Minutes
Board of Director's Meeting
November 13th, 2020
Via WebEx Call

Attendees:	Steve Deutsch	Kevin Saunders
	Melinda Cirillo	Fred Destefano
	Michele Halstead	Matthew Kreuz
	Stephanie Blaisdell	Jessica Jewell
	L. David Eaton	Haley Hershenson
	Brian Obach	Kevin Dicey

Others Present: Rosemarie Palmeri, Tevin Green
Recording Secretary: Jacqueline Pascar
Call to order: 10:03am

Unanimous approval of agenda and October 5, 2020 minutes.
Steve asked the board if **Melinda** could give a quick overview of where the company stands financially before **Rose** presented the audit. All accepted the addition to the agenda.

<u>Financial Report</u>
Melinda reviewed the financial report that included results as of September 30, 2020. The reduction in residency due to COVID-19 greatly affected the report. **Melinda** explained that food service had felt the most strain with the reduction in meal plans and shared a meal plan count comparison between the Fall 2019 and Fall 2020 semesters. Fall 2019 began with 3,138 meal plans and ended with about 3,054, while Fall 2020 began with 1,735 meal plans and currently stood at 1,617. **Melinda** highlighted that the company's portfolio had been making some money and asked if there were any questions. **Steve** clarified that the numbers listed were in the thousands. For example, the total revenue of $2,891 was actually $2,891,000. No questions were asked. **Melinda** reiterated that the driving factor was the reduction in residency and welcomed the board to reach out with any additional questions regarding the report. **Steve** thanked **Melinda**.

<u>Audit Report</u>
Letter of Governance:
Rose presented the results for the May 31, 2020 year end, beginning with the letter to the governance body. The letter is required communication that provides an overview of responsibilities and points out observations that can come up during an audit. The document included the responsibility of management for a selection of accounting policies and noted that no changes were made during the current year. **Rose** highlighted a section that informed the user that "…there were estimates embodied in the financial statement, and that they're based on the current facts that you had available at the time. I audit those estimates for reasonableness." **Rose** announced that she had no difficulties with management and performing the audit.

Rose noted the large adjustments in revenue in relation to meal plans which were affected by COVID-19. She explained, "You ended up having to pay out refunds. Normally by the end of the year everything is earned. So, there was a little bit that remained in deferral and it was held until the end just to make sure that there were no other changes." **Rose** noted that the "Other Matters" section "…indicates that you have supplemental information in your financial statements and that's assessed based upon the financial statements as a whole. There were no changes in the manner of which you gathered that information and it was consistent with the prior year." **Rose** asked if there were any questions. No questions were asked.

Financial Statement:
The opinion on Page 1 explained that all statements were fairly presented for the year. **Rose** noted that the first page was the only part of the statement by the auditor; the remaining statements are provided by management.

The statement of financial position showed a snapshot of where the corporation stood on May 31. **Rose** highlighted that cash appeared to be much higher than the prior year and pointed out the accounts payable line under liabilities. **Rose** explained, "These are bills that got paid out subsequent to year end, and primarily it's a portion of the rent and moneys owed to Sodexo at the end of the year." Note payable was added for the Paycheck Protection Program Loan funded under the CARES Act. **Rose** stated that "Businesses were allowed to apply for a loan based upon 2 and a half times their average salaries. It was a very quick, hurry-up process to get it applied for so that you qualified for it." As explained in the footnotes, the intent is that the loan would be forgiven. Though rules continue to change, **Rose** expected the loan to be forgiven but it is unknown when applications for forgiveness would be accepted. **Rose** reviewed net assets, confirming that reserves required by State University had been met. **Rose** asked if there were questions for the statement of financial position. There were no questions.

On page 3, the statement of activities listed revenues and expenses for the year. Revenues decreased due to the campus shutdown around mid-March. **Rose** noted, halfway down the page, that excess from operations was over breakeven with $120,000 at the end of the year. Non-operating revenue included other revenue, investment activity and some activities related to fixed assets and programming costs. **Rose** explained that non-operating revenues and expenses tend to fluctuate more than operating. Non-operating revenue was very high in 2019 from the completion of the bakery project and the capital improvement revenue recognized. **Rose** pointed out that the investments performed better than the prior year. **Rose** explained, "You have to just realize with investments that unrealized number, it's a point in time. You're measuring that on May 31, so on May 31 the market happened to have been good. That can change in a day as you all know." Program expenditures also decreased from 2019 because of the bakery project. **Rose** asked if there were any questions. There were none.

