

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS
Finance Committee
July 19, 2019
8:30 a.m.
Ackerman Union 2412**

PRESENT: Pouria Abbassi, Paul Abramson, Donna Baker, Navi Sidhu, and Frank Wada

ABSENT: Erika Brickly and Lawrence Traylor, Jr.

MANAGEMENT: Cindy Bolton, Food Service Director
Roy Champawat, Student Union Director
Sandi Gillespie, Association Affairs & External Affairs Manager
Michelle Moyer, Business and Compliance Director
Patrick Healey, UCLA Store Director

GUESTS: Kevin Kato, ASUCLA Board Member

CALL TO ORDER

Mr. Sidhu called the meeting to order at 8:30 a.m.

APPROVAL OF AGENDA

Mr. Sidhu called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee July 19, 2019, Agenda. There being no objections, the motion was approved by unanimous consent.

APPROVAL OF MINUTES

Mr. Sidhu called for consent to approve the Associated Students UCLA Board of Directors' Finance Committee May 17, 2019, Minutes. There being no objections, the motion was approved by unanimous consent.

UNDERGRADUATE STUDENTS ASSOCIATION FY 19-20 BUDGET

The 2019-2020 budget for the fiscal year beginning August 1, 2019, and ending July 31, 2020, has been reviewed by the ASUCLA Student Government Services Division to ensure fiscal soundness in accordance with proper accounting and budgeting principles. The Undergraduate Students Association Council approved this budget at their July 17, 2019 meeting.

Mr Sidhu had questions regarding where the \$900K surplus come from. Mr. Champawat explained that some of the funds are restricted, specifically Jazz Reggae, TGIF, and other items to allow for seed money for the next year.

Mr. Sidhu made a motion, seconded by Mr. Abramson that the Associated Students UCLA Board of Directors' Finance Committee approve and recommend to the Board of Directors the FY 19-20 Undergraduate Students Association Budget Mr. Sidhu called for a vote. The motion was approved by a vote of 3 yeas and no nays.

GRADUATE STUDENTS ASSOCIATION FY 19-20 BUDGET

The FY 19-20 Budget for the fiscal year beginning August 1, 2019, and ending July 31, 2020, has been developed by the leadership of the Graduate Students Association, and has been reviewed by ASUCLA staff for fiscal soundness in conformance with proper accounting and budgeting principles. GSA Cabinet approved this budget at its meeting on June 10, 2019.

Mr. Sidhu made a motion, seconded by Mr. Abramson that the Associated Students UCLA Board of Directors' Finance Committee approve and recommend to the Board of Directors the FY 19-20 Graduate Students Association Budget. Mr. Sidhu called for a vote. The motion was approved by a vote of 3 yeas and no nays.

UCLA TREASURY LINE OF CREDIT

One component to provide financial efficiency includes maximizing available funding opportunities and resources for capital requirements. The proposed agreement with UCLA's Internal Banking center provides for loans (through a LOC) to an aggregate amount of \$5,885,000. The interest rate (subject to annual reset) is excellent at 3.25%. The amount of the Line of Credit is supported by projected costs to complete specific short-term, designated capital projects. Time for the execution of the LOC is of the essence to ensure that the aforementioned favorable terms are fully leveraged.

The line of credit is for capital improvements only. Any withdrawals to the line of credit will come before the board for approval. This approval is only to obtain the LOC.

Questions were raised regarding the reset of the interest rate annually, is the LOC flexible regarding the list of capital projects, and any of the funds are exercised it will change the debt ratio will change and has that been considered. Management will ask these questions during the negotiations with the University.

Mr. Sidhu made a motion, seconded by Mr. Abramson that the Associated Students UCLA Board of Directors' Finance Committee approves and recommends to the Board of Directors authorization for management to complete negotiations and execute a Line of Credit (LOC) agreement with the UCLA Internal Banking Center. Mr. Sidhu called for a vote. The motion was approved by a vote of 3 yeas and no nays.

