Board of Director's Meeting
May 8th, 2020
Via Zoom Call

Attendees:	Steve Deutsch	Brian Obach
	Melinda Cirillo	Kevin Saunders
	Michele Halstead	Fred Destefano
	Stephanie Blaisdell	Clare Del Grosso
	Corinna Caracci	Matthew Kreuz
	L. David Eaton	Taijah Pink
	Niza Cardona	Kevin Dicey

Others Present: Tim Dilger, Sean Mulloy
Recording Secretary: Jacqueline Pascar
Call to order: 1:02 pm

Approval of agenda and the minutes recorded from the previous meeting on December 11, 2019.

<u>ED Report</u>
Steve introduced Sean Mulloy, Campus Bookstore manager, and Tim Dilger, Card Services Office Director, welcoming the board to ask them specific questions in regard to how operations were being handled. Sodexo had been providing food service at the Student Union Building. Students could place an order on GrubHub and pickup orders when ready. **Steve** explained that, "It's not ideal, but given the circumstances, it's the best way to provide food service safely for both the students and the employees." The Snack Shack also continued to be restocked daily with fresh food, snacks and beverages.

In the Bookstore, Sean had to lay off all employees while maintaining operations which included adoptions, inter-store transfers, online orders, rental returns, graduation orders, summer text orders, fall semester preparation, faculty emails, etc.

The Card Services Office dealt with a variety of card access issues and meal plan conversions (from meal swipes to dining dollars) while continuing to manage conference inquiries. **Tim** and his staff have rotated on a weekly basis with one employee working in the office at a time.

In the Central office, **Melinda** has led the accounting staff to stay up to date with banking issues, dispersing orders, governmental filings, etc. The CAS office has also kept social distancing by scheduling one employee to work in the office at a time. **Steve** asked if there were any questions about general operations. No questions were asked.

Steve congratulated **Melinda** and Rosemarie Palmeri, the corporation's auditor, for successfully applying and receiving PPP funds. **Steve** announced that, "We're one of the few auxiliary corporations in the state to have successfully done that. I'm pleased to say that all of our staff is fully paid for. We haven't had to lay anybody off and we've received over $140,000 from the government." **Steve** asked if there were any questions about the executive director report. The answer was no.

<u>2020-2021 Budget</u>
CAS refunded students with $2.4 million worth of meal plan money. **Steve** explained that "We're giving back all declining balance and a good portion of Peregrine Hall meal swipes… We're ready to go as soon as we get the okay from the college… but we've set aside the money and we're ready to refund it." For this year, the corporation is expected to be in the red and is estimated to lose about $500,000. **Steve** explained that a majority of the loss is due to the portfolio's decrease and stated that "We're still solid. We haven't really dug too deeply into our reserves and we're in good financial shape." **Steve** welcomed **Melinda** to present the 2020-2021 budget.

Overview & Highlights:
The recognition of commissions and methodologies remained the same. In terms of the Central Service Overhead methodology, **Melinda** explained that "We take our expenses minus non-operating income, and we allocate based on cost center revenue, salary and wages." No salaries would increase in 2021. Fringe was budgeted to increase by 5% due to benefit costs, specifically health insurance. Though it was uncertain, space, rent and utilities are expected to increase by 2% based on historical calculations.

Central Services:
Salaries significantly decreased due to the combination of the secretary and marketing positions into one role. The expense for contract services increased due to the MWBE vendors that are used. The portfolio portion of interest, dividends, gains and losses were based on numbers through February and March. **Melinda** explained that "What we see right now is a very different picture. It's not reflected in this budget because the budget was pretty much done before we got those numbers, so we might see changes there." All of the past donations, the disaster recovery fund, internship program and food insecurity, have been included in the employee relations line.

Food Service Operations:
Meal plans were budgeted to increase by $100 or about 5%. **Melinda** explained that the 5% increase was determined based on the new sliding scales. The expense for repair and maintenance is the amount that the corporation received from Sodexo's enhancement fund. Technology expenses, essentially GrubHub, were estimated to be $62,000. The cost is then split in half with Sodexo, which resulted in $31,500. Composting increased due to ongoing campus initiatives. **Michele** asked if the GrubHub costs reflected a "this year model" or projected for a potential takeout order increase in the future. **Melinda** explained that she "took last year in April and May, and I inflated them by 25%. So, yes, for the last two months of the year, but not for the full year." **Melinda** offered to reevaluate and change costs accordingly. **Steve** suggested to pin the technology line and further discuss after the presentation.

