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**ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, CHICO
ASSOCIATED STUDENTS BUSINESSES COMMITTEE
MEETING MINUTES**

Monday, September 28, 2020

3 p.m.

Via Zoom

Members Present: Austin Lopic, John Barron, III, Mattea Bertain, Michelle Korte, Stacie Corona, Megan Odom

Members Absent: Lilia Saravia Lucas (excused), Dan Herbert

Others Present: Jamie Clyde, Karen Bang, (recording), Tom Rider, Lauren Lathrop, Katrina Robertson, Thang Ho, Hugh Hammond, Sarah Fenton, Katie Peterson, Connie Huyck, Corinne Knapp, Mary Cox

- I. **CALL TO ORDER** – The Chair, Lopic, called the meeting to order at 3:01 p.m.
- II. **MECHOOPDA LAND RECOGNITION** – The meeting was started with the reading of the Mechoopda Land Recognition statement.
- III. **AGENDA** – **Motion to approve the 9/28/20 agenda (Corona/Odom) 6/0/0 MSC.**
- IV. **APPROVAL OF MINUTES** – Minutes of the 9/14/20 regular meeting. **Motion to approve the minutes of the 9/14/20 regular meeting, as presented (Korte/Corona) 6/0/0 MSC.**
- V. **ANNOUNCEMENTS** – Lopic said registration begins October 26, open until November 20. Enrollment appointments will be released the week prior of registration beginning.
- VI. **BUSINESS**
 - A. **Discussion Item: 6/30/20 Dining Services Financials** – Rider reviewed the financials with the committee and noted that after spring break, due to the campus closure, there was no business. This caused a reduction in income, reduced wages and reduced operating expenses. Rider said Sutter was pretty stable due to the contract with University Housing. Dining Overall, Sutter Dining and Cash Ops were reviewed.
 - B. **Discussion Item: 6/30/20 AS Wildcat Store Financials** – Jennings provided an overview of the financials, focusing on full year 2019-20. She said Income was at \$918,017, Expenses and Transfers at \$730,853, Net Increase (Decrease) at \$187,163. Commission Income was at \$746,843 YTD (annual minimum guarantee per agreement with Follett). Jennings said they were recently contacted by Follett regarding the COVID-19 caused closure and Follett would like to renegotiate the commission amount. She noted that they haven't come to an agreement regarding this and said they know that other campuses are facing the same thing. Lopic asked regarding a timeline for remediation of this dispute. Jennings said they've had a couple of meetings with Follett and they've gone back to obtain more information – hopefully within a month. Clyde said this was brought to our attention less than a month ago; however, we have closed the books on 2019-20. She said they hope to finalize this discussion by the end of October.
 - C. **Discussion Item: Updates to the future of Marketplace** – Rider said he reached out to a number of dining directors and directors of various auxiliaries at other campuses and collected their alcohol policies. He said Cal Poly Pomona produces ingredients for their brewery; they have sales courses, brewing classes, and utilize various departments. He said it's a huge brewing program and the auxiliary runs a business called Innovation Brew Works. They are the first educational brewery open to the public and staffed by students. They only serve the beers that are produced there and have won numerous awards. Rider said the craft beer business is huge at San Diego

State University. He said they also have two outlets they sell from. They have a Business of Craft Beers as a major and students can also go through a certificate program to work at a brewery. Rider said Humboldt sells local beers out of The Depot They cited a safe environment and supporting local businesses. He said they have placed restrictions, such as beer can't be purchased before 3 p.m. and have a stamp card process where you can only purchase three drinks in a day. He said Sacramento State is similar with a three-drink maximum per location. He said they have a beer-based biology course and recently invested \$400,000 in a fermentation microbrewery system. Rider explained that in approximately 2016 the Chancellor's Office allowed the sale of alcohol again at stadiums and sports venues. He said in 2018 Fresno State made \$100,000 and per an article he read, in 2019 just in beer sales, they sold \$80,000 during football games, the remainder during baseball and basketball games. He said Long Beach State hosts an annual craft beer festival. Cal State Fullerton has a Round Table and they sell at stadium events. Sonoma State also sells alcohol in their Union. Rider said this is nothing new in the CSU system and not all campuses have an educational component tied in with this. He said he reached out to our local Round Table folks and they are still very interested in our location, but not immediately. Lopic said it was good to hear information about other campuses involved in beer sales. He said he couldn't find any of CSU's that have their own beers. Lopic said this will remain a discussion item throughout the year before moving forward. He said hopefully by the end of the academic year they can move forward with a plan to help Dining. Looking at potentially selling alcohol in the Marketplace and potentially have a Chico State licensed beer.