Added in 2019, the statement of functional expenses on page 4 showed how money is spent within the various program services. **Rose** noted that contract services was a major expense since the corporation contracts out for food service, laundry, cable and the bookstore. The statement of cash flows, on page 5, showed how money is used. Financing activity was added for the first time in a while because of the PPP loan.

Rose highlighted some of the footnotes to the financial statement. Though there were no changes in policy that affected the 2020 financial statement, **Rose** noted that pages 6 and 7 defined policies for the user to understand how activity was accounted for. The liquidity note on page 8 showed what the corporation had access to for operations. **Rose** explained that "it talks about your required operating reserve you have to keep, and also makes reference to the fact that you do have the PPP loan to cover certain of your operating expenses."

Fixed assets on page 9 broke down what was owned in fixed assets, construction work in progress, and identified the depreciation expense amount. The terms for the PPP loan were also noted. **Rose** explained that "…it's a 1% interest rate if it turns into a loan and is not forgiven. The expectation will be that in the 2021 fiscal year, this will turn into revenue. It'll just become a revenue source when the liability is released."

Program expenditures, on page 10, showed a significant reduction from last year. **Rose** explained that the decrease involved the property improvement grant made to the college last year. Program spending was also cut short this year resulting in unused programming money. Note 9 listed contracts that were in effect. As a new addition, note 10 discussed the pandemic. **Rose** explained that "The reason it felt it was needed in the statement was during this past year you had to give refunds back on meal plans. That was an unusual item. It was different activity than in the past and it gives the amount that approximately $2.6 million was refunded back. So that helps with the understanding of why the statement of activities looks like it does, because there was revenue you were not able to recognize this past year."

The final note confirmed that there were no other events subsequent to year end that were required to be recorded in the statement. **Rose** listed that merging, dissolving, or closing operations would fall into this section. The opinion on the supplementary information, on page 12, was "provided as additional information. It is audited in relation to the financial statements and is found to be reasonable and fairly stated." The tables included in the supplementary information further breakdown data into separate activities. **Rose** suggested to skip over the supplemental reports unless there was a request for the information to be presented. No requests were made. **Rose** highlighted that agency funds were broken down beginning on page 29. She explained that "The only reason I point that out this year is because there were changes to the agency fund guidelines and what can be included in agency funds and work was put into that to close some of the funds down and some of the funds were paid over to the college." **Rose** asked if there were any questions on the financial statement. No questions were asked.

Management Letter:
Rose stated that the items included were noted during the audit for efficiency, compliance and policy items that she believed warranted attention by the governing body and management. In terms of segregation of duties, certain processes involve multiple people while others only involve one person. **Rose** highlighted journal entries explaining that "Where other data gets reviewed, journal entries are a way of changing account balances without it flowing through the process of like vendor invoices or cash receipts and that can change account balances. So really there's not currently a review process over those journal entries." **Rose** mentioned that the investment policy had been updated to reference an investment committee as opposed to a finance committee which did not exist. **Melinda** confirmed that the investment policy had been corrected.

The comments following referenced administrative and agency fund guidelines. **Rose** stated both comments asked for written guidelines on policies and procedures. Formalized guidelines had been held off with the transition to a new accounting and finance system. **Rose** said "Policies like this never stay static, they do change. It's just a matter now of getting them all documented into a written, policy and procedure guide so that it actually helps with as staffing changes or as other things happen." **Rose** noted that the agency guidelines should also address the process of dealing with funds where there's no activity. In regard to agency agreements, **Rose** mentioned the issue of documenting signatory changes. One idea discussed was to keep a copy of the signatory cards with each agreement. **Rose** stated that a better solution may be determined while revising the agency agreements. **Melinda** explained that "our intention was to update all of the agreements and to do all of the inactive funds, but unfortunately when COVID-19 hit in March, there was nobody left on campus. So, to contact everybody became a real chore, so we said we'd we push it off for this year."

