



Union WELL Inc. Board of Directors Meeting

Wednesday, April 22, 2020, 7:30am

Zoom Meeting

Minutes

1. The meeting was called to order at 7:33 a.m. by Ethan Shaw, Chairperson

Members present: Ethan Shaw, Kindra Begley, Joy Stewart-James, Missy Anapolsky, Ed Mills, Beth Lesen, David Rolloff, Justin Reginato, Matthew Leung, and Emily Kyle

Also present: Bill Olmsted, Jill Farrell, Andrew Singletary, Dean Sorensen, Kate Smith, and Tori Butler

2. Public Comment: None

3. Consent Calendar: (MSP: Anapolsky, Begley. Roll Call Vote: Unanimously in Favor)

- a. Approval of Board of Directors Meeting Minutes – March 11, 2020
- b. Board of Directors Meeting Dates for 2020-21

4. Old Business:

- a. WELL Expansion update
 - i. Olmsted reports that the WELL expansion project is close to receiving fire marshal approval after a couple rounds of comments and revisions. A pre-construction meeting is scheduled for the first week of May. Although there is a stand down in construction in some California counties due to COVID-19, construction in Sacramento is not restricted at this time and the project is moving forward as planned.
 - ii. Stewart-James comments that counselors will not be relocated to portable trailers during construction as planned. It was decided to extend tele-health and tele-counseling practices and save that expense.
 - iii. Smith adds that rearranging the construction schedule and moving up some projects planned for next summer to this summer is being explored, which could shorten the overall project timeline.

5. New Business:

- a. 2020-21 Budget:
 - i. Operating Budget, including Capital and Plant Fund Expenditures
 1. Olmsted acknowledges that this budget cycle has been especially challenging and says that he will discuss the proposed budget as well as the changes that have occurred in the process. He presents YEP (year-end projections) for 19-20 and notes that revenue projections declined over \$900,000 since last month, mostly in programming revenue since all programs and events have been cancelled through the end of the fiscal year. Revenue in the Union also declined due to food service being closed and University invoice. He adds that there is a significant savings on expenditures due to the decline in operations such as fitness equipment maintenance, utilities, student wages, and travel that was cancelled. The result is an almost \$700,000 net savings.
 2. Olmsted briefly explains the budgeting process and discusses budget complexities for 20-21 beginning with not knowing how long the shutdown will last or what the long-term effects will be. Campus cost allocations are typically projections but they may change dramatically and the team is now unsure if

historical models can be used. Also, UEI planned a compensation study that was completed in March but is holding off on presenting results until the fall. Changes were anticipated in personnel as a result of the study and it is unknown how this will impact hiring timelines.

