

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS**

Regular Meeting

January 25, 2013

12:00 p.m.

Kerckhoff Hall Staterooms

PRESENT: John Bollard, Jacob Ferrari, Karleen Giannitrapani, Mike Jedlicka, Robert Kurtzman, Amy Liu, Monet LeMon, Joel Ontiveros, Maggie Thornton, Agnes Warren, Michael Weismeyer, Dorothy Wiley, and Bob Williams

LATE: Adam Swart

MANAGEMENT: Cindy Bolton, ASUCLA Director of Food Operations
Robin Broudy-Johns, UCLA Store Operations Director
Roy Champawat, ASUCLA Student Union/Student Support Services Director
Rich Delia, ASUCLA Chief Financial Officer/Finance Director
Patrick Healey, UCLA Store General Manager/Director
Apparel/Accessories/LuValle Commons/Health Sciences Store
Karen Noh, ASUCLA Special Projects Director
Jenna Willis-Graves, ASUCLA Finance Division Coordinator
Neil Yamaguchi, UCLA Store General Manager/Director of Academic Support

GUESTS: Andrew Alexah, UCLA Academic Planning and Budget
Estefani Herrera, Daily Bruin
David Zeke, Graduate Student Association President

CALL TO ORDER

Ms. Giannitrapani called the meeting to order at 12:05 p.m.

APPROVAL OF AGENDA

Ms. Giannitrapani called for consent to approve the Associated Students UCLA Board of Directors January 25, 2013 Regular Meeting Agenda. There being no objections, the motion was approved by unanimous consent.

APPROVAL OF MINUTES

Ms. Giannitrapani called for consent to approve the Associated Students UCLA Board of Directors December 7, 2012 Regular Meeting Minutes. There being no objections, the motion was approved by unanimous consent.

EXECUTIVE DIRECTOR'S REPORT

Mr. Williams offered the Executive Director's Report to the Board.

A. Financial/Operational Items

1. November

November financial results for the Association were very strong with net income for the month exceeding plan by \$308,000. The Store had a very good month exceeding sales by approximately \$142,000 and contribution by \$215,792. The greatest positive variances were seen in the Apparel Division led by high Bearwear sales and excellent E-commerce results. The Supply Division missed its contribution plan by \$14,509 due to continued shortfall in computer sales. Academic Materials had a solid month exceeding its contribution plan by close to \$20,000 led by used text and course reader sales. LuValle Commons and the Health Sciences Store were close to plan.

Food Service also had a strong November exceeding its sales plan by more than \$84,000 and contribution by \$50,405. Financial performance was strong for most of the division including Rubios, Wetzels, Panda Express, Sbarro, Greenhouse, YRL Café, Jimmy's, KH Coffee House, Cooperage, and Tsunami which all had positive variances. Catering and Concessions both had very good months exceeding budgeted contribution by \$13,754 and \$21,044 respectively. It should be noted that there are various game timing issues during the season which will shift results from month to month in Concessions. The weakness in Food Service continues to be the inefficiencies seen in North Campus and Café Synapse.

The Services Division had a good November led by positive variances in both Domestic and International Licensing and the Student Union came in on plan. The Association continues to have savings in A&SS due to labor and costs savings. Utilities continue to track higher than plan with depreciation coming in below budget.

Overall, November was a very strong month for ASUCLA and year-to-date through November net income is ahead of plan by \$223,000.

2. December

December was also a strong month financially for the Association. Overall, results show a positive variance in net income versus plan of \$117,000. Sales results in the Store were not as positive as in November with shortfalls in textbooks, computers and the Health Sciences Store. The HSS results were primarily timing issues with dental kits. Bearwear and E-commerce continues to show good results in December versus plan but not as strong as November. Despite being under budget by over \$317,000 in sales, the Store only fell short of its contribution plan by \$23,490 as the results of saving in wages and benefits.

Food Service had a fantastic month in December with sales results ahead of plan by more than \$144,000. Contribution results were excellent with a positive variance versus plan of \$123,182. The results were driven by the majority of the operations coming in ahead of plan by a few thousand dollars. LuValle and Jimmy's had large variances but this was partially due to budgeting calendar shifts. Catering and Concessions continue to perform beyond expectations with Catering exceeding its contribution budget by \$38,428 and Concessions by \$11,129.

The Services Division was on plan for the month with a small shortfall in Licensing being made up by added leased income. The Student Union Division was off planned contribution by \$17,140 with lower event income and some added expenses. A & SS, Maintenance and Utilities expenses were close to plan for the month.