The 2018-2019 commissions/other greatly differed from following year commissions due to the recognition of capital for the bakery project. **Melinda** restated that composting had increased and added that repair and maintenance would remain the same. Depreciation was budgeted to increase as more equipment would be put into service. **Melinda** welcomed any questions. **Pink** expressed the negative impact that an increase to meal plans could have on students and asked if it was possible to lessen the increase or discuss whether the full 5% would take effect in the Fall semester. **Steve** responded that there may be a mandate from SUNY that all fees would stay the same and stated that the board could pin the cost of meal plans for later discussion in the meeting.

Bookstore Operations:

Book sales have trended downward as general merchandise has been on the rise. The decrease in book sales has resulted from the variety of sources available to purchase text materials. After referring to last year's actual revenue, **Melinda** calculated the proposed revenue by "[reducing] last year's amounts by what [she] knew from this year's comparisons." Commissions were based on prior year sales multiplied by 90% times a percentage. **Melinda** asked if there were any questions. There were none.

Vending Operations:
The Snack Shack had been providing campus with food and other snack items. **Melinda** emphasized that the machine "has been very helpful during these tumultuous times, first with the water [crisis] and now with COVID-19." The proposed $50,000 for Shop 24/Open 24 was a "conservative" budget. **Melinda** took three months of about $12,000 and extended the rate for a full year. Commissions and other included the guaranteed commissions from Triple J and Coke, as well as an additional signing bonus from Coke. Contract services included the cold beverages, candy and Shop 24. Technology expense related to the corporation's IT person that helps with the technology backend support.

Laundry Operations:
The total revenue is the amount that the corporation vouchers the state for laundry. This amount was calculated by the amount of campus residents multiplied by $50 per student. **Melinda** stated that the revenue helps to cover the expenses for contract services (CSC rental equipment), space, overhead and the Residence Life fee. The Residence Life fee is money that the corporation gives back to students for programming through their agency accounts.

OAS:
All Summer 2020 conferences were cancelled as a result of COVID-19. The remaining conference revenue included conferences that would return next year or campus conferences that are expected to take place. **Melinda** included $5,000 in food costs in the case that a small conference did come up. Salaries and wages increased since the office currently has four full-time employees. Fringe benefits increased due to a different mix of employees and health insurance. The repair and maintenance costs are all associated with Atrium, the new point of sale. **Melinda** noted that Atrium charges an annual fee to use the program.

Programming Support:
Programming support was budgeted to stay at $313,000, the same as last year. **Melinda** also pointed out that CAS would fund $10,000 toward the Jim Frederick's Scholarship in 2021.

Anticipated Contributions:
The corporation budgeted a contribution of $599,500 including: Sodexo support, programming support, New Paltz internships, Athletic and Wellness donations for water, Financial Aid Office, and the Bookstore scholarships.

Consolidated Bottom Line:
Melinda asked if there were any questions and restated that meal plan costs and GrubHub costs were the two items that needed to be further discussed.

Steve explained that with so much uncertainty for the Fall semester, "We really don't know what's going to impact the financial results next year." Since the use of GrubHub on campus could be influenced by many factors, **Steve** suggested that the discussion wait until more information has been laid out.

With a net revenue budgeted for about $1.3 million, **Steve** mentioned that net revenue could decrease, since “the rate of increase in meal plans is probably one of the few levers that we have good control over at this point.” **Steve** welcomed discussion. **Michele** commended **Melinda** for her hard work on this year’s budget and asked if the directive of flat fees by system admin would also apply to auxiliary corporations. **Steve** noted that discussion amongst peers at other auxiliary corporations revolved around the thought that system administration could dictate the rates due to the current circumstances. **Michele** responded that it would likely be a heavy suggestion instead of a mandate. **Michele** further advocated for the budget as a starting plan, explaining that “I expect a lot of turns in the road this next fiscal year with respect to fees and the way that we work within the constraints that we have fiscally and otherwise so.”

