

STUDENT UNION BOARD OF DIRECTORS

Finance Committee
Meeting Minutes

June 12, 2020 at 10:30am

This was a telecommuting meeting by Zoom Video Conference

Voting Members Present:	Sonja Daniels, Cynthia Fernandez-Rios, Yissel Reyna
Voting Members Absent:	Charlie Faas
Non-Voting Members Present:	Tamsen Burke, David Alves
Guests Present:	Amy Guerra-Smith, Terry Gregory, Jerry Darrell, Caryn Collopy, Kristine Kirkendall, Debbie Gairaud, Larry Aldama, Kevin Kish, Donna Teutimez, Karyn Liensdorf, David Werner, Matthew Lee, Katina Green, Ruben Bravo, Leanne Lobue, Kelsey Snook, Diane Qin, Kim Hagens, Tony Dianda, Erick Campos, Yavik Kapadia

I. CALL TO ORDER

Yissel Reyna called the June 12, 2020 Finance Committee Meeting to order at 10:34 am.

II. ROLL CALL

Yissel Reyna asked Amy Guerra-Smith to take a verbal roll call. Amy Guerra-Smith completed a verbal roll call.

III. APPROVAL OF JUNE 12, 2020 MEETING AGENDA

Yissel Reyna asked for any changes needed to the JUNE 12, 2020 FINANCE COMMITTEE MEETING AGENDA. Seeing no changes needed, Ms. Reyna asked for any objections to approve the June 12, 2020 Finance Committee Meeting agenda as presented. Seeing no objections, Ms. Reyna noted that the **June 12, 2020 Finance Committee Meeting Agenda was approved as presented by unanimous consensus.**

IV. APPROVAL OF MAY 19, 2020 MEETING MINUTES

Yissel Reyna asked for any changes needed to the revised MAY 19, 2020 FINANCE COMMITTEE MEETING MINUTES. Tamsen Burke indicated that the revised meeting minutes presented today reflect the requested changes in item A, paragraph 3 and noted that the recommendation was to remove any language pertaining to student fees considering the pending litigation. Ms. Burke expressed the importance of keeping the language in the minutes about keeping the Student Union facilities open and engaging with the SJSU students.

Ms. Reyna asked for a motion to approve the revised May 19, 2020 Finance Committee Meeting Minutes as presented.

Sonja Daniels moved to approve the revised May 19, 2020 Finance Committee Meeting Minutes as presented.

Cynthia Fernandez-Rios seconded the motion.

VOTE ON THE MOTION:

3-0-0

MOTION PASSED.

V. **APPROVAL OF MAY 26, 2020 MEETING MINUTES**

Yissel Reyna asked for any changes needed to MAY 26, 2020 FINANCE COMMITTEE MEETING MINUTES. Seeing no changes needed, Ms. Reyna asked for a motion to approve the May 26, 2020 Finance Committee Meeting minutes as presented.

Cynthia Fernandez-Rios moved to approve the May 26, 2020 Finance Committee Meeting Minutes as presented.

Sonja Daniels seconded the motion.

VOTE ON THE MOTION:

3-0-0

MOTION PASSED.

VI. **AGENDA ITEMS:**

A. Approval of FY 2020-2021 Budget

Tamsen Burke presented the Finance Committee with the recommended changes to the previous budget presented. Ms. Burke noted the following changes for the Finance Committee to consider approving, noting the request of \$14,818,761 in Revenues and anticipate the expenses to be \$16,415,712 for FY 20-21 resulting in a budgeted net operating loss of \$1,596,951 which the Student Union expects to be covered by FY20 working capital surplus. The approval of the return of student fees of \$10,754,599 to support the Student Union, Inc. operations for FY 20-21. In addition, the Student Union is asking for the approval of \$212,000 for special projects for FY 20-21 to be taken from the \$1.3 million dedicated Student Union Refinanced Bond Savings and using the remaining \$147,500 from \$5 million remaining SRAC Project.

Ms. Burke noted that the Student Union is projecting no revenue for summer and on average 50% of revenue if the Student Union returns to some level of normalcy in the phase 4 approach in the University's phased master plan.

Tamsen Burke noted that the budget reflects the reduction of student wages for summer by 75% and noted that this is an escalating scale over the year, with anticipation that the Student Union will be at 100% near the spring.