Overall, year-to-date for the first five months of the fiscal year, ASUCLA Services and Enterprises is ahead of budget in net income by \$340,000 and is ahead of last year by \$277,000.

3. January

January results are tracking relatively close to plan. The Store is ahead of plan so far due to solid textbook sales and due to the computer store tracking much closer to plan than in the past few months. Food Service sales are very close to plan overall and show good growth over last year's results.

4. Budget Process

ASUCLA Services and Enterprises has begun the initial process to develop the FY 13-14 operating budget. Tentative budget assumptions will be presented to the Finance Committee on Friday, February 15. This process takes several months and will lead to the budget presentation on Friday, May 3 from 12:00-3:00 p.m. It is strongly encouraged that all Board members attend if possible.

B. *Campus Partnerships

1. UCLA Computer Store

The Computer Store is working with the Staff Assembly and will be featuring Tim Parker, Apple Representative at the Staff Assembly Resource Fair.

C. *Championship Service

1. UCLA Store Valentines Day Sale

The next big sale will be the Valentine's Day sale on February 7. Shoppers will save 50% off Red Tag Clearance, 25% off on Bearwear, and 20% off Fast Track and Essentials. There will be a Computer Store promotion where you can save \$50 off any desktop or laptop purchase (first 100 units) and a BookZone promotion where you save 20% off your first two books, 30% off the third book purchased, and 40% off the fourth and subsequent titles.

Mr. Williams listed various Store promotions that will occur in February.

D. *Your Student Association

1. Store Monitors

In the old Bearwear floor layout, the back section saw less traffic than other areas. When the layout was modified this fall, this area became a very important section for selling t-shirts and some core product. In order to highlight that section and increase the draw to that space, two monitors were installed in the back corner. The initial plan is to broadcast the Pac-12 network to liven up the atmosphere.

E. ASUCLA Benefits U/UCLA Store Loyalty

The new ASUCLA Benefits U Loyalty program is off and running. Students are changing over to the new key tags which have the bar code that keeps track of their store purchases and rewards.

F. *Building Towards the Future

1. Ackerman Interior Design / Patio Project

Management is beginning to look at portions of this project and ways to implement ideas at lower costs. Services looked at preliminary design and seating ideas for a Global Viewpoint Lounge project and management will be moving forward in finalizing a potential plan to be reviewed by Services, Finance, and the Board to see if funding the project is feasible.

2. Casual Dining

The project is now under construction including the infrastructure, patio, HVAC and flooring.

3. Music Building

Construction on the Music Café is underway and Ms. Bolton is working with the project team on ASUCLA's portion of the project.

G. Board of Director Priorities

1. E-commerce

Google approved the Association's non-profit grant in late December. Daily ads will be increased and there will be more testing on targeted campaigns. This will also create some budgeted savings for the second half of the year. We are also refining our retargeting ads to feature specific categories. The initial categories will include basketball, sweatshirts, fitted tees, t-shirts, and hats.

Management is looking at the cost/benefit of some further upgrades to the retail web site including new sort functions, added left navigation categories, one page checkout, gift card online, and a mobile site.

The institutional site should now be live and will feature regularly updated news stories, live event feeds, restaurant map, as well as Facebook and Twitter integration.

2. Healthiest Campus Initiative

Food Service is analyzing menus and staffing throughout campus to determine where adjustments can be made to improve efficiency. The Association is contemplating some personnel moves that will be discussed in Executive Session.

3. Campus Space Initiatives

Management has collected data for several years on the shortcomings of the Association's existing space within Ackerman Union and Kerckhoff Hall. The next step will be to create a general vision plan for further discussion.

4. Social Responsibility

The new recycling bins will be in place in three weeks, at the latest. With the new tops, it will be easier for customers to place odd-sized plastic and paper products into recycling. This along with new signage should increase the amount recycled.

In conjunction with the recycling bin switch, the ESLP group has agreed to do their project on RECYCLING ASSESSMENT AND EDUCATION.

Phase 1: ESLP students will survey people about their knowledge of single stream recycling. They will also analyze ASUCLA's trash to assess how much is recycled.

