

STUDENT UNION BOARD OF DIRECTORS  
FINANCE COMMITTEE

Meeting Minutes  
September 7, 2022  
3:00 PM

This is a hybrid meeting.

In-person: Student Union Inc. Building, Conference Room 6

Telecommute meeting by Zoom Video Conference.

*This meeting is being facilitated in person and through an online Zoom format.*

**Voting Members Present:** Kathryn Blackmer Reyes, Andrea Cabrera-Sanchez, Dr. Sonja G. Daniels, Jeet Parekh, Kathleen Prunty (BOD Designee)  
**Voting Members Absent:** James Figueroa, Peter Lee  
**Updated Attendance:** Peter Lee was updated to present at 3:17 PM  
**Non-Voting Member Present:** David Alves, Tamsen Burke

---

**I. CALL TO ORDER**

Director Cabrera-Sanchez called the meeting to order at 3:06 p.m.

**II. ROLL CALL**

Director Cabrera-Sanchez asked Kelly Goldsmith to take roll. Kelly Goldsmith completed a verbal roll call.

**III. APPROVAL OF SEPTEMBER 7, 2022 MEETING AGENDA**

Director Cabrera-Sanchez asked for any changes to the agenda.

Director Cabrera-Sanchez asked for a motion to approve the agenda.

**Director Blackmer Reyes motioned to approve the agenda; Director Daniels seconded the motion.**

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

**IV. APPROVAL OF MAY 3, 2022 MEETING MINUTES**

Director Cabrera-Sanchez asked for any changes to the minutes.

Director Cabrera-Sanchez asked for a motion to approve the meeting minutes.

**Director Parekh motioned to approve the May 3, 2022 meeting minutes as presented; Director Daniels seconded the motion.**

**Vote on the Motion: 4-0-1 Motion Passed**

**Astain: Ms. Prunty**

**V. DISCUSSION ITEMS**

**A. Students Union Reserves (UBS)**

Director Cabrera-Sanchez discussed the balance in the Student Union long term reserve account as of July and the remaining balance after \$1.7 million dollars was withdrawn in

August. Mr. Alves explained that the Operating Agreement was approved by the Student Union board on September 2 and is now with the university for approval and signatures. Once the university has signed the agreement, there is an expectation that the long term reserves will be trueed back up to \$5.25 million dollars which the Student Union is required to maintain according to the President's memo from last fall. Ms. Burke's understanding is that \$2.6 million dollars has been agreed upon to be returned to the reserves as of June 30, 2022. Based on her conversation with the university, the Student Union will be able to use the money for operating expenses for July, August, and September, to true up the reserves to \$5.25 million dollars because another \$1.7 million has already been taken out of the reserves to pay for the operating expenses in July, August, and September.

The committee discussed if the return of student fees to the Student Union will be on a monthly basis versus quarterly or semesterly. Ms. Burke expressed concerns about the possibility of receiving funds monthly. Programming is not based on a month to month calculation but rather how those programs are scheduled throughout the entire year. There will be months that \$1.2 million dollars will not be enough to cover the costs. Ms. Burke will contact Patrick Day to discuss the approach that would work best based on how the Student Union finances are typically done.

**B. Committee Goals for FY 22-23**

Ms. Burke explained that this is a new item for committee work this year. She asked the committee to think about what goals they would like to accomplish this year as a finance committee. The committee meeting agendas are typically developed based on what needs to be approved and communicated. Ms. Burke would like the committee to help guide the outcomes that they want to achieve. Are there things that the committee wants to accomplish this year?

The committee discussed what their goals might be. Suggestions included

- (1) Learning operational processes and goals
- (2) City development assessment goals
- (3) How our finances are supporting the overall organization in those programming efforts. Educating the board on the budget development process. Making sure the process is open and transparent and that there is accountability as the department teams build their budget requests.

Ms. Burke clarified the goals discussed by the committee were; monthly, bi monthly or quarterly accounting of expenses and revenues; use of funds based on program services and operations; and the development of the budget process and planning.

**VI. DISCUSSION/ACTION ITEMS**

**A. Approve Event Center Office Improvements Project**

Mr. Banks explained that during the Facilities and Programs Committee meeting, Tim Gridley, (Director Maintenance & Infrastructure, Maintenance and Operations), presented information on the maintenance and repairs of the administration offices in the Event Center. The project includes replacement of carpet, painting, rekeying some of the locks, and moving some Student Union employees to the Event Center. The total cost of the project is \$57,538 which includes \$14,659.62 for hazardous material removal of asbestos. If it's determined that there is no asbestos under the carpet, then there would not be a charge for hazardous material removal. The Facilities & Programs Committee approved

the project to move forward for consideration by the Finance Committee. Ms. Burke explained she submitted a request for approval by the SJSU VP of Finance and Accounting/CFO for the Student Union fee trust account to pay for this project as a capital based project. As part of the process, the Senior AVP of Facilities Development and Operations presented the request to the CFO so he is aware of the request.

Ms. Burke discussed additional improvements to the building including a new digital scoreboard which will be placed inside the Event Center. A new marquee on the exterior of the Event Center that has been funded by the university. We will continue to look at improvements to the Event Center and they will be brought to the committee for approval of additional funding that will come from the trust account.

Director Cabrera-Sanchez asked for a motion.