VII. DINING SERVICES DIRECTOR'S REPORT – Rider said at the end of July he had a discussion with Kurt from Pepsi regarding our contract with them. Rider provided background on the Pouring Rights RFP. He noted that awarding of this contract represents big money and big businesses vie for exclusivity in our dining halls, C-Stores, graduation events, etc. Coke, Pepsi, and 7up responded to the most recent Pouring Rights RFP. He said Pepsi was awarded a five-year contract which runs from January to December, and Pepsi pays for the right of being the only company providing beverages on campus. The third year ends December 31, 2020 and we have two full years after this. He said approximately \$111,000 goes to Dining annually and that it's broken up into three different funds: annual sponsorship of \$51,000, \$5,000 Dining Sustainability Fund and also a flex fund that varies each year – this year worth \$55,000. In addition, Chico State Athletics gets \$54,000 annually per the contract. Rider said Pepsi is proposing a 50% cut for this year, paying us \$55,500. For Year 4, there would be no guarantee – everything after this year would become sales-based commission only. Rider explained how they came up with a \$1 per case price. Rider said this change would mean that there would be no up-front money, no influx of cash, simply based on volume. He said this would be great if we were going to have a record year of volume but likely volume will be low next year. Rider said there have been some sweet deals in the last year or two with Coca-Cola with other CSU campuses. He said we may not be in the best environment to negotiate something like that right now but knows of a couple of Master Enabling Agreements that have been created which would exclude us from having to do a Pouring Rights RFP again. He explained an agreement with the corporation would already be done, we'd plug in our numbers and it spits out a formula at the end. He said he has heard so far that the Coca-Cola deal has been fantastic. Campuses are getting five to six times the amount of funds and fees up front. Rider next reviewed the legal language in our contract with Pepsi. He said Section 22 basically says that what is in the contract is what we agreed to and Pepsi can't change the agreement without our consent, requiring Board approval. Section 11 – Termination Rights, was next reviewed. The AS can terminate without prejudice or penalty if Pepsi doesn't make a payment or if they fail to perform within some other term of the contract. Pepsi's Termination Rights are that they can terminate the contract if their rights are materially restricted or limited, such as us closing our businesses. Rider said they could demand we engage in good faith efforts to rectify the agreement, which Kurt is doing. If either party terminates, if we say we want to keep the original contract and not accept the 50% cut, they could say they aren't giving us anything and just terminate. If we terminate without cause, any monies they've given us for the year would be given back to them as a portion of the month. If they pay us any money up front we pay them back a percentage of the total as a fraction of

the months in the year left. He said after December there is no money for them to take because they're not going to give us any money up front. Rider recommended that we accept their 50% and hold off for the next couple of months. He said when it becomes volume-based increments after January 1 it won't amount to a lot of money. He said Sarah Rumiano of Procurement is working with another campus regarding Pepsi, and he said we should look in to some of these. Rider asked how the committee felt about accepting Pepsi's offer and then seeing what else is out there for the next couple of years. Corona asked if we received payment from Pepsi for this year. Jennings said we received money just following the end of the calendar year. She noted that we accrue the amount every month, but won't receive payment from them until late January. Corona confirmed with Rider that Pepsi is proposing to go back to January 1, 2020 to adjust. Jennings said from July through December we haven't been accruing an additional amount, just through June 30. Clyde confirmed this would have to go through the Board. Lathrop asked if this applies to the bookstore as well and Tom confirmed. Korte asked if Rider had any idea what Coca-Cola is actually offering at this time, assuming that when generous offers were made, it was prior to COVID-19, which Rider confirmed. He said he didn't know what any offers would look like today. He said we need to be careful about even getting into a contract right now and that he would do his due diligence and try to get some actual contracts to look at. He noted that Coca-Cola contracts are for 10 years. He said he would also try to get a master enabling agreement to review. Corona said we have this contract with Pepsi and Coca-Cola didn't present that great of a package for the RFP. She questioned why we would want to reach out to Coca-Cola. She did note that due diligence does need to be done in looking at all of our choices. Clyde said most of this is just information. If we change the contract, Pepsi could essentially decide to terminate with us based on the fact that it's no longer a lucrative contract for them, which opens the gate for us to look at both companies. She said the reason Coke became attractive was due to a larger procurement group. She said Pepsi looks at us just as a campus; Coke may be a little more willing to wait it out a year, although they don't know all the details at this point. She noted that no one has yet said we'll leave if you don't change. Lopic questioned the time line regarding this issue and Rider said they have 45 days to respond. Clyde said they're giving us some time to get through these conversations. She said if they're feeling we're not going to come to an agreement, they could exercise their 45 day right. Lopic requested that Rider's presentation be forwarded to all committee members. • Rider noted that at the last ASBC meeting he advised that fire evacuees might be housed in University Housing. He said it has now shifted from housing fire evacuees to housing first responders – i.e., fire, police and medical personnel. They would take over two buildings in Housing and AS Dining would provide three meals a day, seven days a week, through December 31. There is also the possibility of a couple of extensions. There could be up to 200 first responders at \$30/\$40 day for meals. Rider said the walkthrough is tomorrow and he would obtain as much information as possible regarding what they expect. They would be housed in Shasta and Lassen residence halls.