Another adjustment to this budget is the Student Union eliminated all travel expenses for the corporation in alignment with the CSU and University policies at this time.

Ms. Burke noted that this budget reflects the reduced the request for Student Fees based on the 7% decrease in the enrollment numbers. Ms. Burke asked Dr. Sonja Daniels to provide a summary of the latest enrollment numbers. Dr. Daniels gave the Finance Committee Members a high-level summary of the current enrollment numbers noting that at this time, First year student enrollment is at 87% with 3815 with intent to enroll engaged; Transfer student enrollment is at 101% with 4945 with the intent to enroll engaged; and that the International student enrollment is down about 10%.

Tamsen Burke asked the Finance Committee Members if the 7% reduction of enrollment is an accurate reflection for this budget? Cynthia Fernandez-Rios noted that she did not think that the 7% is a good representation but recommended to keep a very reserved budget given there is so much uncertainties but to allow for any fluctuations. Sonja Daniels suggested to keep the budget where it is and recommended to request to have a mid-year review of the budget to make the needed adjustments to the budget as needed with the amount of uncertainties.

Ms. Burke presented the Finance Committee with the assumptions the Student Union used to craft this budget, noting that the Student Union hoped to be open by July but fell in line with the campus' 4 phased opening plan, the facilities will not be open for the summer months.

Tamsen Burke noted that the steam issue with the pool has continued to be a challenge to maintain the pool temperature. Ms. Burke noted that the parts needed will take about 7 months to fabricate and then another almost three months for repair. Tamsen Burke noted that she is working with the Vice President for Student Affairs and with the Associate Vice President for Campus Life to give notice to the President's cabinet that the pool will be closed because the pool temperature cannot be maintained. Ms. Burke noted that the Student Union and Recreation team are working to prepare the pool opening for Fall.

Ms. Burke presented the various business revenue metrics noting highlighting the various revenues. Tamsen Burke noted that programs and services revenues is anticipated at 25% for September to January; start to see 35% for January to April and then another increase in late spring as we return to a more consistent level of normalcy.

Ms. Burke noted that the Student Union expects to collect 100% for lease payments and almost all leases are expected to be on target.

Tamsen Burke noted that the Student Union made the decision in consultation with the University that the Provident Credit Union Event Center will be closed from June to December.

Personnel expenses have been reduced by 75% and explained the reason why the Student Union did not reduce the personnel expenses by 100% was because by keeping the 25% of personnel expenses in the budget to support the Student Union operations if the facility is expected to re-open in August.

Ms. Burke noted that the Student Union has offered to the University to use the larger Student Union spaces for the in-person classes to allow to meet the social distancing requirements. Cynthia Fernandez-Rios asked if the Student Union knew when the University will make a decision? Dr. Daniels noted that the University is working through identifying which classes will be remote classes and in-person classes.

Tamsen Burke presented to the Finance Committee Members with the itemized operating expense budget noting the following changes in the budget. Ms. Burke noted that the student assistant wages have been reduced by \$1 million for FY 20-21. Tamsen Burke noted that the Supplies and Services budget was reduced by \$81,000. Staff Training and Development budget was at \$178,000 and reduced down to \$86,000 noting that while this number appears to be high, it is necessary to keep this in the budget to allow for the required certifications needed, for example required certifications for life guards, fitness instructor, CPR/First Aid certifications. Capital equipment was reduced by removing some items off. Depreciation forecast was determined by taking the actual depreciation for Q3 and estimated depreciation for Q4. Depreciation was estimated based on fixed assets placed in service at year-end close. Ms. Burke noted that the Student Union is reducing its expenses by about \$810,745.

Tamsen Burke spoke one area of concern noting that during the first budget presentation, the Finance Committee felt the revenue of \$541,732 for the Event Center was too high. Ms. Burke explained to the Finance Committee that half of the Event Center revenue projected is expected to come from Athletics and noted that there is a very strong potential loss of revenue if the Mountain West Conference cancels the Athletic season will result in a loss of \$289,000 revenue. Ms. Burke also noted that there are potential annual events currently on the books with hold dates for Spring with a potential of significant revenue from these events.

Another area of concern was the SRAC memberships budget, and the Student Union re-examined that budget and decreased that budget by \$23,000 to reflect the non-operation of the summer months. Dr. Daniels inquired about how much of the \$146,000 was outside community memberships noting that there are discussions about restrictions about allowing outside community members in the facility. Ms. Burke noted that Student Union kept the number lower allowing for community members to return to the facility in late fall/early spring.