Brian asked, if agreed upon, would the 5% increase to meal plans still take effect though there is uncertainty in the rest of the budget. **Steve** confirmed that the 5% increase would be applied, “unless food service is so radically changed that we have to completely redo how we do meal plans.” **Steve** welcomed the board to either pass the budget with the intentions to revisit meal plans or decide not to pass the budget until more information was known. **Michele** asked, “What implications does not passing a budget have on your authority to spend?” **Steve** stated that the corporation would not be penalized for a late submission or not adhering to the budget due to the current circumstances.

David pointed out that the 5% increase would result in an increased buyer proposition, but impact students financially as a result. **David** explained that “I could argue either way, but if I were going to argue for not passing the 5%, I would say that times are going to be tough for a lot of people next fall.”

Steve noted that the corporation could lose about $1 million next year if zero revenue was collected from food service along with other miscalculations. Though it would be a big loss, **Steve** stated that it was affordable with money that had been reserved for the dining hall renovation. **Pink** expressed the hope for fall enrollment numbers to remain the same, and stated that if a student is “already struggling to get by to pay for college and support [themselves], and now there is no employment across the US…what do you say to yourself that $100 makes that difference? **Pink** suggested that it would be beneficial to keep meal plan costs consistent among everything else that was changing.

Brian asked when the decision on meal plan costs would have to be made. **Steve** responded that it would be good to set the meal plan cost now and work around the fixed price point if changes needed to be made in the future. **Steve** asked if **Melinda** knew what $100 constituted in terms of the bottom line. **Melinda** said it would have to be recalculated and pointed out that programming money, for example, would decrease if less students returned to campus in the Fall. **Steve** welcomed board discussion. **Matt** suggested to assist returning students in the fall who had financial needs through a potential reallocation of programming funds. **Matt** further explained that “I think that might be a happy middle ground, for those that might not have the best financial situation, or those that can't stay at home so that we were at least providing some services to students that really need it…”.

The corporation gave the financial services office $12,000 this past year to distribute for food purposes. **Steve** suggested to potentially increase the contribution amount in order to offset the 5% increase in meal plan costs. **Melinda** calculated that if the $100 increase was eliminated, net income would decrease by about $592,000. **Brian** supported eliminating the 5% increase and explained that “I lean towards, if we're able to suck it up, to keep that one thing… not make this any more intimidating or daunting to return to school.” **Steve** asked the board if there was anything else to be voted on. **Stephanie** commented that if there was not a big consequence in delaying the vote, it could be beneficial to re-examine the situation once more information was known. **David** supported passing the budget and explained that it "…seems to add to the stability of the operation if we have a budget, even though we know that there are so many unknowns right now." **David motioned to adjust the budget by removing the $100 increase to meal plans and pass the budget as it existed "with the caveat that [the board] may have to revisit [the budget] as the summer ensues."**

Melinda noted that the corporation's year end is on May 31 and explained that it would be easier to have numbers to begin "re-booking and remodeling [the] general ledger" according to the budget. **Steve** asked if anyone seconded **David**'s motion. **Pink seconded. Steve** asked for all in favor of passing the budget without the $100 increase to raise their hands, followed by all opposed. **The motion passed unanimously. Melinda** noted that a revised budget would be sent out to the board. **Steve** commended the decisions made and thanked **Melinda** and **Jaca** for their work on the budget.

__Sodexo Contract__
Revenue greatly decreased when a majority of residents left campus in March. However, Sodexo continued to provide food services to those that remained on campus. Negotiations with Sodexo revolved around the timeframe of March to May 15, the last operation day for food service in the spring semester. **Steve** stated that there were a few terms to run by the board. (1) The corporation would extend the contract for 1 year to allow time for Sodexo to make back what they've lost in revenue during the spring semester. (2) The corporation would give Sodexo a lump sum payment of $400,000 to $500,000 for the rest of the spring semester. (3) There would be no fee for food service over the summer since there will be no food service. (4) In fall of 2020, the corporation will make a new arrangement. **Steve** reiterated that "we're not paying Sodexo very much money for the amount of service that they've given us for this semester. What we are doing in terms of compensation is giving them another year to make that money back." Instead of the Sodexo contract ending in 2024, it would be extended to 2025. **Steve** asked for the board's opinion.