Rose explained that for the agency account testing a large sample of cash disbursements were checked for guideline and procedure compliance. **Rose** stated that "Some of these happened near the end of the year where all of the sudden signatures weren't matching because there were different people involved. So, there was nothing that raises a huge red flag… you're always going to have the one item or two items where something gets through a system without all of the authorizations or everything being buttoned down." **Rose** suggested emphasizing the importance of signatures after finding major differences between the signature cards and the signatures on disbursement orders.

Under compensation on the final page, **Rose** noted that the IRS had requirements with the 990 that documentation must be submitted on how compensation for executives was determined. **Steve** suggested that this discussion could continue later in the meeting or wait until the meeting in December. **Steve** further commented, "There hasn't been anything like this in place historically. I've done some research of other auxiliary corporations and what they do, so I'm happy to report that to the board. But we should have a full discussion on this item as a board."

A recommendation to establish a formal process of approving where funds are kept was included under cash concentration. **Rose** explained that "your banks actually pledge collateral for some of your deposits, so they are actually securing your money. It's not that your funds are at risk, it's just having that affirmative process that it's done." In regard to the document retention policy, **Rose** suggested that the corporation's policy fits together with the SUNY policy. Accounting standards updates included a new revenue recognition standard to take effect for the May 31, 2021 financial statement. **Rose** explained that the standard would change the way revenue is looked at and defined. **Rose** commented, "I don't imagine it's going to have a huge impact on how you recognize revenue, but it will change some terminology." **Rose** asked if there were any questions.

Stephanie asked who the culprits were for the agency account signatures. **Rose** clarified that management level signatures matched, but signatures did not always match at the treasurer level as some scribbled their signatures. **Rose** also noted how some signatory cards did not get updated during the second half of the year after people refilled positions. **Steve** asked if there were any additional questions for **Rose.** The answer was no. **Steve** thanked **Rose** for another very thorough audit.

Steve asked the board if all were in agreement to push off the conversation about the executive review and compensation until the December meeting since **Matt** and **Tevin** prepared a meal plan report presentation. All agreed.

<u>Meal Plan Report</u>
Steve reiterated his concern about the rate of participation at Peregrine which was discussed at the October board meeting. With a rate once as high as 70%, the participation rate was currently at 30% for the semester. **Steve** announced, "Our task for next semester was to make the meal plans more effective, more useful for the students, while maintaining the COVID-19 safety issues and trying to lose as little money as possible." **Matthew** and **Tevin** prepared a full report with recommendations based on focus groups they held with campus residents as well as conversations had with Sodexo regarding the meal plans for next semester. **Steve** stated that "Everyone involved in this process is excited about the

result. We think it will lead to some good results and also hopefully good data to make permanent changes moving forward." **Steve** welcomed **Tevin** to present to the board.

Tevin began sharing data collected from the focus groups. Strengths with the current meal plan included flexibility of eating at the dining hall or other eateries on campus, additional dining dollars, and specific dishes served at Peregrine during event nights. Weaknesses included quality of food, location of Peregrine on campus, lack of variety in Peregrine meals, and the lack of vegan/vegetarian options. In terms of opportunities, **Tevin** noted that students would've preferred the 7-meal plan over the unlimited meal plan that is traditionally required for all freshmen. The 7-meal plan included 7 meal swipes per week at Peregrine with $1,100 dining dollars, offering students more options to eat at various locations on campus. **Tevin** also mentioned the positive feedback on dining hall events, the burrito station and chef's table in Peregrine which offer more options, and the social aspect of eating in the dining hall.

Some issues **Tevin** gathered included, students choosing to purchase meals from Tops, utensils breaking, Sodexo's reputation as a corporation, and the mislabeling of food options. **Tevin** elaborated that one student realized she was allergic to apples, while "Other students in that group said that sometimes when they look on the app, it wasn't always matching up." Another issue mentioned was dining hall workers serving either too much or too little in the reusable containers.

Tevin continued to highlight some trends that he gathered from group discussions. He noted that the foods being purchased off-campus were "generic" or items that could also be found on-campus. There was a popular shift in students eating brunch and dinner, with requests for late-night dining options. **Tevin** also stated that students were asked if they were more quality or value eaters, "almost all of the time people chose quality."

