



**STUDENT UNION BOARD OF DIRECTORS
SPECIAL MEETING**

**Meeting Minutes
October 05, 2021
4:00 PM**

**This is a hybrid meeting.
In-person: Student Union Inc. Building, Conference Room 6**

Telecommute meeting by Zoom Video Conference.

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

Voting Members Present:	Isaiah Andrews, Hoon Cho, Charlie Faas, Anoop Kaur, Joshua Reyes, and Aarushi Sharma
Voting Members Absent:	Dr. Sonja G. Daniels
Non-Voting Member Present:	James Figueroa, SUBOD Trainee, Tamsen Burke
Guests: Present:	Patrick Day, Ninh Pham-Hi

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I. CALL TO ORDER

Director Andrews called the meeting to order at 4:02 p.m.

II. ROLL CALL

Director Andrews asked Kelly Goldsmith to take the roll. Kelly Goldsmith completed a verbal roll call.

III. APPROVAL OF OCTOBER 05, 2021 AGENDA

Director Andrews asked for a motion to approve the October 5, 2021 Student Union Board of Directors Meeting agenda as presented.

Director Kaur motioned to approve the agenda; Director Sharma seconded the motion.

Vote on the Motion: 7-0-0 Motion Passed

IV. DISCUSSION ITEM

A. Annual Fiscal FY 21/22 Draft Audit Report

Director Kaur stated that the Audit Committee had met and discussed the draft Audit Report. The Committee made no material changes and only had questions regarding clarification on some of the allocated funds in terms of reserves as well as understanding the format of the report.

Tamsen Burke stated that there was a request to remove “the balance of collected student fees held in trust by San Jose State University” language from the document. She asked to open that request for discussion by the Board to see if there is a need from the Board to remove this language.

Ninh Pham-Hi stated that this is a report done by the auditors from RSM. If the Board

would like to have the language removed, they would need to go back to the auditors to ask to have it removed. The Board's role is to accept the report or not accept it, it is not about which parts you agree and which parts you don't.

Director Faas explained the idea is to come up with a report that is mutually agreeable by RSM, the University, and the Student Union. That was the intent of the proposed changes he requested on Friday.

Mr. Pham-Hi explained this type of report has three important pieces, financial statements, findings and observations, and auditors comments and explanations. He stated that Ms. Burke is following protocol by bringing the request to the Board's attention. When the Audit Committee met and approved the draft Audit Report, the requested wording changes were not included. However, these changes are not the same as changes to the financials or changes to the commentary. Management of the Student Union still has the prerogative to accept it if it is not a material issue and if it makes sense.

Director Faas discussed the reason for his requested changes which included comparing last year's audit report to this year's report to see what was changed. The changes were requested in order to make the report read the same as last year's report. He also added a factual statement on page 25 that stated as of the date of this report, the operating agreement continues to be negotiated.

B. Presentation of June 30, 2021 Financials to Date - Operating Cost - Short Term Cash Reserves for Trust Fund Fees Allocation

Dave Alves, Associate Director of Accounting and Finance, reviewed the Cash Flow Analysis document. He explained that the figures listed for June 30, 2021 match the figures listed in the audit report. He explained that the analysis excludes the long term investment account and that this is only the short term cash that is available on hand. He provided a brief explanation of each section He presented each month starting with July, and identified from the bank statements, what the sources and uses of cash were. For September data, Mr. Alves used a cutoff date of September 10, 2021 for the actuals and provided a forecast for the remainder of September sources and uses of cash. He explained that the forecasted average operational expenses for October, November, and December, to be \$1,344,535 per month and the need for \$4 million dollars for the three months.

Director Cho stated that the Finance Committee approved this request.

C. Student Union Reserves Policy and Funding for FY 20-21 Operating Expenses

Ms. Burke explained that the Finance Committee approved the use of \$4 million dollars from the trust funds until December 30. The intention of the long term investment account is as a long term portfolio and not as a short term cash account. She reviewed the Reserve Policy and explained that the minimum the Student Union can hold in reserves is 25% of its operating expenses. As of October 4, the UBS report lists \$8.6 million dollars in the account. The account does have market volatility and there were some losses from August to September. Ms. Burke discussed amounts that would be in the reserves at 6 months, 5 months, and 3 months. Three months of reserves would be the minimum amount required based on the Reserve Policy. She cautioned the Board that there could be a risk of falling below the minimum reserve amount due to market volatility if only the minimum amount was maintained.

Ms. Burke explained that the request to utilize \$4 million dollars from the trust funds would include the money that is being held in the trust from the remaining student fees from last year and part of the lease revenues that were collected last year.

The Board asked questions which included why funds would be pulled from the Student Union investments before the trust account or capital assets and how would students be affected if the reserves were at the 25% minimum requirement and we lost money due to market fluctuation?

Director Faas stated that all groups across the campus are being asked to reduce their reserves to only have an amount of three months of reserves. The local reserves need to be spent down because there are no requirements or descriptions of needs that are in the audit report or that the Board has articulated.

The Board discussed the option of taking \$2 million dollars from the reserves and \$2 million dollars from the trust fund. Ms. Burke supported this recommendation and explained that some of the money in the trust was revenues that was generated last year and would already be on the Student Union side had those funds not been moved into the trust account. The University has not provided an opportunity for the Student Union to show evidence of what the \$ 4 million dollars will be used for.

Director Faas stated that this is the issue. The Student Union local reserves (cash account) only needs to be concerned with base operations, furniture and equipment replacement, and three months of reserves which are constantly being replenished by the 35,000 students. The university holds trust fund reserves that are for benefits, future SU building needs, major catastrophes, and significant changes to the buildings and operations, which come out of the central trust account.

