



**STUDENT UNION, INC. BOARD OF DIRECTORS
Finance Committee**

**Meeting Minutes for
July 16, 2021 at 1:00 pm**

This was a telecommute meeting by Zoom Video Conference.

This meeting was facilitated through an online Zoom format, consistent with the Governor's Executive Order N25-20, suspending certain open meeting law restrictions.

Voting Members Present: Zachary Birrer, Cynthia Fernandez-Rios, Ishan Gupta, Dr. Sonja G. Daniels, Charlie Faas
Voting Members Absent: None
Non-Voting Members Present: Tamsen Burke, David Alves
Guests Present: Amy Guerra-Smith, Kelly Goldsmith, Isaiah Andrews, Debbie Gairaud, Ryan Fetzer, Erick Campos, Aaron Anderson, Donna Teutimez, Yavik Kapadia, Diane Qin, Kristine Kirkendall, Kristina Hunt, Katina Green

I. CALL TO ORDER

Zachary Birrer **called the July 16, 2021 Finance Committee meeting to order at 1:01 pm.**

II. ROLL CALL

Zachary Birrer asked Amy Guerra-Smith to take roll call. Amy Guerra-Smith **completed a verbal roll call.**

III. APPROVAL OF JULY 16, 2021 AGENDA

Zachary Birrer asked for any changes needed to the **JULY 16, 2021 FINANCE COMMITTEE MEETING AGENDA.** No changes requested.

Cynthia Fernandez-Rios motioned to approve the agenda as presented; Dr. Sonja Daniels seconded the motion.

Vote on the Motion: 5-0-0 Motion Passed.

IV. APPROVAL OF MAY 4, 2021 MEETING MINUTES

Zachary Birrer asked for any changes needed to the **MAY 4, 2021 FINANCE COMMITTEE MEETING MINUTES.** No changes were requested.

Cynthia Fernandez-Rios motioned to approve the meeting minutes as presented; Ishan Gupta seconded the motion.

Vote on the Motion: 5-0-0 Motion Passed.

V. DISCUSSION ITEMS

A. Presentation of Proposed FY 21/22 Approved Budget Changes

Tamsen Burke discussed the only proposed change which is, with the understanding that the Event Center will no longer be in the portfolio for Student Union, all revenues and expenses have been removed from that facility. Some of the funds have been reallocated in order to continue supporting a number of the programs and services that the Student Union have previously offered in the Event Center. This is reflected in the increase in Student Union event services programming costs. As we work through the Operating Agreement, one of the exceptions is that we will be entering into some level of Memorandum of Understanding (MOU) around services being provided by the University that are wage based which includes benefits. The actual number will not be known until we work through that process with the University so those wages have been retained. There were 13 vacant positions in January. Two of the vacant positions, General Manager and Operations Manager, salaries were moved into the Student Union to support strategic sourcing and HR regarding Title IX. These funds are reflected in the budget as an increase in wages. This provides an opportunity for money to be moved over to support the MOU moving forward, otherwise we are going to run in a negative in those particular areas without those salaries being realized. Ms. Burke clarified that the people will not be replaced, only the money was moved over.

Charlie Faas discussed concerns about the expenses from the Event Center being transferred to the Student Union budget. Ms. Burke explained that the funds were transferred in order to be able to support a special event at the Event Center that requires expertise, specifically those that are certified and trained to be up in the rigging or rafters. The Student Union has students with this training. Money was placed in the budget to have available, based on what the University is going to do at the Event Center and if there is a need for support.

Ms. Burke explained that the directive from the Finance Committee meeting was to use the 2019 budgets. Spartan Recreation was underrepresented in actual operating expenses, utility supplies, business services, and wages in the 2019 budget. Mr. Faas stated that the budget presented to the Board in May did not reflect these increases in expenses. Keeping the original budget the same after removing a significant asset from the budget, does not make sense.

Dr. Sonja Daniels asked Ms. Burke for clarification, particularly on staffing and student wages. Ms. Burke explained the first equation that needs to be understood is will the Event Center retain the Student Union and its student employees that have the certifications and credentials, for basketball games, special events, and concerts. There are current students who are certified and ready for service on that building. Mr. Faas asked if the University contracted with the Student Union for 10 students to work, the Student Union would incur the student salaries and then bill it out so it would be net zero on this so why is there any reason to move anything from one column to another? Ms. Daniels asked Mr. Faas if we had clarity on who is doing what or who's going to be providing the stage for Campus Life in September? Mr. Faas said no but did clarify that if the Student Union was contracted out by the University, then they would bill back to the University for the services provided. Ms. Daniels requested something as an entity in writing from the University so there is clarity on what the agreement is going to be.

