

STUDENT UNION BOARD OF DIRECTORS
MEETING MINUTES

Friday, August 7, 2020 at 12:00 PM

This meeting was a telecommute meeting.

Voting Members Present: Antonio Bustamante, Sonja Daniels, Charlie Faas, Cynthia Fernandez-Rios, Ellen Middaugh, Zobeida Deigadillo, Emily Wughalter

Voting Members Absent: Nicholas Ayala, Ishan Gupta, Yissel Reyna

Non-Voting Member Present: Tamsen Burke

Guest Present: Amy Guerra-Smith, David Alves, Terry Gregory, Jerry Darrell, Debbie Gairaud, Ryan Fetzer, Leanne Lobue, Caryn Collopy, Shawn Clark, Erick Campos, Jeffery Tonne, Kevin Kish, Chelsie Guzman, Karyn Liensdorf, Yavik Kapadia, Kelsey Snook, Katina Green, Aaron Anderson, Brian Malmstrom, Tony Dianda, Ruben Bravo, Larry Aldama, Diane Qin, Kristine Kirkendall, Winston Adams, Juane Pruitt

I. **CALL TO ORDER**

Antonio Bustamante chaired the August 7, 2020 Student Union Board of Directors meeting. Antonio Bustamante called the August 7, 2020 Student Union Board of Directors meeting to order at 12:02 pm.

II. **ROLL CALL**

Antonio Bustamante asked Amy Guerra-Smith to do a verbal roll call. Amy Guerra-Smith conducted a verbal roll call.

III. **APPROVAL OF MEETING AGENDA FOR AUGUST 7, 2020**

Antonio Bustamante asked for any changes needed to the AUGUST 7, 2020 STUDENT UNION BOARD OF DIRECTORS MEETING AGENDA. Seeing no changes needed, Antonio Bustamante asked for a motion to approve the August 7, 2020 Student Union Board of Directors Meeting Agenda as presented.

Emily Wughalter moved to approve the August 7, 2020 Student Union Board of Directors Meeting Agenda as presented.

Cynthia Fernandez-Rios seconded the motion.

VOTE ON THE MOTION: 6-0-0 MOTION PASSED.

Charlie Fass noted that the agenda should be updated to reflect that the Finance Committee has not approved this budget being presented and requested to restate the agenda item VII. A, i. Approval of the Finance Committee Recommendation to Approve the Updated FY 2020-2021 Budget. Sonja Daniels indicated that she agreed with this procedure.

Emily Wughalter moved to withdraw her motion to approve the August 7, 2020 Student Union Board of Directors Meeting Agenda as presented.

Cynthia Fernandez-Rios also withdrew her second to the motion to approve the August 7, 2020 Student Union Board of Directors Meeting Agenda as presented.

VOTE ON THE MOTION: 7-0-0 MOTION PASSED.

Antonio Bustamante called for a motion to approve the restated agenda with the updated agenda item VII, A, i. to Presentation and Discussion of FY 20-21 Budget.

Emily Wughalter motion to approve the restated agenda with the updated agenda item VII, A, i. to Presentation and Discussion of FY 20-21 Budget.

Sonja Daniels seconded the motion.

VOTE ON THE MOTION: 7-0-0 MOTION PASSED.

IV. APPROVAL OF JUNE 2, 2020 MEETING MINUTES

Antonio Bustamante asked for any changes needed to the June 2, 2020 Student Union Board of Directors Meeting Minutes. Seeing no changes, Mr. Bustamante asked for a motion to approve the June 2, 2020 Student Union Board of Directors Meeting Minutes as presented.

Cynthia Fernandez-Rios moved to approve the June 2, 2020 Student Union Board of Directors Meeting Minutes as presented.

Emily Wughalter seconded the motion.

VOTE ON THE MOTION: 6-0-0 MOTION PASSED.

V. PUBLIC FORUM

No one was present for public forum.

VI. EXECUTIVE DIRECTOR'S REPORT

Tamsen Burke gave the Board Members a brief Executive Director's Report noting that the SRAC Pool opened on August 3rd. The pool is currently opened to SJSU students and to faculty and staff who have memberships. The operating hours are 11 am to 4 pm with 5 lanes open to swimmers for 45-minute swim with a 15-minute period to sanitize the area before the next swimmer. Ms. Burke noted that the weekly average is 22 students per day and 7 faculty and staff members per day. Tamsen Burke also indicated that the Student Union is preparing for the Student Union facility to open on a limited schedule. Services available within the Student Union facility will be Chartwells, the bookstore, Starbucks, AS General Services and Transportation Solutions. Ms. Burke also informed the Board Members that the Mountain West Conference postponed until the spring and that she is in conversations with the Athletic coaches regarding practices.