**Director Daniels motioned to approve the Event Center office improvements project for \$57,538 from the trust account; Director Blackmer Reyes seconded the motion.**

**Vote on the Motion:**

**6-0-0**

**Motion Passed**

**B. Review and Approve Updated Budget Changes for FY 22-23 per the Operating Agreement**

Ms. Burke reviewed the changes to the budget and explained that she met with Kathleen Prunty and Patrick Day to discuss what adjustments needed to be made to the budget based on the new Operating Agreement. There was an increase to the expense account for full-time wages based on the board approved 7% salary increase and bonus. The budget included a 3% increase so an additional 4% was added plus the \$3,500 bonus for 69 employees. Based on the salary increase and bonus, there was also an increase to payroll taxes and benefits.

The new agreement indicated that the revenue and reimbursable expenses needed to be reviewed. Ms. Burke discussed the items that were reduced in the budget based on the new shared service model outlined in the Operating Agreement. The original budget submitted to the university included forecasting reimbursable expenses for the Event Center for event services and AV services. Based on the new agreement, event services and AV services provided for the university and university affiliates would be a cost to the Student Union with the exception of cost recovery expenses. The revenue for Robotics was left in the budget for the Event Center since the contract is currently developed. Twenty thousand dollars in sales for the event services budget was removed from the budget along with 50% of the budgeted reimbursable expenses. Ms. Burke explained that \$24,000 was left in the budget for utilities because public water is being supplied to the Event Center, and at this time, the Student Union is still maintaining the contracts on behalf of the university for the ATM building. The Student Union will continue to incur this expense as we go through this transition of Maintenance and Custodial Service Agreements. At the request of Patrick Day, the outside agency budget was increased by \$50,000 to hire a consultant to present an Esports program plan. Ms. Burke explained that this year the Student Union requested additional IRA funding which will allow the Student Union to grow the Esports program. The goal of the Esports program is not just for the competitive program, but also for the recreational user that just wants to come in and play.

Ms. Burke, Patrick Day, and Kathleen Prunty had conversations regarding the \$3 million

dollars for maintenance and custodial service contracts and if it should stay in the operating budget. There were conversations that the \$3 million dollars would be placed in the trust account. Ms. Burke explained that the \$3 million dollars is allocated throughout the entire budget and that it's not just a \$3 million dollar placeholder. As per the Operating Agreement, the Student Union has six months to enter into a service agreement. Until then, the Student Union will continue to pay individual salaries and benefits, and for all the custodial services, repairs and maintenance as it exists until the service agreement is agreed upon and signed. Ms. Burke recommended keeping the \$3 million dollars in the budget and for it to be discussed at the mid-year adjustment which would align with the six month timeline. For fiscal year 2023-2024 it would be appropriate for the Finance Committee and the Board to approve the model to have the \$3 million dollars automatically in the trust account rather than being in the operating budget. If the goal has not been attained due to the Operating Agreement not being executed and service level agreements not being executed, Ms. Prunty suggested that an argument could be placed before the CFO in the Student Union's budget request.

The committee agreed that it would make sense to leave the \$3 million dollars in the budget since the Operating Agreement has not been signed yet and the Student Union is continuing to cover the custodial and maintenance costs.

Ms. Burke explained that in the last approved budget, cost allocation was based on the preliminary accounting. Recognizing that insurance costs were going up, the budget included a 53% increase for insurance costs. The final cost allocation and exact cost of insurance will be provided in April. Cost allocation estimates were left in the budget based on the preliminaries but should be reviewed at mid-year when more information is provided by the university. Cost allocation is located in multiple lines because it pertains to several different areas including insurance and outside services.

The committee discussed the cost allocations and that there are no details on the insurance line so it's not known what is included in that total cost. Ms. Burke clarified that she discussed the maintenance and custodial expenses with Traci Ferdolage, Senior AVP, Facilities Development & Operations. Ms. Ferdolage provided the approximate annual expense amount of \$3 million dollars which was why that amount was put in as a placeholder; \$1 million dollars for custodial, and \$2 million dollars for maintenance.

Ms. Burke stated that some clarity is needed on whether the insurance and facility use fees are going to come from the trust account and be removed from cost allocations that will be charged to the Student Union and how maintenance and custodial services will be handled moving forward.

Ms. Burke stated, Ms. Burke, Patrick Day, and Kathleen Prunty, discussed the trust fund account, making sure that the Student Union has a clear understanding of what the money is being used for. Ms. Burke, Patrick Day, and Kathleen Prunty, will be working with finance and accounting to provide a report to show the finance committee and the board what the trust account funds are being used for. This will be part of the monthly operating reports.

The committee recommended adding a footnote to the budget to explain that the Student Union is showing full burden of cost on specific elements but recognizes at the mid-year review, the budget may be adjusted.

Director Cabrera-Sanchez asked for a motion.

**Director Daniels motioned to approve the annual 2022-2023 Student Union budget with the asterisk noted for the maintenance and custodial cost, and also for insurance and facility to be further addressed in conversations with University leadership; Director Lee seconded the motion.**

**Vote on the Motion:**

**6-0-0**

**Motion Passed**

**VII. MEETING ADJOURNMENT**

Director Cabrera-Sanchez asked if there were any objections to adjourning the meeting. Hearing no objections, the meeting was adjourned at 4:12 p.m.