

**STUDENT UNION BOARD OF DIRECTORS  
FINANCE COMMITTEE SPECIAL MEETING**

**Meeting Minutes  
December 07, 2021  
1:00 PM - 2:00 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.*

**Voting Members Present:** Kathryn Blackmer Reyes, Hoon Cho, Dr. Sonja G. Daniels, Charlie Faas, Peter Lee, Aarushi Sharma, Soumya Trivedi  
**Voting Members Absent:** None  
**Non-Voting Members Present:** David Alves, Tamsen Burke, James Figueroa  
**Guests:** Patrick Day

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**I. CALL TO ORDER**

Director Cho called the meeting to order at 1:07 p.m.

**II. ROLL CALL**

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

**III. DISCUSSION ITEMS**

**A. Student Union Reserve Policy Review and Funding**

Ms. Burke briefly reviewed the Reserve Policy which was approved by the Board on April 29, 2019. She also stated that the Student Union's long term investment, also referred to as 'local reserves' value to date, is \$7.6 million dollars.

**B. Funding Proposal from SU, Inc. Reserves per draft Operating Agreement**

Ms. Burke stated that she received a draft response to the Operating Agreement from the University on Friday. The Special Committee met yesterday and reviewed the document. She has reached out to the Vice President's office and the CFO's office to set up a meeting to discuss the Committee's questions and concerns. Based on the information that was received from the University, the Student Union's reserve threshold is \$5.25 million dollars. The current long term investments are currently \$7.6 million dollars so the request is to secure additional reserves to the value of \$2.4 million dollars to cover operating expenses for SU, Inc. business.

Ms. Burke reviewed the cash flow analysis document which was initially prepared for the Committee in October when \$1.4 million dollars was requested from the reserves. Information was added to the document to support the second request of \$2.4 million dollars. This included a forecast of expenses from January through March 2022, anticipated revenue sources, an increase in minimum wage, and an increase in health benefit costs to the employer of 1.5 percent. Ms. Burke anticipates operating expenses to be similar to the past. She is waiting on the Operating Agreement to determine what utility cost for the Event Center we will be responsible for. Based only on the payroll and benefit expenses incurred in February, the Student Union will be asking the University for student fees to supplement the budget moving forward. Ms. Burke clarified that this discussion is solely focused on the reserves and the ask of \$2.4 million dollars from the reserves based on the expectation of the University to reduce the reserves to \$5.25 million dollars.

The Board discussed the budget and if there might be any obstacles or barriers in January or February that would prevent access to student fees. Mr. Faas explained that if there is a signed Operating Agreement by January 2022, student fees will be released. If the agreement is not signed, the Student Union will need to continue to spend their long term reserves. Ms. Burke asked if we do not have a signed Operating Agreement, and we spend the reserves below the \$5.25 million dollar threshold, will the University replenish the reserves back up to the \$5.25 million dollar threshold? Mr. Faas stated that that would be the objective and at no point would the University allow the Student Union's long term reserves to be zero or negative. All Student Union expenses will be met.

Ms. Blackmer Reyes asked if there is a specific agreement that needs to be signed? Director Faas stated that an agreed upon Operating Agreement needs to be signed. Ms. Burke asked if the Board still has the opportunity to negotiate some of the terms presented in the draft Operating Agreement? Mr. Faas stated that the Board still has latitude to negotiate.

Ms. Burke asked if the University guarantees the Board that the university will replenish the long term reserves back up to the \$5.25 million dollars threshold, even if the Operating Agreement takes until March to approve? Mr. Faas responded "absolutely".

**C. FY 2022 Budget based on draft Operating Agreement**

Ms. Burke explained that there is a better understanding of the negotiation process now that we have some clarity and timing. She understands that there is still an opportunity for the Board to negotiate the agreement. The Operating Agreement needs to be approved before the budget is presented to the Board for approval.

**IV. ACTION ITEMS**

**A. Approve Funding from SU, Inc Reserves for Operating Expenses 2021/2022\***

Ms. Burke clarified that the \$2.4 million dollar request is from the Student Union's long term reserves and not from student fees.

Director Blackmer Reyes explained that the Special Committee reviewed the draft Operating Agreement yesterday. Questions were raised based on the memo received by the President. The Committee is looking to see how other campuses function. She anticipates it will take longer than January to get an approved agreement. Ms. Burke explained that part of the transition outlined in the draft agreement is to take effect January 1, 2022. She is having discussions with the Vice President but is also working on scheduling meetings in the particular areas to be transitioned to better understand what the financial implications could be and what the potential impact might be on the budget. Director Daniels expressed the importance of having our student board members involved in the conversation.

Director Cho asked for a motion to approve taking \$2.4 million dollars from the long term reserves.

**Director Blackmer Reyes motioned to approve \$2.4 million dollars from SU, Inc long term reserves for operating expenses 2021/2022; Director Sharma seconded.**

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

**V. MEETING ADJOURNMENT**

Director Cho asked for a motion to adjourn the meeting.

**Director Daniels motioned to adjourn the meeting; Director Trivedi seconded.**

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

**Meeting adjourned at 1:40 p.m.**

*\*The Student Union will be required to utilize its reserves to meet 2021/22 operational needs until it reaches the reserve threshold (\$5.25M). The SU, Inc. should retain \$4.5M in reserves (3 months of the approximately \$15M operating budget, plus \$750K for furniture & fixtures needs). In future years, a similar approach will ensue with any excess reserves first utilized prior to requesting budget funding from the SJSU Student Fee Trust Account.*