VIII. CHICO STATE WILDCAT STORE DIRECTOR'S REPORT – Lathrop said at the last Board meeting a question was brought up about in-store vs online sales. She said in the month of August, just under 70% of sales were on line, 30% in the store. For September they are running 50-50 although data is pretty skewed, because some online orders are being returned because students are no longer local. Otherwise, she said it would be 60% to 70% online. • Lathrop said it was brought to her attention recently that there's potential for the BMU to shut down their heating and cooling system, and the bookstore would be footing the bill for their own heating and cooling. She said due to this, bookstore hours will be changed to Monday through Thursday from 12 to 4 p.m., closed Friday. She said during the week staff will still be working so Monday through Thursday they will provide door side pick up from 9 a.m. to 5 p.m. and on Fridays from 9 a.m. to 2 p.m. She said they are finding that many are picking up online orders. They will also open by "appointment only" to allow customers to come into the store. • Lathrop noted the course schedule will look very different when students register on October 6. She said it will be much simpler for purchasing course materials, which will be handled through Discover View. Lathrop said faculty members are already providing textbook adoption information for spring via Discovery Adopt. She noted this should help with compliance to get adoptions. • Lathrop said a faculty/staff sale is normally held in December. Due to COVID, they

are looking at doing an online faculty/staff appreciation event with a coupon code. An online sale will be held the first week in October where all clothing, accessories, gifts, etc., will be 25% off.

- IX. EXECUTIVE DIRECTOR'S REPORT** – Regarding the BMU closure, Clyde said we're trying to reduce costs and increase sustainability. She said Rider has removed all food from refrigerators and freezers and turned them off in order to reduce electrical costs, and gas will also be turned off in the kitchen. She said they are looking at the whole building and plan on keeping air flow at off times as recommended by the CDC, but not air conditioning. The only area that will be using AC is Follett. She said per the agreement with Follett, they already pay a portion of utilities, now it will be a direct metered cost. She said since it is allocation based, the times we've been closed, we've reduced utility costs for Follett because as a whole, the building was closed. This was done in good faith partnership. • Clyde said at this week's Board meeting they will be discussing medical insurance for 2021. She noted the way the contract with Housing is set up, they pay the cost to keep us intact so we can continue with minimum amount of people that we need to service those in the residence halls and keep us intact for next year. She said we expect to experience savings in insurance costs and said insurance costs were originally budgeted at a higher amount, which will further give a savings to Housing since they would essentially receive the entire savings of whatever we did. Lopic asked if they anticipate an increase in insurance premiums next year and Clyde responded that normally there would be an increase every year. Clyde said it will be recommended to the Board to switch to a pooled group, which would include switching to a different medical plan. She noted the savings would be significant – approximately 12%. The Board will also need to decide how to split the insurance costs between the AS and employees.
- X. VP APPOINTEE'S REPORT** – Barron said they're finalizing appointees to BMUC.
- XI. CHAIR'S REPORT** – Lopic said if anyone knows any students interested in BMUC to recommend they apply to be on the committee. • Lopic advised that at their last Board meeting, the Board approved Juneteenth as a paid holiday for AS career employees. He said we are the first AS within the CSU system to do this and hopefully this will set off a chain reaction to other AS' and campuses. • Lopic said the Government Affairs Town Hall is tonight from 6 to 7:30 p.m. and Peterson provided an overview of the event. • Lopic said that San Jose State is asking their AS for \$6 million because they're in a deficit and he noted there might be a request for students, faculty and staff to provide their opinion on it. Clyde said the University can't bail out the AS and said we're separate but we do roll up to the University. Discussion was held and it was noted that auxiliaries exist to benefit the University overall. Corona said she doubted the University would turn to the AS for a bailout. Clyde explained the various revenue sources the AS provides to the University, noting it's very complicated.
- XII. ANNOUNCEMENTS** – None
- XIII. PUBLIC OPINION** – Limited to three minutes per speaker, five minutes for entire topic – None
- XIV. ADJOURNMENT** – The Chair, Lopic, adjourned the meeting at 4:05 p.m.