



Union WELL Inc.
Board of Directors Meeting Minutes
Wednesday, April 24, 2019
Green and Gold Room, 3rd floor, University Union

1. The meeting was called to Order at 7:36a.m., Alyssa Trejo, Chairperson

Members present: Alyssa Trejo, David Rolloff, Ed Mills, Bill Macriss, Ethan Shaw, Mark Sohl, Kisanet Woldeyohannes, Andrew Vonwal, and Justin Reginato

Also present: Bill Olmsted, Jill Farrell, Kate Smith, Dean Sorensen, Andrew Singletary, Tori Butler, From ASI Mark Montalvo, Humberto Perez, Daisy Yopez, and by phone, Kristy Norton from KCOE Isom

Absent: Missy Anapolsky

2. Public Comment: None

3. Consent Calendar:

- a. Approval of Board of Directors Meeting Minutes – March 13, 2019: (MSP: Sohl, Shaw)

4. New Business:

- a. 990 Tax Form Presentation: (Christy Norton, Principal; KCOE Isom) (MSP: Woldeyohannes, Sohl)

- i. Norton, who is attending via phone call, presents the Union WELL Inc. 990 tax form. She reviews the Statement of Revenue, noting that the corporation had a total revenue of \$12.7 million. The corporation had approximately \$170,000 in unrelated business income, which is around 1% of the total income. She explains that unrelated business income is revenue generated from services offered to those not directly related to the organization's mission. She reviews the Statement of Functional Expenses, which breaks down program expenses as well as management and general costs, and states that expenses totaled \$10.6 million. She notes that these numbers are important to donors to see how much is spent on serving the mission versus management and administration cost, adding that Union WELL Inc. has a good ratio of 24% spent on management and general expenses. She then moves on to form 990-T and explains that the corporation had unrelated business income of \$16,306 that is taxable, with a prior net operating loss of \$7,247 that gets deducted, so the taxable income ended up around \$8,000 after deductions. Norton moves on to discuss the Tax Computation and notes that this is the first year that the organization is subject to new tax return laws. She explains that revenue generated in 2017 was prorated to the old tax rate, but 2018 revenue was subject to the 21% flat tax rate, which is an increase.

1. Sorensen asks if there is leeway in the interpretation of related and unrelated income. Norton states that when the corporation applied for tax-exempt status, the corporation defined the mission, as well as what was related or unrelated. She notes that it is most important to remain consistent rather than change the parameters year to year. Farrell also adds that the IRS does not classify alumni revenue as related income and explains that this is who much of the unrelated income is generated from.

- b. 2019-20 Budget: (Olmsted/Farrell)

- i. Operating Budget:

1. Olmsted begins the budget presentation by showing examples of budget worksheets and explaining the budget process flow. He states that all budget worksheets are available for review as desired. He then reviews a comparison of the 2018-19 budget against YEP (year-end projections) and discusses variances. Olmsted shows a

- 2018-19 to 2019-20 budget-to-budget comparison and discusses budget complexities and variance factors. Olmsted reviews personnel changes, including the transition to a permanent Executive Director from an Interim, as well as new and vacant positions. Olmsted adds that the employment compensation study will be conducted in 19-20 since it was not able to be done in 18-19. The total personnel impact for 19-20 is \$773,773.
2. Farrell discusses the campus and outside services comparison of the 2018-19 budget to YEP, compared to 2019-20, and the variance from 18-19 to 19-20. The \$127,959 savings is mostly due to changes in the method in which Public Safety charges, which has been confirmed with campus to ensure it is an accurate number. Farrell discusses utilities beginning with the Union, which includes major increases due to expansion. She then discusses WELL utilities, which also shows an increase in electricity, but all other utilities decreased. Farrell then reviews custodial services for both buildings, which had a 3% increase built into the contract, in addition to the minimum wage increase, and additional spaces in the Union, which were also figured in to the contract. The total impact of campus cost allocations and outside services for 19-20 is \$49,718. Lastly, Farrell breaks down the 19-20 expenses by major category, which total \$13,737,632.
- ii. Capital and Plant Fund Expenditures:
 1. Olmsted reviews the capital and R&R (repair & replacement) project lists, mentioning highlights. The combined total of capital projects and R&R is \$834,226.
 - iii. TBU01 (NRMR) & TBU04 (CIMP) Expenditures:
 1. Olmsted discusses TBU01 project list highlights. Farrell discusses projects approved with the 2018-2019 budget that must be completed in 2019-2020. Olmsted continues to discuss TBU04 project highlights. Total impact TBU01 & TBU04 projects requiring approval for 2019-2020 budget is \$347,460.
 - iv. Long Range Plan:
 1. Farrell presents the long-range plan and discusses the planning process, which is done in conjunction with campus since it begins with the estimated enrollment headcount. She notes that headcount helps with estimating the income from student fees.
 - v. Reserve Levels:
 1. Farrell explains that the reserve policy requires the ability to cover one-year of debt and six months of operating expenses, which requires \$15,607,155. In addition to the policy requirements, the organization has \$9,049,919 in available undesignated reserves. Farrell discusses the reserves for Repair and Replacement, TBU01 and TBU04, which are funds held separately. Farrell then recaps reserves with year-to-year comparison going back to 15-16, which includes a breakdown of the costs that were removed from the revenue fund in 2018-2019.
 - a. Macriss asks for clarification on the reserves recap as he compares the WELL expansion cost of \$7.7 million against the Union fire sprinkler project at \$9.8 million. Olmsted reminds him that the fire sprinkler project also includes the LED upgrades and new ceilings in some areas. Farrell adds that being able to get the work done now saved money, as cost would have increased tremendously if the corporation was not able to start the projects now.
 - b. Shaw asks about Union expansion cost listed at \$990,000 on the reserves recap, asking if it is because funds had already been allocated. Farrell confirms and states that it was the final payment due on the project.
 - c. Reginato asks what the payback period is for LED lighting. Olmsted states that the team has not been able to forecast an accurate savings yet. Farrell states that will know more once the systems are in place and analysis is done. Singletary adds that the project does not just involve lighting, but also lighting control systems.