Brian asked if the contract would be extended under the current terms for another year along with giving Sodexo $500,000. **Steve** confirmed, explaining that the $500,000 would cover costs from March until May of 2020 since they had many expenses with little revenue. **Brian** asked if Sodexo's reports were shared. **Steve** confirmed that all expenses since mid-March had been shared. **Steve** and **Melinda** reviewed the reports and had negotiated down to the current amount. **Brian** questioned whether or not it is the corporation's obligation to "rectify the situation". **Steve** pointed out that there was a revenue contract which they are not honoring. $2.4 million will be given back to students, which was Sodexo's money according to the contract. **Steve** stated that "They could file a legal action against [the corporation] to get that money. They haven't and probably wouldn't."

David stated that the "situation calls for a degree of reasonableness on both parties", acknowledging that Sodexo must have been greatly impacted on a national level. **Melinda** reiterated that part of the contract guaranteed Sodexo with a certain amount of board days each year, and further explained that negotiations ranged from $1.5 million down to the current amount of $450,000 with Sodexo paying for half of GrubHub expenses. **Matt** asked if it would be possible to extend the contract for an additional year in the future if it mutually benefited the corporation and Sodexo. **Steve** confirmed that it is always possible to renegotiate the contract. **Pink** asked if the corporation will go out for bid in 2025. **Steve** and **Melinda** confirmed. **Pink** questioned what the benefit was for Sodexo to extend the contract for another year. **Kevin D.** explained there are fixed costs that Sodexo pays annually. By extending the timeframe for an extra year, each annual cost would decrease. **Steve** noted that "typically at the end of the contract, you can renegotiate for more capital investment or a higher rate of scholarship investment. We're putting that off for a year so they can amortize their current cost." **Melinda** clarified that the year extension does not eliminate Sodexo's ability to give the corporation scholarship money or enhancement funds, but they would not add to the funding. **Steve** asked if the board approved of the 1-year extension to the contract with Sodexo. The board approved unanimously. Unless the amendment greatly varied from the details presented, **Steve** announced that **Melinda** and he would sign when it was ready.

Coke Contract

Steve mentioned that the Coke contract had remained the same for the time being, but explained that by not signing a new contract, "We then miss out on reinvestment from Coke beginning next year. They will not give us any more money for our scholarships, or for marketing or the various things that they pay on a yearly basis…". The three different proposals were based on the length of contract and the amount of plastic bottle usage. **Steve** stated there was a volume commitment when the contract was signed five years prior which the campus had failed to fulfill. **Steve** explained that "We're trying to look back in history and see why we fell so short of the mark, and there's a lot of murkiness." (1) Pepsi, the previous campus vendor, provided sales commission numbers without bottle counts. This resulted in unknown amounts of bottle usage on campus prior to the signing of the Coke contract in 2015. (2) Coke's volume records were questionable due to changes in distributors and on-campus tracking. The Coke corporate distributor switched to Liberty Coke, which had a different accounting system. The campus tracking of bottles and cans had gone through a few iterations. **Steve** noted that volume tracking had since been resolved but elaborated that "if we do go out to bid, Coke could take us to court about fulfilling the rest of our contract." The corporation would be liable for an unknown amount of cases. **Steve** said, "I don't see that there's a lot of difference philosophically between Pepsi and Coca-Cola," and suggested that the board agrees on one of the proposals:

> **Current Coke Contract:**
> $40,000 annually for financial sponsorship, $50,000 annually for scholarship, total value over term of $844,250
>
> **Proposal 1: 5-year Agreement with Bottles**
> $50,000 annually for financial sponsorship, $50,000 annually for scholarship, total value over term of $987,000
>
> **Proposal 2: 5-year Agreement with Cans Substituting Bottles Where Available**
> $40,000 annually for financial sponsorship, $40,000 annually for scholarship, total value over term of $743,500
>
> **Proposal 3: 3-year Agreement with Bottles**
> $35,000 annually for financial sponsorship, $35,000 annually for scholarship, total value over term of $537,880
>
> **Proposal 4: 3-year Agreement with Cans Substituting Bottles Where Available**
> $25,000 annually for financial sponsorship, $25,000 annually for scholarship, total value over term of $395,380

Steve asked **Melinda** if the budget was based on the current Coke contract. **Melinda** confirmed. **Brian** asked what the prospects would be if the Coke contract was extended for another year, similar to the

