with sustainable work so we do not expect to have to keep remodeling and the expectation is that the good work will last 10 years.

- b. **MOTION: Patrick Day motioned to approve the FY20-21 Budget. Bill Campsey seconded the motion.**

VOTE: Motion carried unanimously

X. EXECUTIVE SESSION

- a. None

XI. GENERAL DISCUSSIONS

- a. Charlie Faas welcomed Zoebeida Delgadillo the new Associated Students President to the Spartan Shops BOD. Zoebeida is a Senior at SJSU and is majoring in Political Science.
- b. Charlie Faas stated that going forward we will be meeting in the fall to update the Bylaws. We will make the necessary changes and get them in front of the Board to review. Next time we meet hopefully there will be a plan to get back to campus and a look into the spring and how everything is shaping up. Right now for Patrick and Charlie... one day at a time... sometimes one hour at a time... every day is new and different.

XII. ADJOURNMENT

MOTION: Bill Campsey motioned to adjourn the Board meeting at 2:49PM. Patrick Day seconded the motion.

VOTE: Motion carried unanimously.

We hereby certify that the foregoing meeting minutes were duly presented and approved by the Board of Directors of Spartan Shops, Inc. at a regular meeting held on September 25, 2020 at San Jose, California.



**Charlie Faas,
Interim Board of Directors Chair
Spartan Shops, Inc. Board of Directors**

Date: September 25, 2020

