

**STUDENT UNION BOARD OF DIRECTORS**

**Finance Committee Meeting Minutes**

**September 4, 2020 at 9:00 am**

**This meeting was a telecommuting 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.*

<b>Voting Members Present:</b>	Sonja Daniels, Charlie Faas, Cynthia Fernandez-Rios
<b>Voting Members Absent:</b>	None
<b>Non-Voting Members Present:</b>	Tamsen K. Burke, Nicholas Ayala, Emily Wughalter
<b>Staff Present:</b>	Amy Guerra-Smith*, David Alves*, Jerry Darrell*, Debbie Gairaud*, Ryan Fetzer*, Shawn Clark*, Chelsie Guzman*, Yavik Kapadia*, Erick Campos*, Kristina Hunt*, Dave Werner*, Kevin Kish*, Aaron Anderson*, Matthew Lee*, Diane Qin**, Kelsey Snook**, Leanne Lobue*, Katina Green*, Jeffory Toone*, Caryn Collopy*, Karyn Liensdorf**
<b>Guests Present:</b>	Vincent Del Casino*, Patrick Day*

\* Zoom video participant \*\* Zoom call in participant

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**I. CALL TO ORDER**

Cynthia Fernandez-Rios called the September 4, 2020 Finance Committee Meeting to order at 9:02am.

**II. ROLL CALL**

Cynthia Fernandez-Rios asked Amy Guerra-Smith to do a verbal roll call. Amy Guerra-Smith completed a verbal roll call noting quorum (3) voting members present.

**III. APPROVAL OF SEPTEMBER 4, 2020 MEETING AGENDA**

Cynthia Fernandez-Rios asked for any changes needed to the SEPTEMBER 4, 2020 FINANCE COMMITTEE MEETING AGENDA. Seeing no changes requested, Ms. Fernandez-Rios asked for a motion to approve the agenda as presented.

**Sonja Daniels motioned to approve; Cynthia Fernandez-Rios seconded the motion.**

**VOTE ON THE MOTION: 3-0-0 MOTION PASSED.**

**IV. APPROVAL OF AUGUST 28, 2020 MEETING MINUTES**

Cynthia Fernandez-Rios asked for any changes needed to the AUGUST 28, 2020 FINANCE COMMITTEE MEETING MINUTES. Seeing no changes requested, Ms. Fernandez-Rios asked for a motion to approve the minutes as presented.

**Sonja Daniels motioned to approve; Cynthia Fernandez-Rios seconded the motion.**

**VOTE ON THE MOTION: 3-0-0 MOTION PASSED.**

**V. APPROVAL OF AUGUST 18, 2020 MEETING MINUTES**

Cynthia Fernandez-Rios asked for any changes needed to the AUGUST 18, 2020 FINANCE COMMITTEE MEETING MINUTES. Seeing no changes requested, Ms. Fernandez-Rios asked for a motion to approve the minutes as presented.

**Charlie Faas motioned to approve; Sonja Daniels seconded the motion.**

**VOTE ON THE MOTION: 3-0-0 MOTION PASSED.**

**VI. AGENDA ITEMS**

**a. Approval of the Student Union, Inc. FY 2020-2021 Budget Request**

Tamsen Burke presented the Finance Committee with the revised budget request noting that instead of reviewing each line item that the presentation will concentrate on the four areas of concern that the Student Union was asked to examine and provide further details.

Tamsen Burke noted that the Student Union was asked to examine the insurance category. Ms. Burke noted that Alliant confirmed that there will not be any reductions in any of the property catastrophic event coverages, so the Student Union anticipates insurance to be \$407,000.

Tamsen Burke indicated that Utilities is anticipated to be about \$2 million however, Ms. Burke noted that this could be reduced to \$1.7 million. Ms. Burke explained that currently the lease agreements are written with the Student Union tenants paying for their utilities. Ms. Burke noted that the lease agreements with the university have been edited with the Student Union to pay for these utilities. Therefore, the Student Union requests to keep the \$2 million.

Ms. Burke noted that the Student Union significantly reduced the Outside Agency category and explained that the Outside Agency consists of two major buckets: (1) the University Cost Allocation and (2) custodial contracts for the Student Union facilities. Ms. Burke noted that the University Cost Allocation is estimated to be about \$1 million. Ms. Burke noted that the Student Union reduced the custodial services through December 2020 for Spartan Recreation and Event Center (currently closed). She anticipated reinstating the custodial contracts for the Event Center in support of Athletics and basketball starting in the Spring semester. Tamsen Burke noted that the repairs and maintenance number was not adjusted because the Student Union will continue to move forward with the repairs and maintenance projects as planned.