Sodexo contract. **Steve** clarified that a one-year extension was an option, but the corporation would lose $40,000 in scholarship funding. **David** stated that "the scholarship money is going to be important, because we've changed the way that we're going to allocate [the funds], to go to high needs students through financial aid." **David** shared his preference for Coke over Pepsi, explaining that "I was glad that we picked up Coke this last time around, and I'm not sure why we're questioning that now unless there's something I don't know." **Matt** asked if it would be possible to extend the current contract for a year, while committing to a contract renewal once the extension ended. **Steve** responded that if the corporation agreed on a proposal, it would make more sense to sign it for the upcoming year. **Matt** explained that the 1-year extension could give time for adjustment, stating that "If we do anything with the contracts, I think it should try and be something that doesn't change our budget as much as possible. Especially because times are so uncertain, I think we kind of need that sense of normalcy." **Steve** noted that the 5-year proposal in which cans would replace bottles wherever possible would keep the numbers close to the current budget. **Pink** acknowledged the campus sustainability initiatives during the spring semester and stated that "we'd be doing a service to our students who have been advocating" by switching bottles to cans. **David** agreed. **Melinda** noted there would be a $50,000 loss over the next five years since the funding would decrease to $40,000 annually. **David** shared his approval. **Brian** asked which beverages were only offered in plastic bottles. **Steve** mentioned that he could get a detailed list, but sports drinks were typically only offered in bottles. **Brian** asked if water would be sold in bottles or cans. **Steve** explained that canned water is available, but water arrangements would remain the same until further discussion. The board would be able to decide on the way water is distributed at a later date. **Matt** pointed out that switching from 20oz bottles to a lesser amount of volume in cans could lead to some pushback from students, but due to current circumstances students may be more focused on returning to campus rather than a change in campus beverages. **Steve** commented that although "the value in a bottle is much greater than a can," he believed the change is in the right direction. **Melinda** agreed. **Kevin S.** asked if the price per can would decrease. **Steve** stated that a can is about 13 cents per ounce, while a bottle is 9 or 10 cents per ounce. **Kevin** responded if bottles that are currently sold for $2 would decrease to $1.50 as cans. **Steve** confirmed that it would be something around the comparison.

Matt asked if it was known in the long term whether or not Coke would match their current proposal for another term in the future. **Steve** noted that it's unknown what Coke will offer as well as what the campus will demand in five years, explaining that "We may ask to go 100% can or something else may come up that we may require." **Brian** asked if **Steve** could summarize the proposals again.

Brian mentioned that if the board agreed to move toward cans, then the next decision would be between a 3-year or 5-year contract. **Steve** asked if anyone wanted to make a motion. **Pink** asked what the difference in numbers between the 3-year and the 5-year proposals was. **Melinda** stated that the 5-year was $743,500 and the 3-year was $395,380, about half. **Michele** emphasized the importance of looking at the annual revenue, explaining that "If we're thinking about scholarships, we want to look at the difference between the annual revenues for three and a five year." **Michele** noted that the corporation would lose $17,000 per year by not choosing the 5-year contract. **David** stated that shortening the term with our partners could lead to consequences, such as the level of service. **Brian** stated that he approved of either proposal as long as progress in sustainability was made. **Brian** discussed the relationship between the corporation and Coke by explaining that "…we're fighting for students here. We can look at Sodexo as a partner, or Coca Cola as a partner, and sort of play nice with them and give them more stuff than maybe they would get, but it's coming from students. Or we can play hardball, act like a private business and get as much as we can for students." **David** responded that the role of bargaining should lead to a mutually beneficial contract. **David** further stated that "We're arguably one of the largest employers in the mid-Hudson Valley, so they have good reason to treat us relatively well." **Steve** acknowledged both viewpoints, explaining that "philosophically, I think you can be tough and negotiate hard for your client, but also understand where they're coming from as well."

Matt stated that the 5-year term may be the best option since "we get the most out of the deal… and also get cans instead of bottles." **David motioned to accept the 5-year proposal with cans. Matt seconded. Steve** asked if there was any further discussion. **Brian** asked if there was a way to incorporate "language that protects us from the situation… where they could sue us because they didn't sell enough coke?" **Steve** stated that Coke would ask for a bottle and can minimums again, but "we could work on language and volume commitments that are very easy to live with," currently having up-to-date records of campus volume consumption. **Brian** expressed his concern for students not being able to return to campus and how that could affect volume expectations. **Michele** asked if a force majeure clause was included in the contract. **Steve** noted that there would be a clause moving forward with all contracts.