Budget 2019-2020

Events	\$211,800
Insurance	\$53,278
Supplies	\$1,217,579
Services	\$40,237
Contracts	\$1,642,727
Utilities	\$910,260
Travel	\$138,364
Wages & Benefits	\$7,436,336 (includes \$97,482 for VEBA & retirement medical benefits funding)
Capital & Repair and Replacement	\$834,226
UEI (HR fee)	\$736,134
ASI (accounting fee)	\$130,004
Campus (services and cost allocations)	\$386,687

Undesignated Reserves

Revenue Fund (Projected):	\$ 11,447,666
Local Reserves (Projected):	<u>\$ 13,209,408</u>
Total Undesignated Reserves:	\$ 24,657,074

BOD Policy Requires: 1 yr. debt coverage =	\$ 8,738,339
6 Mo. Operating =	<u>\$ 6,868,816</u>
Total BOD Policy Requirement:	\$ 15,607,155

Available Undesignated Reserves: \$ 9,049,919

Designated Reserves

Repair and Replacement Fund (Projected, Local):	\$ 2,782,484
NRMR Fund (Projected, TBU01):	\$ 2,770,648
CIMP Fund (Projected, TBU04):	\$ 727,375

Approval of Operating Budget: (MSP: Sohl, Vonwal)

Approval of Capital and Plant Fund Expenditures: (MSP: Macriss, Shaw)

Approval of TBU01 (NRMR) & TBU04 (CIMP) Expenditures: (MSP: Vonwal, Woldeyohannes)

Approval of Long Range Plan: (MSP: Sohl, Vonwal)

Approval of Reserve Levels: (MSP: Shaw, Woldeyohannes)

c. Delegating Authority to Executive Committee: (MSP: Vonwal, Sohl)

- i. Olmsted explains the purpose of the Executive Committee, which is to make decisions over the summer as needed, rather than bringing the entire board together. The committee includes the board chair, vice chair and secretary treasurer. If a student is not avail, Mills has agreed to be present.

d. WELL Expansion Final Funding Request – Delegate to Executive Committee: (MSP: Woldeyohannes, Vonwal)

- i. Olmsted explains that the Executive Committee will be asked to approve the WELL expansion funding package, which is currently under review by the Chancellor's Office and approval is anticipated around the third week of May. Olmsted felt it was worth mentioning to the entire Board since \$7.7M will be requested, and is therefore requesting the Board's approval to approach the Executive Committee.

- e. Election of Board Chairperson for 2019-20: (MSP: Woldeyohannes, Sohl)
 - i. Olmsted reminds the group that nominations occurred last meeting with one nominee, Ethan Shaw. Olmsted formalized the nomination and allowed Shaw an opportunity to speak to his willingness to serve as chair.
- f. 2019-20 Board of Directors Meeting Dates: (MSP: Vonwal, Macriss)
 - i. Olmsted shows the 2019-20 meeting dates, which are included in packet.

5. Reports and Comments

- a. Board Members
 - i. Macriss encourages members to be involved in the Executive Director search process.
 - ii. Sohl announces that he is graduating and this will be his last meeting. Expressed gratitude for the Union, which served as his home away from home and the WELL, which he wishes he had used more. He thanks management for his experience.
 - iii. Trejo announces that this will also be her last meeting as she is graduating. She values her experience as chair of the Board for the last few years.
- b. Executive Director: Olmsted
 - i. Olmsted expresses gratitude for everyone's time and efforts. Also thanks Farrell, her team, as well as the rest of staff who puts so much work into budget process. Wishes Butler a happy Administrative Professionals Day and Sorensen a happy birthday.

6. Information: Activity Reports

- a. Facilities & IT: Singletary
 - i. Singletary mentions highlights from the report that was distributed.
- b. The WELL: Smith
 - i. Smith mentions highlights from the report that was distributed.
- c. University Union: Sorensen
 - i. Sorensen mentions highlights from the report that was distributed.

7. The meeting was adjourned at 9:11 am

Respectfully Submitted:



2/18/19

Authorized Signature