Communication was another inquiry. Another part of the cost allocation is IT Services at \$251,000 of the \$334,000. Based on preliminary cost allocations and made that adjustment of 4% increase. But taking into account from preliminary to final there are increases in expenses. Last year the Student Union saw a difference in increase of \$120,000. Cell phone allocation of \$26,000 is also included in this category and has been approved by the Board, which allows staff to respond as required business needs as most of the staff are still staff telecommuting. Ms. Burke noted that in January 2021 the benefits will increase by \$5,000 per month and to account for this increase, the Student Union included this in the benefits line showing \$24,000.

Tamsen Burke noted that the Student Union was requested to achieve a balanced budget. To achieve the balanced budget, the Student Union removed the Operational gain/loss, the Student Affairs Office Space rental income, as the Student Affairs departments will not be re-entering, and reduced a significant amount of the programming budget, however, the Student Union returned \$180,000 to the programming line to provide programs and services for the students.

Ms. Burke noted that the Capital projects were preserved as this is the key timing to complete these projects as facilities are partially or completely closed.

Ms. Burke reviewed the balances of the cash reserves, long term investments, and assets balances.

Tamsen Burke noted that the PPP loan, which is eligible for forgiveness, made an adjustment to reflect what the SUI projects to be forgiven based on the stated qualifiers, noting that one of the concerns is the reduction of staff.

Ms. Burke noted that there are still concert sales sitting on the books and are not Student Union assets, as these tickets are refundable.

Ms. Burke noted also included in the budget is a request from the University for \$4 million from the Student Union reserves and noted the Finance Committee will address the request's need and impact.

Cynthia Fernandez-Rios asked for a motion to approve the Finance Committee recommendation to approve the Student Union, Inc. FY 2020-2021 Budget Request as presented.

**Sonja Daniels moved to approve; Cynthia Fernandez-Rios seconded the motion.  
VOTE ON THE MOTION: 3-0-0 MOTION PASSED.**

**b. Approval of the use of \$4 million of Student Union, Inc. Reserves for University Debt**

Patrick Day, Vice President for Student Affairs, addressed the Finance Committee with regards to the University's request of \$4 million of Student Union, Inc. Reserves to support the University. Mr. Day noted that the University is facing an incredibly challenging financial climate and noted that in order for the University to address the \$90 million plus budget shortfall resulting from multiple year state budget cuts and the effects of COVID-19, the entire University and its entities will need to come together to collectively address this. Patrick Day noted that this collective effort will be important to help keep the University commitment to preserving faculty and staff, classes for students, and to continue offering services and programs for students.

Vincent Del Casino, Provost and Senior Vice President for Academic Affairs addressed the Finance Committee members with further explanations of the University's strategic plan in addressing these monumental budget cuts. Dr. Del Casino noted that the University is slowing down the hiring in most areas while other areas the need to hire is critical to support student success and the University's mission.

Patrick Day noted that this request is not specific to the Student Union as this request is being made of all entities of San Jose State University.

Cynthia Fernandez-Rios opened the floor to the Finance Committee Members and guests for questions regarding this request. The Finance Committee Members and guests asked various questions including:

- What would the impact be if the SUI does not approve this request?
- Would the Student Union get an accounting of this \$4 million?
- What is the cost of inaction?

- Will the Provost and the Vice President for Student Affairs be present at the Board Meeting when the budget is presented?
- Is there a breakdown of what adds up of the \$90 million and what are the various sources of how this \$90 million will be made up?
- Has the University considered asking for the \$4 million as a loan compared to an ask?
- Is there an opportunity to show the breakdown of sources of where the \$90 million dollars deficit is coming from?

Patrick Day, Vincent Del Casino, and Charlie Faas addressed the questions asked.

Nicholas Ayala suggested that a one-slide deck be created to show the cost of the inaction on the University's budget to help put the budget need in context.

Cynthia Fernandez-Rios asked for any objections to approve the Finance Committee recommendation to approve the use of \$4 million of Student Union, Inc. Reserves to Support the University in Compliance with California Education Code, Title V. Section 42659 with the understanding that the University will be required to provide a detailed accounting report of the fund utilization.

**Cynthia Fernandez-Rios moved to approve; Charlie Faas seconded the motion.  
VOTE ON THE MOTION: 3-0-0 MOTION PASSED.**

## **VII. MEETING ADJOURNMENT**

Cynthia Fernandez-Rios asked for a motion to adjourn the September 4, 2020 Finance Committee Meeting at 10:50am.

**Sonja Daniels moved to approve; Charlie Faas seconded the motion.  
VOTE ON THE MOTION: 3-0-0 MOTION PASSED.**