UNIVERSITY CREDIT UNION LINE OF CREDIT

The proposed revolving line of credit limit is up to \$1,000,000 with an annual renewal. The interest rate is the Wall Street Journal (WSJ) Prime plus 3% floating and is paid monthly. The line has a security agreement against various business assets, and a loan fee of 1% of the LOC limit is to be paid outside of closing. If the line is drawn upon the funds would be used to assist with working capital and provide for essential short-term purchases.

Mr. Sidhu made a motion, seconded by Mr. Wada that the Associated Students UCLA Board of Directors Finance Committee approves and recommends to the Board of Directors authorization for management to complete negotiations for a Revolving Line of Credit or LOC agreement with the University Credit Union. Mr. Sidhu called for a vote. The motion was approved by a vote of 3 yeas and no nays.

EXECUTIVE DIRECTOR'S REPORT

Mr. Abbassi reported on the following items:

Anderson Café

Plans for the café renovation in the Anderson School are moving forward. In the interim, there is a limited coffee and grab & go packaged lunch service since Il Tramezzino vacated in April. Negotiations with a branded coffee vendor for this location has been finalized.

Terasaki Coffee Cart

ASUCLA met with the Life Sciences Assistant Dean to discuss discontinuing operation of the Terasaki Cart. After meeting and explaining the mobile cart code requirements and the low customer traffic, they agreed to end operations on June 14.

KMPG – USAC

KPMG stated in the USA audit in January that the accounting for USA's endowment with UCLA Foundation was not accurate, but was corrected and properly stated in the financials. Management has now completed a new process for reporting these funds.

FINANCIAL STATEMENTS

April 2019 Financial Results

Gross income at \$6.3M (compared to March at \$5.7M) was (\$230K) below plan and (\$34K) below last year. Gross Margin at \$3.2M was \$100K better than last year and (\$140K) below plan. Contribution at \$1.1M was (\$144K) below plan and (\$35K) below last year. Combination of better than plan allocated expense performance and

significantly higher than plan in other income categories resulted in net returns of \$373K (compared to a loss of \$124K in March) which was \$73K better than last year and \$36K better than plan.

It is important to note that while YTD Gross Income is (\$1.8M) negative to plan (mainly due to the first six months sales decline in retail and weaker foodservice operation), expense control, Licensing, Services, and other income categories have not only allowed for mitigation of unanticipated facilities expenses but have brought the plan deviation below \$50K or just ~0.2% of the budget.

Bearwear, E-commerce, Academic CRS, Used Text, and the continued backfill of dental kits were solid for the month. Graduation Etc. and the Portrait Studio posted below plan mainly due to timing and miscommunication of photography deadlines with Daily Bruin. The latter will be addressed with Daily Bruin to ensure clear communication of expectations and improvements on business terms for next year.

Restaurant sales have tracked better than last year, but the increase in the cost of operations, including wages and benefits, has outpaced the sales increase and reduced contribution to plan. The decline in customer counts on an YTD basis has hurt financial performance. Utilization of several survey results and better marketing of the variety of offerings will continue to be top priorities. Several initiatives have been or are in the process of being effectuated to increase contributions. Café Synapse customer count decline rate has continued to be stabilized from -22% in January to 2% by May.

While concessions has had a difficult year, mainly due to a weak basketball season, April posted strong sales results and ASUCLA expects a strong May in terms of catering.

Domestic Licensing revenue has been below target, but International Licensing continues to post strong results. It is expected that promotional royalties will pick up with centennial-related products. Revenues from the Wescom deal continue to deliver positive inflow for the organization.

Better than anticipated results in Other Income (exp.) categories including higher interest income and the LADWP rebate continue to help mitigate the below plan contribution performance of other areas, and the additional facilities repair and painting costs.

The Association reported a cashbook balance of \$16.2M. The required cash reserve is \$5M compared, leaving an \$11.2M surplus.

Past due accounts receivables were roughly \$97K or 2%. Store inventories at cost were consistent at \$5.5M; while inventory turns were 4.3.

ADJOURNMENT

Mr. Sidhu called for consent for the Associated Students UCLA Board of Directors' Finance Committee to adjourn the May 17, 2019, Meeting. There being no objections, the meeting was adjourned at 10:23 a.m.