In terms of solutions, **Tevin** suggested offering multiple meal plans such as the 7-meal plan and the ultimate flex. **Tevin** explained, "I know that was an option before and one of the issues was that when you put the swipes into dining dollars, it's not really a fair exchange but students preferred more dining dollars than swipes. So they were willing to accept that loss and just wanted pure dining dollars to use, because they hardly ate at the dining hall." **Tevin** also mentioned changing the 7-meal plan to the 5-meal plan in order to give students more dining dollars. Other solutions included allocating more resources to the reusable utensils, providing more transparency of Sodexo as a corporation, container drop-off machines on campus, bringing back chef's table in Peregrine in an express format, allowing students to eat in Peregrine if possible, adding more breakfast options in the SUB, and switching to a block meal plan. A block meal plan would give students all meal swipes for the entire semester as opposed to restricting meal swipes to a limited amount per week.

With the conclusion that students preferred eating later in the day, **Tevin** explained that operational hours could shift to better accommodate the campus. **Tevin** stated that "…instead of 10am–8pm, which students hardly went, students might go [to Peregrine] more often from 5pm–10pm. Within this 5-hour time span, the specific meals can be focused on so it can be more appealing to students that live on campus." Previously open from 8am–9pm, the Roost's hours would also decrease to optimize operations. **Tevin** concluded his report by discussing the sliding scale for meal plans which is directly impacted by the amount of campus residents. CAS expected the number of residents in the spring to range from 1500-1600. **Tevin** asked if there were any questions before **Matt** presented. No questions were asked.

Matt presented statistics from the meal plan focus groups. With a total of 39 students that participated in the focus groups, 10 people “expressly said they want the 3-meal plan back.” 24 opted for quality, while 10-13 were “value eaters depending on circumstances.” **Matt** emphasized that about 8 students reported to not visit the dining hall at all in a week. 20-22 students reported to 1-3 times, which averaged to students going to Peregrine either 1 or 2 times in a week.

Matt highlighted that most participants requested for more options overall, including Salad Toss, Diego’s and Element 93. **Matt** also noted that “…many people said they wanted more hours for the dining hall that were later, but only one said they want the late-night dining which would be very limited options that go well into the evening.” **Matt** concluded that the remaining points were insignificant since they were low in numbers.

Matt transitioned into presenting the proposed meal plan for the spring semester. One meal plan that includes 100 meal swipes and $1,100 dining dollars would be offered next semester. With an anticipation of about 117 board billing days, students could budget 1 swipe and $9.50 in dining dollars per day. **Matt** further explained that, “if we open the 15th of January and have 117 board billing days, which is more than typical, we're going to have to provide another week of meals under the current existing plan, which is not as good, because now students have a long period to use an already existing plan and it's going to have us open up sooner and spend more money.” If dining operations open around February 1st, the 2 weeks of operations being reduced or completely shutdown would generate money that could then be allocated elsewhere. **Matt** explained that “If we're assuming $50,000 to keep the dining hall open and $25,000 at a reduced rate, that's a lot of money to pocket each day for roughly two weeks. If students do come back early, what we really need is the dates that they'll come back and how many people, so we know what options to be where. We're still waiting on that, but we will provide service accordingly once we get that information.”

Matt concluded his presentation with the addition that meal swipes could be exchanged in retail locations in the spring semester. **Matt** explained that “a student could use their dining swipe of the 100 at Pomodoro's instead of declining balance to get 2 slices of pizza and a can of soda, or they could get pasta and meatballs. The same goes for Nester's Grill, SubConnection and everywhere else on campus.” **Matt** emphasized that the addition “could provide better quality [at Peregrine] as well as then have more options for students…”. **Matt** welcomed **Steve** and **Kevin** to clarify any points covered.

Steve suggested that the board ask questions first before summing up the important points. **Steve** emphasized the amount of effort **Matt** and **Tevin** put in to gather all of the information and thanked them for their “exemplary volunteerism”. After suggesting for the meal plan communication to be sent out in a timely manner since it is one of the main topics of conversation, **Michele** emphasized that “it's really important to tell our students that this is what the students have asked for. This was a student-led initiative and student input was gathered from this and used in the decision making.”
Steve agreed and welcomed more questions. No questions were asked. **Steve** asked if the board would like a summary on how the changes would benefit campus. All agreed.