Ms. Burke explained the Outside Agency shows an increase in this budget and noted that the University sends out a preliminary price cost so for this past year was \$739,000 but the actual cost was \$865,000. Tamsen Burke highlighted that the University cost allocations going into FY 20-21 was anticipated to start at \$865,000 but now actual starting University Cost Allocations is at \$924,000. Ms. Burke also noted that based on the 17% increase for 2019-2020 that at the end of 2021 the Student Union will realize \$1 million in University Cost Allocations. Ms. Burke explained what cost allocations examples: IT/Communications (servers/phones), billing, structure land lease charges per square footage. Ms. Burke noted that year-over-year this line item increased by 46% and anticipate these charges to rise even more for the coming year.

Tamsen Burke presented the Finance Committee Members with Capital Projects budgets noting that the Student Union has some Capital Projects remaining for this year. Ms. Burke noted that the Student Union is requesting to move forward with the Event Center project. Ms. Burke is requesting the Finance Committee to approve the new Capital Projects such as the Student Union Door Replacements. Ms. Burke noted that over the winter break the Student Union sustained several break ins and as a result these doors will need to be replaced and rekeyed and replace locks. Another project is the high stools in the Student Union dining area, which are looking very worn and need to be addressed. The plenum is part of the original Student Union building and requires a larger amount of money to repair. The ATM kiosk is another project that needs to be updated and repaired. Requesting to add hand dryers in the SRAC facility need to be added as the building is LEED Silver certified and assist in reducing paper towel costs as well as being more sustainable. The SRAC Administration Office will need to be retrofitted for ADA Accommodations for the new SRAC Director as well the addition is the blinds in the SRAC Administration offices. The Fire Inspection for the Student Union has identified that there are some fire sprinklers that will need to be replaced. Ms. Burke noted that is estimated to be a cost of \$14,000 which is not included in this budget but will be added for the Board presentation.

Tamsen Burke noted that the Student Union anticipates ending the FY 19-20 with a cash balance of \$5.1 million and requests to offset the debt internally and not have to ask for additional money from the University. Ms. Burke noted that the Student Union anticipates having \$3.9 million remaining of the \$5.1 million and is requesting these funds go to the Reserves to offset additional maintenance and expenses incurred throughout the year. Ms. Burke noted that the Student Union will present the Reserves Policy to the Board in hopes to get the Reserves closer to where they should be. Ms. Burke explained to the Finance Committee Members that the value of the three facilities is approximately \$334 million and the 5% Reserves goal should be at \$16.7 million noting that currently the Student Union Reserves are at \$10 million. Ms. Burke noted that it would be prudent for the Student Union to dedicate money to the Reserves to support the three facilities.

Tamsen Burke informed the Finance Committee that the Student Union received a \$1.5 million award from the Paycheck Protection Program and thanked David Alves for his

accounting report of this money. Ms. Burke noted that the guidelines related to payroll expenses were at 75% and reduced to 60% and the extension of the loan from 8 weeks to 24 weeks. Ms. Burke noted that the SU would rather use the money within the 8 weeks rather than to carry money forward. Ms. Burke noted that the SU still has liabilities and expenses that will be paid, such as the cost allocation to the university for May and June as well as some utilities expenses that will need to be paid. Tamsen Burke noted that the Student Union projects that the SU will end the FY June 30, 2020 with \$4,000 remaining of the \$1.5 million awarded.

Yissel Reyna asked for a motion to approve the Finance Committee's recommendation for the Board to approve the FY 2020-2021 Budget.

Cynthia Fernandez-Rios moved to approve the Finance Committee's recommendation for the Board to approve the FY 2020-2021 Budget as presented.

Sonja Daniels seconded the motion.

VOTE ON THE MOTION:

3-0-0

MOTION PASSED.

VII. MEETING ADJOURNMENT

Yissel Reyna asked for any other business to discuss. Seeing no other business to discuss, Ms. Reyna asked for any objections to adjourn the June 12, 2020 Finance Committee Meeting. Seeing no objections, Ms. Reyna noted that the **June 12, 2020 Finance Committee Meeting adjourned at 11:33 am by unanimous consensus.**