Mr. Faas requested the correct forecast for the end of this year be added. Ms. Burke stated the adjustments to the third quarter forecast will be made. Mr. Faas stated in the proposed budget being presented, he did not see in the narrative what are we doing, what are we looking to do, how is that changing, and how does this budget enable us to get from point A to point B. He questioned the \$250,000 in the budget for E-sports. Ms. Daniels explained that Patrick Day is aware of the \$250,000 and the conversations regarding the space at the Event Center. Ryan Fetzer and his team have been working on a proposal and narrative for E-sports for over a year. The understanding based on the conversations Ms. Burke had with Henderson and also the Vice President, is that there is a commitment for E-Sports to be located where the old Club Sport office was located. Mr. Faas said that is not his understanding and the Event Center is no longer the Student Union's building to operate or manage.

Ms Burke explained we are building the budget based on conversations that we've had and understand, and what has been communicated to us as part of going into the operating agreement. Until we fully understand the operating agreement, it doesn't allow us as an organization to be able to put forward a budget if we do not have clear messaging from the University. Ms. Burke explained that the funding for E-Sports is coming out of the Student Union's long term investments and not from student fees.

Cynthia Fernandez-Rios asked for clarification regarding the other operating expenses that moved from the Event Center to the Student Union's budget, specifically supplies. Ms. Burke explained a lot of the supplies aren't just about the physical building, the supplies are about the service or program provided, for example, giveaways to students. The Student Union will continue to use the Event Center for the free concert and will work with the University on that. Ms. Daniels expressed the importance of continuing to have the concert and keeping the traditions. Mr. Faas confirmed that there will be no change to the number of concerts that are put on at the Event Center. Ms. Burke also explained that some of the supplies are for sports clubs teams. She asked if the University is going to now be responsible for the expenses that typically happened with the sport clubs? For example, pay for new mats when replacement is needed or is the Student Union still responsible for that cost? Mr. Faas stated this type of expense would go under the SRAC (Spartan Recreation and Activities Center) but the cost for insurance, repairs, utilities, and cleaning from outside agencies for the Event Center, would not be transferred into the Student Union's budget. Ms. Burke explained \$23,000 was moved over to the Student Union in order to continue to support the programs that typically happens in the Event Center and insurance, as part of sports clubs, we have to still cover the students participation in the building unless the University is going to assume full insurance costs.

Regarding utilities, Ms. Burke also explained that we have to continue to be able to meet the expectations of the University if that's the compliance standards, but we can't lose dollars in order to do that. There certainly were clear expectations and understanding of why money was transferred to the Student Union from the Event Center. In order to understand the process better, Zachary Birrer felt it would be beneficial for the Committee to hear the explanations of why some money was transferred and why some was not.

Ms. Burke asked Mr. Faas for the anticipated unknowns as a part of the operating agreement, especially around the service conversations that we've been outlining, for wages and benefits, how can the Student Union best meet the University expectations with that not knowing exactly how much it's going to cost the Student Union to work with Strategic Sourcing or HR? Mr. Faas recommended speaking with each department to find out what the costs will be.

Ms. Burke and Mr. Faas discussed an increase in the budget in labor and in the expenses from the 2019 budget compared to the 2021 proposed budget. Ms. Burke explained that in December 2019 SRAC was significantly higher in utilities and supplies for pool chemicals than what was budgeted for. Ms. Burke spoke regarding concerns about the increase in cost allocations year over year, Mr. Faas explained that it is formula driven based on building square footage and head counts..

Cynthia Fernandez-Rios recommended that Mr. Faas works with and provides more feedback on a regular basis to Ms. Burke and Mr. Alves rather than waiting for the Finance meeting. She respects the back and forth discussion between Ms. Burke and Mr. Faas because it's very complex material but it is not as productive as it could be. She recommended to the Board Chair that the meeting move on to the next agenda item.

Zachary Birrer requested Ms. Tamesn provide a rationale that explicitly explains why the money was transferred to the Student Union budget. Ms. Daniels provided some additional suggestions that would be helpful in the rationale, which included providing a bit more of the specific details about any of the Event Center dollar amounts. and any additional narrative that emphasises the importance and value of the programs and services being supported by the Student Union.

B. Student Union, Inc. Assets

Ms. Burke reviewed the document, specifically the items of auction.

VII. ACTION ITEMS

A. Approval of Finance Committee Recommendation to Approve the Proposed Budget for FY 21/22 Changes

Zachary Birrer asked for a motion to approve to table this action item.

Dr. Daniels motioned to approve to table this action item; Cynthia Fernandez-Rios seconded the motion.

Vote on the Motion: 5-0-0 Motion Passed.

VIII. MEETING ADJOURNMENT

Zachary Birrer asked for any additional business to discuss. Cynthia Fernandez-Rios asked about the Board meeting scheduled for next week. The Finance Committee agreed to concentrate on the Operating Agreement.

Zachary Birrer asked for a motion to adjourn the meeting at 2:09 pm.

Cynthia Fernandez-Rios motioned to adjourn the meeting; Ishan Gupta seconded the motion.

Vote on the Motion: 5-0-0 Motion Passed.