Director Kaur asked about designating money in the reserves for projects like the Associated Students (AS) have done. Director Faas explained that the operating agreement with AS allows for those latitudes but the operating agreement with the Student Union does not. Vice President Day and Director Faas would both like to see an increase in operations and programs by the Student Union, they are not trying to cut operations.

Mr. Pham-Hi explained that if the Student Union wanted to increase the reserves to 50% of the annual operating budget, they would need to negotiate that with the University.

Director Hoon asked if any of the fees will be used for the Event Center? Director Faas explained that there is a limited amount of money going to the Event Center because currently the only events scheduled are basketball, gymnastics, and graduation.

Ms. Burke clarified that in the past the Board of Directors has managed and operated the Event Center but now under the new operating agreement, that it is being centrally managed by the University. Will the Board of Directors be expected to continue to pay for the Event Center even though the Board will not operate or manage it. Director Faas stated that the Board will allocate the funding for the Event Center.

The Board discussed further usage of the Event Center which included COVID capacity restrictions, usage by club sports, the use of the weight room by club sports and division one athletes will be located.

Director Kaur asked if the Student Union is funding the Event Center, would the revenue also come back to the Student Union local reserve? Director Faas stated that yes it would. He explained that the Event Center will continue to be a student fee building along with SRAC and the Student Union building. There is part of the budget that would be set aside for the Event Center.

Director Faas explained that if there is not a signed operating agreement by December, and the \$4 million dollars taken out of the reserves has been depleted, the Board will need to

make a decision to take more money out of the reserves. If the Board and the University agree that the operating agreement is close enough that it will be signed in the next 15 to 30 days, then the University will float the Student Union the funds out of the trust account. He stated that he guaranteed that the University will not allow the Student Union to miss payroll and that no one's pay or job is in jeopardy.

Director Andrews recessed the meeting due to a fire alarm at 5:18 PM
Director Andrew reconvened the meeting at 5:30 PM. He asked Kelly Goldsmith to take the roll. Kelly Goldsmith completed a verbal roll call.

V. ACTION ITEM

A. Approve Annual Fiscal FY 21/22 Draft Audit Report

Director Andrews asked for a motion to approve the recommended changes to the Annual Fiscal FY 21/22 Draft Audit Report.

Director Reyes motioned to approve the recommended changes; Director Cho seconded the motion.

Vote on the Motion: 7-0-0 Motion Passed

B. Approve Recommend June 30, 2021 Financials to Date - Operating Cost - Short Term Cash Reserves Financial Request of Student Union Trust Funds to Cover Operational Expenses during gap between University distribution of Student Fees and signed Operating Agreement (October 1, 2021 to December 31, 2021)

Director Andrews asked for a motion to approve the Recommend June 30, 2021 Financials to Date - Operating Cost - Short Term Cash Reserves Financial Request of Student Union Trust Funds to Cover Operational Expenses during gap between University distribution of Student Fees and signed Operating Agreement (October 1, 2021 to December 31, 2021)

The Board discussed the motion and asked for clarification on what is being asked to be approved in Item C and what the requested amount is. Ms. Burke clarified that at the last Finance Committee meeting the Committee approved for \$4 million dollars to be taken from the trust account. The Board needs to decide what portion of the reserves they want to use and if they are going to follow the recommendation from the Finance Committee.

Vice President Day commented that Item B and Item C are different sides of the same question as they are currently written. By approving one of the items, it would seem that that the Board would not be approving the other item. Director Kaur agreed with Vice President Day that one item would not be relevant if the Board approves the other item as it is written.

Director Andrews asked for a motion to move action Item C before action Item B.

Director Faas motioned to approve; Director Cho seconded the motion.

Vote on the Motion: 6-0-1 Motion Passed

C. Approval of Reserve Funding for FY 20-21 Operating Expenses

Director Andrews asked for a motion to approve the Reserve Funding for FY 20-21 Operating Expenses.

Director Andrews asked for recommendation for the amount to be used from the reserves.

Director Faas recommended using 3 months worth of operating expenses, \$4 million dollars, from the reserves.

The Board discussed the market risk for the investments and whether or not they needed to approve the total amount needed for 3 months of operating expenses or whether they could approve just the amount needed for October.

Director Faas motioned to approve the use of \$4 million dollars, the operating expenses for 3 months, from the reserves; Director Kaur seconded the motion.

Vote on the Motion: 0-7-0 Motion Failed

Director Kaur motioned to take \$1,344,535 from the reserve to support operation costs for the month of October.

Ms. Burke responded to Director Andrews' question regarding the operating agreement. She explained that she has been in conversations with Vice President Day regarding three negotiables which are still being discussed.

Director Kaur motioned to approve; Director Andrews seconded the motion.

Vote on the Motion: 7-0-0 Motion Passed

Vice President Day stated that given the results of the last vote, he recommended the Board of Directors consider amending the motion to approve part of what the Finance Committee has advanced.

Director Andrews asked for a motion to approve the June 30, 2021 Financials to Date - Operating Cost - Short Term Cash Reserves Financial Request of Student Union Trust Funds to Cover Operational Expenses during gap between University distribution of Student Fees and signed Operating Agreement (October 1, 2021 to December 31, 2021)

Director Sharma motioned to approve; Director Cho seconded the motion.

Vote on the Motion: 0-7-0 Motion Failed

VI. MEETING ADJOURNMENT

Director Andrews asked for a motion to adjourn the meeting.

Director Kaur motioned to adjourn the meeting; Director Reyes seconded the motion.

Vote on the Motion: 7-0-0 Motion Passed

Meeting adjourned at 5:52 p.m.