



Dear GMM,

Via this letter we want to inform you about the current status of affairs regarding *Stichting Borrelbeheer Zilverling*, what actions we took, where we stand now and most importantly, what happens next. We believe that it is beneficial for the associations and the GMM attendees to have a good understanding of what happened and is happening as well as the financial implication that this brings.

Before we note the current state of affairs it is important to state the importance of SBZ and how the foundation operates. SBZ was founded in 2007 with one reason: to act as a legal person on the Grolsch contract which allows us to collectively buy beer, and therefore reach a lower buy-in price than when all parties would have to buy it separately. This price is lower due to a so-called hectoliters discount (Dutch: hectoliterkorting) and works in box ranges, where a higher consumption will lead to a larger discount on all beer that has been consumed in that specific calendar year. Normally, part of this discount is granted upfront when ordering beer and the rest is transferred at the end of a calendar year. Since SBZ aims to have a constant (discounted) beer price during the year, all associations guarantee the liquidity of SBZ through long term loans.

SBZ in its turn resells the beer to the associations, for a price that covers the buy-in price and a small margin. This “SBZ margin” is used to cover repairs, inventory, spoilt consumables, foundation costs, et cetera. The associations, in turn, sell the beer to their members for a price that covers additional expenses like tap losses and fees for bartenders and ERO. Moreover, associations have the freedom to sell their consumptions for profit if they wish to do so.

Beginning of the measurements

With the corona pandemic a lot changed for SBZ. With the government announcing on March 15th that both the universities as well as bars needed to close as part of a new set of measurements. This meant that with the closure of university buildings SBZ could not facilitate any drinks. At this moment it was unclear whether we could reopen in a couple of weeks or that we would be closed for a longer period. Luckily Grolsch initiated a return policy for unopened kegs so most kegs that were in stock have been sold back to Grolsch.

First relaxations of the measurements

Normal bars reopened on the first of June. However, the university did not physically reopen on the first of June. Since the drinking rooms are within university buildings SBZ has thus far been unable to host drinks. We have looked at ways to organize drinks outside, but the policy of the university remained that all bars within university buildings could not reopen for now.



Second set of relaxations

After the second set of relaxations the university allowed association to organise activities again, as long as the Event Desk (Dutch: Evenementenbureau) of the university would allow it. However, university buildings would still be closed for the public and thus organising activities in the Abscint and MBasement has remained out of the question. Furthermore, organising activities on the O&O square was now a possibility. However, since access to toilets as well as an evacuation building in case of a calamity were requirements for organising any activities, and the Zilverling closes at 17:30, activities could only be organised between 16:00 and 17:30. As outdoor drinks are quite time-expensive to organise no-one has organised such a drink thus far.

Where we are now and next steps

To conclude, it is possible to organise activities outdoors, while taking all Corona measures into account, but only when a university building with toilets and enough room to be used as an evacuation building is open. Therefore, we decided to wait until the 31st of August when the buildings will remain open until 22:00 hours. Nonetheless, this is also a period where the building and the O&O square will become much more crowded (at least much more than currently is the case) and due to rising numbers of Corona infections in the Netherlands it remains unclear whether organising activities on the O&O square falls within the possibilities. We are in contact with the Event Desk, but for now we have no idea what the university will allow. For example, it is not unthinkable to have two drinks total per week, but the final decision on whether to allow any activity will still be up to the university/Event Desk.

There is no real progress in the decision to use the Abscint/MBasement again. We have ideas to open those again given the regulations (make it one room for example, so you have more room and flow of guests), but the university is very hesitant to allow indoor activities.

Through this all we have had good contact with Grolsch, both for our questions, but also to think of ways to help us reopen.

Financial

This is where the foundation stands with regards to organising drinks. There is however also a financial part to the current state of affairs. In the second paragraph the idea of the Hectoliter discount is explained. Since we did not sell any beer since the 16th of March we won't fall in the expected discount bracket and we therefore, in retrospect, sold the beer from January till the 16th of March too cheap. How large this deficit in fact is remains unclear and depends on two factors:

1. We aim to reopen on the 1st of September, but it is yet unclear how this will affect the discount. Therefore the deficit from the first 2.5 months remains unclear.
2. We raised our problems at the contact person of Grolsch and it became clear that they are still working on a solution. What this will entail is not clear and will be of importance on how we need to solve this deficit.



Since the hectoliter discount, and accompanying settlement, is calculated per calendar year we will only know the true outcome by January 2021. We do not expect to be able to make an educated guess on the final deficit before medio November. As for now (premature) decisions can only be made on the worst-case scenario.

We argue that the following possibility is the best way to continue:

1. First of all, count the deficit from the first 2.5 months of 2020 as a loss for now. We should set the prices such that they reflect the most likely discount that we still receive from Grolsch. That means that the prices of drinks will become approximately twice as high. Nonetheless, we also feel that we should not compensate for the deficit from the beginning of this year in the same timeframe as that would mean that people attending drinks would pay almost three times the normal prices of beer. The estimation of the new hectoliter bracket should be decided upon by the daily board in consultation with the boards of the associations, the audit committee of SBZ and the audit committees of the associations, to make sure it is a fair assessment. This requires quick and open communication with all parties.
2. Secondly, we wait for solutions/couance by Grolsch, which we hope to have received by medio November. With this information a discussion evening can be held to see if it will be compensated through the means of a compensation (gift), after which the associations can determine how they will 'earn back' their part of the deficit (count it as a loss, higher price for consumptions, etc), **or** through the means of (a) short term loan(s) from (one of) the association(s). It is estimated that SBZ is able to pay back this loan within at most 3 years. Extra income to ensure we are able to pay back these loans will come from an increase of the margin of SBZ (from January 2021 onwards), together with a possible increase from lower consumptions overall in 2021 as we do not yet know the development of the Corona situations, but the total increase will be relatively fair to all members going to drinks and will not be too much. It is of course still up to the associations on whether they want to compensate their members for these prices as the prices at drinks are still set by the association organising the activity.

We think it is better to have this discussion (gift - loan) when the total deficit is known, since it could influence the outcome.

If there are any questions regarding this document or the information inside it, don't hesitate to contact us via db@sbz.utwente.nl or via a personal message.

Egbert Dijkstra
Chairman 4th Daily Board