Steve restated the goal of the meal plan exchange was to “…marry the value that we always know that we're able to provide at Peregrine yet provide the variety at the retail locations.” Though students have been dissatisfied with exchanges in dining programs before, **Steve** emphasized the “robust” list of exchanges that **Kevin** provided. Since students would no longer be required to eat at the dining hall, the hours of operation could be reduced to serve dinner with the best employees scheduled to work. **Steve** explained, “We really feel like we're going to maximize what Peregrine can do. Have the special nights, the Thursday night specials and all of those things. At the same time, for those who just don't care for it or would like to spend their money elsewhere, they'll be able to do that."

Steve emphasized the importance of deciding when to fully open food service operations for the spring semester. The cost to run dining services during a regular year is up to $50,000 per day, while the current cost is about $25,000 per day with about half the amount of students on campus. **Steve** noted that the decision to either open on January 15th or February 1st would be a quarter of a million-dollar decision. **Steve** suggested that the corporation could "provide something gratis or as part of the meal plan beforehand," to residents who arrive early. **Steve** also noted that an operation in the SUB or Peregrine could open early to a smaller degree before the start of the semester.

Steve further highlighted the decision to give students all meal swipes at the beginning of the semester, allowing them to budget as needed. He explained, "That way, if we do start on January 15th or February 1st, it doesn't matter. Students get the same number of meals and they can use them whenever they like. They're not losing anything as they would if we were giving meals on a weekly basis." **Steve** shared his excitement to implement the changes discussed and seeing the results next semester. **Steve** concluded that "the one thing that we were thinking– or the general consensus was before we really keyed on this concept of Peregrine not being a place but being sort of this idea of a value meal, is we were thinking the only way to save Peregrine was to invest millions of dollars into it… You can make the place look as beautiful as you want, but if students are resistant to eating that particular way, they're still not going to be happy. So maybe we can save that money on capital renovations and use it more effectively to get students what they actually want."

Melinda thanked **Tevin** and **Matt** and commented "this really gives us a better direction to go in and just the beginning. I think this is going to translate for semesters ahead of us." **Kevin** agreed. **Steve** asked if there were any additional thoughts or comments and noted that the meal plan did not need to be voted on if everyone agreed with the general plan of direction. **Steve** also noted that it was made clear with Sodexo that the meal plan would remain at $2,400 and the rate that the corporation pays Sodexo would also remain the same.

Brian praised **Matt** and **Tevin** for their excellent work. After acknowledging that customer satisfaction is a primary factor, **Brian** commented "We also are an educational institution, and we want people to be healthy and we want people to do things, and we want to sort of teach people about doing things in an ecologically sound way." **Steve** agreed. **Kevin** noted that the decline in campus residents proposed a great opportunity to test out the meal plan changes before all residents returned to campus.

Steve highlighted the success of the reusable container program, mentioning the goal to expand the program into retail dining. **Steve** stated, "One of the big challenges that we have currently that we're dealing with is utensil use. We haven't found an effective solution for that yet, but I very much want to eliminate as much of the packaging as possible." **Brian** appreciated the continuous sustainability efforts, commenting that "In addition to learning in the classroom, [students] learn in their daily lives and what they're learning at these retail places is that every meal comes with a half a barrel of trash. They learn that when they eat out… but if we can teach them that it doesn't have to be that, that's a huge step forward." **Matt** agreed with the importance of educating students about sustainability. **Tevin** also agreed and commented, "We can't force students to eat healthy at Peregrine, but we can do the reusable containers at retail so they're eating in a more sustainable way." **Steve** announced that the meal plan would move forward as presented.

Housekeeping
Steve stated that the Coke contract was signed, and CAS would receive scholarship money soon.

Steve welcomed **Jaca** to report on the Jim Frederick's Scholarship. **Jaca** announced that the committee awarded 2 students with $500 scholarships each for the fall semester. The committee will meet again to review applications in the spring semester.

Steve asked if there was anything else for the good of the order. **Matt** suggested the idea of leading a student outreach after the meal plan was publicly communicated. **Matt** commented, "I think having students talking with students about it might be the best outreach we could go with." **Michele** supported the idea of a student lead outreach, noting a successful Facebook live that **Kevin** hosted with parents. **Michele** suggested holding off until January so **Kevin** could speak with Sodexo and there would be a clearer idea of what the spring semester would look like.

Kevin welcomed all board members to attend the All-Day Thanksgiving event at Peregrine on Wednesday, November 18 from 12pm-8pm.

Steve thanked everyone for the great meeting.

Meeting adjourned: 11:23am