Stephanie acknowledged that there would be a separate discussion regarding the sale of water and asked if selling canned water on campus would help to meet minimum sales. **Melinda** confirmed. **Steve** commented that there would be a "huge spike" in sales. **Steve** noted that canned water would have to be voted on since it contradicts the bottle water ban argument of "why sell single use containers for something that you can get out of a water fountain?"

Corinna discussed the continued insufficient supply of water in residence halls, while acknowledging previous financial constraints when trying to retrofit the existing water fountains. **Corinna** referenced ongoing board discussion around the topic and the recent water crisis, stating "I advocate that we get another water supply delivered to our campus that we can all agree on, that is still sustainable."

Melinda pointed out that the Coke freestyle machines in dining locations could be replaced with water filling stations. **Steve** further explained that the machines, contracted through Sodexo, had been sustainable but "…an absolute disaster from a health standpoint." **Steve** stated that dining is hoping to move away from selling massive amounts of fountain soda. **Stephanie** asked if the hydration stations would be filtered. **Corinna** asked if the machines would only be in the dining facilities. **Kevin D.** confirmed that the machines have a fully enclosed water filtration system and would be located in dining facilities. **Corinna** recognized the benefit of adding water stations in dining areas but emphasized that the lack of water supply in residence halls has caused students to purchase bottled water from off-campus. **Brian** agreed with **Corinna's** concern and returned to the motion on the table for the Coke contract. **Steve** restated that the motion was to approve of the five-year contract, replacing bottles with cans where possible, and asked if there was any more discussion. **Kevin S.** commented that the freestyle machines, along with scholarship funding, contributed to the switch from Pepsi to Coke. **Kevin S.** explained that "I don't have a way of knowing if behaviors have changed, but I think if [the freestyle machines] get ripped out without us knowing [the behaviors of students], that's going to be a problem." **Kevin D.** noted that since the fall semester, the machines had been very "underutilized", with students essentially using the machines as a water dispenser. **Kevin D.** further stated that "...as we promote going to cans and sustainability and having those options available… all over campus, they'll then become the new norm." **Kevin S.** asked if **Pink** and **Matt** agreed with the discussion as student representatives. **Matt** expressed that if the numbers confirmed the lack of machine use, then it would make sense to replace the machines with water stations and continue to sell soda in bottles and cans. **Matt** also mentioned possibly keeping a soda fountain in the dining hall. **Pink** suggested eliminating a few of the freestyle machines to see how students are impacted.

Steve clarified that since the machines are contracted between Sodexo and Coke, the corporation could approve the contract as the motion stated and give dining services a directive for the number of freestyle machines on campus at a later date. **Kevin D.** confirmed and stated that traditional soda fountains could also replace the freestyle machines that are currently located in the SUB, Element 93 and the Roost.

Clare mentioned that there are a lot of beverage options, aside from soda, offered in the freestyle machine that may not be offered in bottles or cans elsewhere on campus. **Clare** questioned if that would be a reason to keep a few of the freestyle machines. **Kevin D.** mentioned that his staff can look into all available beverage options, but it would be difficult to match all beverage options in bottles or cans that are offered in a freestyle machine.

Steve suggested separating the issues between voting on the Coke contract and discussing the freestyle machines. **Steve** restated **David's** motion and asked if there was any more discussion on the particular issue. The answer was no. **Steve** asked for everyone in favor of renewing the contract to raise their hands, followed by those opposed. **The motion passed with a 5 to 1 vote.**

Steve asked **Kevin D.** how a decision on machines could be resolved by the date needed. **Melinda** suggested that sale records of cartridge refills could be reviewed to determine whether students are more concerned with beverage flavors or just water. **Steve** asked for volunteers to work with **Melinda, Kevin** and him in further discussing the situation and then report back to the board. **Pink** and **Matt** volunteered. **Steve** confirmed that the group would meet to form a solution and the board would later be notified via email. **Kevin D.** also noted that they would need to consider how dining might operate differently and if it would prevent students from using the machines. **Steve** agreed that it would have to be taken into consideration.

Steve thanked the board for the productive meeting and wished everyone the best.

Meeting adjourned: 2:42 pm