VII. AGENDA ITEMS

A. Finance Committee

i. Presentation and Discussion of the FY 2020-2021 Budget

Tamsen Burke presented the Board Members with the recommended changes to the previous budget presented on June 12, 2020 to the Finance Committee. Ms. Burke noted that the Student Union is requesting \$14,459,344 in revenues and anticipates expenses to be \$16,145,900 for FY 20-21. The Student Union is also asking for approval of: The return of student fees of \$11,564,085 to support the Student Union, Inc. operations for FY 20-21. Tamsen Burke, confirmed the Use for the Approved FY 19/20 \$1,670,000 Event Center Renovation projects (Fire Alarm - \$770K, Office Renovations \$500,000, and HVAC estimate \$330,000) paid by SUI Reserves (held within the university) required per the Debit Bond requirements for Maintenance in compliance with the Operating Agreement.

Approval to use \$3,764,413 FY 19-20 Student Fees - SU USB Cash Reserves to be used for: \$172,135 Operating Loss for FY 20/21, \$544,800 in Special Projects. Local Reserves funds held by the Student Union at San Jose State University and \$2,200,731 loss service and lease revenue due to Athletics fall season cancelled and/or reduced; the Student Union facilities are not reopened or at limited capacity to meet service revenue expectations.

Dr. Sonja Daniels gave the Board Members a summary of the current enrollment numbers noting that the first-year student enrollment is at about 87%, transfer student enrollment is at about 101%, and the International student enrollment is lower than hoped for. Dr. Daniels indicated that the payment due date was extended to August 9th from the July date.

Tamsen Burke went on to present the rest of the revised budget, noting that the utilities for the three facilities, prior to shut down due to COVID-19, was at an average of \$192,000 and is now at about \$60,000 by reducing lighting, electricity, steam, and water. Ms. Burke noted that the Student Union is now only operating on 8 hours a day. The Student Union, Spartan Recreation and Aquatic Center, is working with Academics on utilizing and repurposing the space to support Kinesiology classes since the use of the indoor pool for classes is not permissible based on county and state guidelines. Ms. Burke also indicated that the Provident Credit Union Event Center will not host events in the Fall semester and is in conversations with Athletics regarding practices. Ms. Burke noted the revenue stated in the proposed budget reflects long-standing outside events, like NVIDIA, robotics and other concerts, that currently have holds for spring 2021 dates, and those revenues are not acknowledged in this budget due to the uncertainties.

David Alves presented a detailed report on the accounting of the Payroll Protection Program (PPP) loan. The Board Members discussed the need to change the wording on the report, agreeing that the expenses did not increase but that revenue increased, and the load balance was decreased. David Alves explained to the Board Members that the money came in and was fully utilized by the end of the year. At the end of FY June 30, 2020, the Student Union has a liability for the PPP loan. The expenses that were paid for with the PPP funds were recorded in FY 2020 and the cash was utilized for those expenses. Mr. Alves went on to explain that as of June 30, 2020 the Student Union utilizes those funds for the expenses related to COVID19 and charging those expenses to the period in which it is incurred. Mr. Alves noted that in FY 6/30/21, when the Student Union goes in for forgiveness of the loan proceeds, and it's determined at that point what the bank and the SBA is willing to forgive, the Student Union will have a forgiveness of debt income that hits the books and for FY 2021 and the loan will go away, if the full loan is forgiven. Mr. Faas noted that Mr. Alves explained the handling of the loan correctly and this is how it should be stated in the report.

Tamsen Burke presented the Board Members with the proposed operational revenues in this budget, the Student Union did recognize that several lease payments are to be paid.

Ms. Burke is in conversations with the CSU Chancellor's Office and other CSU Auxiliary's regarding the contract format of sublease and verifying that the leases are executed between the auxiliary and the University. The university contract office has

reviewed subleases and included the addition of a force majeure clause in the leases. Ms. Burke explained what force majeure means and its impact of loss revenue to Student Union, if enacted on behalf of the university for the sub lessee.

(Cynthia Fernandez-Rios left the meeting.)

Ms. Burke also noted that with the new Spartan Shop lease, it is requested that the Student Union pays for the utilities, however, noted that previous contracts the utilities were a chargeback to the sublessee. Ms. Burke noted that she is working with the university contracts office as this expense is not recognized in this budget due to timing of notice from university. Tamsen Burke commented that the Student Union wants to recognize this has an implication of about a \$370,000 increase in expense and between the utilities chargebacks. Several Board Members stressed the importance for the need of further conversations between Student Union and the University.

Ms. Burke noted that the Student Union Finance team adjusted the budget to reflect a 90% reduction of revenue with the assumption of the limited operation or no operation of the three facilities. However, there is a 10% anticipation of revenue should campus re-open.