3. Olmsted reviews 19-20 to 20-21 budget variance factors, beginning with revenue. It is currently unknown if either of the buildings will open before August 14, which is how long the current ban of events and gatherings is in place, and a continued loss of lease revenue is anticipated as summer events are cancelled. An increase on the return of surplus is being proposed in order to be prepared for unexpected expenditures that are likely to arise with a major expansion project. Farrell adds that all revenue for July and half of August was removed upon the extended ban on events announcement, in addition to four months of WELL membership revenue in preparation for the long-term effects of losing members to other facilities, which is potentially a \$25,000 per month loss. Olmsted adds that a 3% reduction in headcount is being budgeted for, noting that the organization's operating budget is mostly comprised by student fees, and the University is currently still looking at additional reduction scenarios. This is in addition to the loss of revenue for summer students not being charged the Union WELL fee. Olmsted then discusses expense variance factors, of which a big part is personnel. Although it is unknown whether hiring can be done as planned, it was decided to keep planned positions in the budget in hopes of moving forward at some point. Other personnel factors include annual benefit rate increases and the California minimum wage increase. An increase in campus cost allocations is anticipated as well as utility rates, however the decrease in building use will continue along with expenses.
4. Olmsted reviews personnel impacts on the 20-21 budget including positions that are being planned for. The Union Director search should begin this month. The Intramural Coordinator search was completed and is currently waiting on President Nelsen's approval to make an offer, which is required before UEI will proceed with any full-time or student position. The impact of new full-time positions is \$378,200 including taxes, benefits and the 10% UEI fee. Last year, an Associate Executive Director position was planned for but not filled, which adds to the variance when comparing this year to next. A significant amount of new student positions are planned in Union Event Services as well as Facilities Services in the Union and the WELL, totaling over \$150,000 including wages, taxes, benefits and the UEI fee. California minimum wage increases \$1.00 in January 2021, and the impact is a little over \$185,000 including wages, taxes, and UEI fee. Benefit rates increase each year and are estimates based on historical trends as exact rates have not been received from UEI. An increase in the annual VEBA contribution, which is a savings account that covers post-retirement medical benefits in the event something happens to the organization. Also, VEBA fund contributions are reviewed every year by actuaries who put together a five-year plan, and funding levels are increasing from \$75,000 to \$140,000 to meet the requirement. Farrell adds that the amount is not an estimate, it is determined based on actual people with names and numbers of years with the organization. Olmsted states that the total expenses increased a little over \$1 million from 19-20 to 20-21, and \$932,818 of that is personnel.
5. Olmsted discusses campus cost allocations for campus services such as IRT, public safety, and mail services, most of which are estimates. Farrell adds that IRT significantly increased due to the Union expansion with additional rooms and data connections. Estimates were done based on historical data but campus is investigating new methodology for charging, and she is unsure what that will be so increases in all areas were accounted for. This resulted in an increase of \$62,666. Olmsted states that the increase is offset by a significant decrease in utilities, mostly due to improved energy efficiencies in both buildings. Farrell notes that the Union had a lot of unknowns in 19-20 due to added spaces, and the

team also didn't have actual reads going in to the year which has improved, but it had been over-estimated due to the unknowns. Utilities savings in the Union total \$143,490, and \$14,983 in the WELL. Olmsted then discusses the outside service, which is the contracted custodial service, CSG, who is also impacted by the minimum wage increase, which increases their cost and was planned for. Olmsted credits CSG for the work they have done during this time, noting that the buildings are still being occupied by essential staff and services such as Student Health and Counseling Services. CSG stepped up tremendously to ensure that those reporting to work or campus are safe with a clean and sanitary environment, for which he is grateful. The net impact of Campus & Outside Services is under \$12,000.

ii. Transfer to NRMR (TBU01) and CIMP (TBU04)

1. Olmsted presents the Capital and Plant fund budget and project lists, which are separated by furniture, data equipment, and minor equipment. The total impact on the 20-21 budget is \$234,400. Olmsted presents the Repair & Replacement fund project list, which is mostly replacement of furniture and equipment that is heavily used year-round. He notes that fitness equipment is on a replacement plan that fluctuates by the year, and this is a heavy year. Farrell adds that funding of Repair & Replacement comes out of the operating budget, and TBU01 and TBU04 are done with funds held on the campus side.
 - a. Mills asks where funds for replacing the sliding doors in the Union will come from. Singletary confirms that the project is funded by the TBU04 account and that campus procurement services is involved. The project is just waiting on Facilities to hire the JOC (job order contractor).
2. Olmsted presents new TBU01 and TBU04 projects lists including the HVAC conversion from pneumatics to digital controls in the original side of the Union. He shows a list of projects that were approved but were not done, and have carried forward. Farrell notes that a lot of WELL projects were pushed due to the delay of the WELL expansion. Also, some project costs will include escalation because bids may increase since timing has changed.

iii. Long Range Plan

1. Farrell presents the long-range plan and explains the flow of funds and operating projections. Revenue begins with applying the 2021 annualized headcount of 29,461 to the Union Well fee and adding the prior year fund balance, which subtotals \$36,772,877. She discusses the expenditures that are moved from the revenue fund into the operating budget held by campus, which total \$21,713,756. This results in an ending fund balance of \$15,059,120 on the campus revenue fund. Operating projections begin with return of surplus and income revenue, totaling \$15,723,162. She discusses expenditures which total \$14,777,163. The net income from operations, which is the campus operations revenue total, minus total expenditures, is \$945,999. After adjustments and deductions such as capital equipment and depreciation, the ending fund balance on the operations side is \$16,060,627. Farrell explains the debt coverage ratio of 1.62 and how it is calculated, noting that the organization must hold a ratio of 1.1 or higher in order for the budget to be accepted.