Tamsen Burke noted that the SRAC pool generated \$450 since opening on August 3, 2020 from 10 staff/faculty memberships purchased at \$45 each and went on to explain that the hours of the recreation pool are 11am to 4pm with only 6 lanes reservable for 45-minute increments. The Student Union does not anticipate extending these hours to support of the 4-hours of Kinesiology classes using the recreation pool due to the Kinesiology department not being able to use their indoor pool under the current restrictions.

Ms. Burke presented the Student Union anticipated expenses explaining to the Board Members what the Outside Agency expense category includes items such as the University cost allocation, financial professional fees, any risk management fees and internal custodial and maintenance contracts. Tamsen Burke went on to detail that the university cost allocation, at the close of FY 21, is anticipated to be \$1 million and noted that this number is based on the schedule provided to the Student Union. Ms. Burke also noted that the utilities have already been reduced due to Student Union facilities not operating or having limited operations. Ms. Burke provided the Board Members a historical perspective with regards to the University cost allocation, noting at the beginning of 2019-2020 this expense was estimated at \$739,000 and that the actual expense was \$865,000, showing a 17% increase of unanticipated costs that was realized the last year. The FY 2020-2021 preliminary estimation came in at \$924,000 and based on last year's actual and actual increase, the Student Union forecasts this expense will be around \$1 million.

The other major expense for the Student Union is wages and benefits. Ms. Burke noted that FY 2019-2020 payroll was \$9.1 million. Tamsen Burke noted that the forecast amount for payroll expenses is at \$8.3 million. Ms. Burke explained that the \$8.3 million includes 6 months of salaries for the 7 currently vacant positions. Ms. Burke also noted included in that \$8.3 million are the funds to cover the FICA benefits and that the FICA benefits are an election for some student employees so the Student Union wants to make sure that it can cover those funds. Tamsen Burke also noted that the Board approved to not furlough any of the fulltime Student Union, Inc. staff. Ms. Burke indicated to the Board Members that with the buildings being closed and services reduced, the Student

Union, Inc. fulltime staff are being cross trained to support the open operations of the Student Union and the Spartan Recreation Center. Ms. Burke noted that the student assistant budget for both the Student Union and SRAC is reduced by 50% from the FY 2019-2020 budget. The Student Union remains optimistic for the spring semester, and forecasts that budget at a 25% reduction. The Event Center student assistant budget showed a 75% reduction due to notice from Mountain West postponement of Athletics operations in the Event Center.

(Ellen Middaugh left the meeting.)

Ms. Burke noted that the reduction in utilities cost projection is based on actual rates of use from FY 2019/20 and 4 months of closures rather than the prior year's estimated rates. Ms. Burke explained that the COVID Supplies cost is due to ensuring that each of the facilities has the appropriate and required equipment needed to operate.

Ms. Burke noted that all travel and development money were removed however the Student Union is requesting to keep \$86,992 for required certifications of staff for risk management and liability responsibility. A Board Member inquired why this number has gone up \$50,000 year over year. Ms. Burke noted that the costs do not stay static as well as the Spartan Recreation and Aquatic Center staff increased.

David Alves explained to the Board Members how the insurance forecast was determined from using the premium quotes from CSURMA as well as using the preliminary cost allocation prepared by the University. Mr. Alves noted that the communication budget is also higher than FY20 numbers based on a projected 21% increase.

Mr. Alves noted that the depreciation forecast was determined from actual depreciation recorded of fixed assets placed in service during the year-end close in Q3 and an estimation of expense for Q4.

David Alves explained that the OPEB liability was determined by reviewing the actuarial report from the previous year and using estimations and noted that the liability booked to the year-end 2019 balance sheet included an increase as well.

Mr. Alves explained reimbursable expenses to the Board Members. The Board Members discussed the concerns of reimbursable expenses if there are no events or use of facilities at this time. The Board Members requested to have the Student Union drill down this expense category.

Tamsen Burke presented that capital project priorities for FY 20-21 based on the financial climate noting that the priorities are in the Student Union the door replacements, the plenum, fire sprinklers replaced and repaired, ATM kiosk painting and lighting. The priority capital projects for the SRAC are the ADA doors, install of hand dryers and privacy blinds for the SRAC administration offices. The priority projects for the Event Center are the HVAC system and fire alarm system, and the Sport Club and Event Management Office renovations. Some Board Members expressed their support for the Student Union to schedule get as many of these projects done now while the facilities are closed or operating on a limited capacity.

(Sonja Daniels left the meeting.)

VIII. MEETING ADJOURNMENT

Antonio Bustamante asked for any other business to discuss. Seeing no other business to discuss,

Antonio Bustamante motioned to adjourn the August 7, 2020 Student Union Board of Directors meeting at 1:58 pm.

Emily Wughalter seconded the motion.

VOTE ON THE MOTION:

4-0-0

MOTION PASSED.