iv. Reserve Levels

1. Farrell presents long-range plan reserves and explains that in addition to the required debt coverage ratio, the board policy requires that reserves must be able to cover one year of debt coverage and six months of operating expenses. The requirement is \$14,530,995, and the organization's available undesignated reserves is \$16,588,752. Olmsted adds that an example of what reserves would be used for is the fire sprinkler retrofit project that was not expected during Union expansion, which was a \$9 million addition that was covered by available reserves. Now the corporation is going into another major expansion project, and having reserves for unknowns is necessary to maintain the ability to respond if

something comes up. Farrell shows a year-over-year comparison of reserves by category, and notes that the 20-21 reserves total \$19,846,013.

Budget 2020-2021

Events (Program)	\$222,800
Insurance	\$63,572
Supplies	\$1,205,755
Services	\$40,186
Contracts	\$1,742,287
Utilities	\$755,822
SOA Campus (SVCS)	\$231,227
Retiree Med Ben (+ VEBA)	\$175,266
Wages and Ben	\$8,128,900
SOA (UEI)	\$816,304
Cost Allocations (Campus)	\$376,277
Travel	\$143,039
Capital/R&R	\$875,728

Undesignated Reserves

Revenue Fund (Projected):	\$ 15,059,120
Local Reserves (Projected):	<u>\$ 16,060,627</u>
Total Undesignated Reserves:	\$ 31,119,747

BOD Policy Requires: 1 yr. debt coverage =	\$ 7,142,414
6 Mo. Operating =	<u>\$ 7,388,581</u>
Total BOD Policy Requirement:	\$ 14,530,995

Available Undesignated Reserves: \$ 16,588,752

Designated Reserves

Repair and Replacement Fund (Projected, Local):	\$ 2,336,383
NRMR Fund (Projected, TBU01):	\$ 2,310,180
CIMP Fund (Projected, TBU04):	\$ 1,459,075

Approval Operating and Capital & Plant Fund Expenditures Budget 2020-2021: **(MSP: Lesen, Kyle. Roll Call Vote: Unanimously in Favor)**

Approval NRMR & CIMP Expenditures 2020-2021: **(TBU01 & TBU04): (MSP: Anapolsky, Begley. Roll Call Vote: Unanimously in Favor)**

Approval Long Range Financial Plan 2020-2021: **(MSP: Kyle, Anapolsky. Roll Call Vote: Unanimously in Favor)**

Approval Reserve Levels 2020-2021: **(MSP: Begley, Anapolsky. Roll Call Vote: Unanimously in Favor)**

- a. Delegating Authority to Executive Committee: **(MSP: Kyle, Anapolsky. Roll Call Vote: Unanimously in Favor)**

- i. Olmsted explains that the Executive Committee is authorized to make decisions on behalf of the board to address any items that need attention during the summer since the group will not meet again until September. Officers include the board chair, vice chair and secretary treasurer. If a committee member cannot attend a scheduled meeting, VP for Student Affairs, Mills, will step in.
- b. Election of Board Chairperson for 2020-21: **(MSP: Kyle, Anapolsky. Roll Call Vote: Unanimously in Favor)**
 - i. Olmsted reminds the group the only nomination for chairperson at the March meeting was Shaw, who is prepared to continue in his position.

6. Reports and Comment

- a. Board Members
 - i. None
- b. Executive Director: Olmsted
 - i. Olmsted extends his appreciation for board members, staff and Farrell. He acknowledges that Begley and Kyle are graduating, Lesen is moving on to CSULB, and Sorensen is retiring next week.
- c. Staff
 - i. None

7. The meeting was adjourned at 9:13 am

Respectfully Submitted:

Ethan Shaw

[Ethan Shaw \(Sep 17, 2020 14:35 PDT\)](#)

Authorized Signature

Sep 17, 2020

Date