Phase 2: ESLP students will create marketing and education campaign to inform diners about what can go into recycling and what has to go into the trash. This stage will be 2-4 weeks long beginning April 22 (Earth day/week). ASUCLA will provide students with stickers that they can hand out to customers for taking a moment to learn about recycling. Customers who get 20 stickers will earn a \$1 food voucher good at any UCLA Restaurant. There will be a limit on vouchers of approximately \$5000 (probably less). All of this will take place in selected restaurant units around campus.

Phase 3: ESLP students will do a follow-up survey and waste assessment then report back with results. The report will include how much they think is being recycled and ways ASUCLA can improve recycling information to customers.

5. Campus Outreach and Relationships

The next JOC meeting is scheduled for March 8.

EXECUTIVE COMMITTEE REPORT

Ms. Thornton stated that the Committee met on January 16 and heard an Executive Director's Report. The Committee also discussed the mural, Student Space Initiative, and Student Media. Finally, the Committee started planning the Mid-year Retreat which is scheduled for February 8.

FINANCE COMMITTEE REPORT

Mr. Kurtzman stated that the Committee met on January 18 and heard an External Auditor's Report. The Auditor indicated that ASUCLA and its sub-entities passed their audits; therefore the Committee approved the FY 11/12 Audited Financial Statements which are being forwarded to the Board for approval today. Mr. Delia provided the Finance Director's report and Mr. Williams skipped his Executive Director's report to allow for more time. The Committee also discussed the declining Computer Store and Kinross Store sales.

SERVICES COMMITTEE REPORT

Mr. Ferrari stated that the Committee met on January 11 and heard a presentation from Campus

Facilities regarding converting the Global Viewpoint Lounge into a small theater space. The Committee was in favor of the idea and will continue discussing it further. The Committee also discussed the “The Black Experience” mural in the Terrace Food Court. The Committee will delay taking any action until the art conservationists from the Fowler and Getty Museum have an opportunity to examine the mural. Mr. Williams provided an Executive Director’s report and the Committee had an Executive Session item that was forwarded to the Board for approval.

PERSONNEL COMMITTEE REPORT

Mr. Weismeyer stated that the Personnel Committee has not met.

REAL FOOD AD HOC COMMITTEE REPORT

Mr. Ontiveros state the Committee will meet after today’s Board meeting.

FINANCE DIRECTOR’S REPORT

December Financial Results

Mr. Delia reported that in terms of gross income, the Association as a whole was \$169,000 less than planned in December, with negative variances appearing in the Store, where sales were \$317,000 less than planned; and in the Services Division, where income was \$31,000 less than planned. These negative variances were partially offset by positive variances of \$172,000 and \$7,000 respectively, in the Restaurants Division and Student Union Division.

Despite the fact that the Store and Student Union Divisions reported negative variances, contribution for the Association overall was \$82,000 greater than planned, due primarily to the Restaurant division’s performance which resulted in a \$123,000 positive variance to plan. When added to a \$29,000 positive variance in Allocated Expenses that resulted primarily from wages and benefits savings in Administrative & Support Services (which was \$14,000 less than planned), allowed for a December net income that was \$117,000 greater than planned and \$274,000 greater than December in the prior year.

Given these results, year to date gross income for the Association was \$1,054,000 less than planned but \$423,000 greater than the prior year, in December. Wages and benefits for the year were \$316,000 less than planned but \$160,000 greater than the prior year. This was due to good cost control but also to the fact that the merit increase that was budgeted for November 1, 2012 did not occur. Year-to-date contribution was \$129,000 ahead of plan and \$425,000 greater than the prior year at this time; and when added to a \$177,000 positive budget variance and a \$252,000 negative variance compared to the prior year, allowed for year to date net income that was \$340,000 greater than planned and \$277,000 greater than the prior year.

Mr. Delia briefly discussed utilities expenses, explaining that a portion of the \$51,000 negative variance year to date resulted from errors in the calculation of natural gas consumption at the Court of Sciences Student Center. He explained that the Association would receive a \$28,000 credit for

improperly billed charges, and that the utilities expense going forward will show appreciable reductions.

In terms of cash, the Association reported a \$9,544,000 book-balance at December month-end, which represents roughly a \$400,000 increase in cash over the same period in the prior year. Of this balance, \$4,682,000 has been committed to capital projects, leaving \$4,862,000 in uncommitted cash, which represents a negative variance of \$365,000 compared to the \$5,227,000 Board-required cash reserve.

Mr. Delia reported that as of December month-end, management anticipated spending on capital projects would be \$132,500 greater than planned by year-end.

In December, past due accounts receivable fell to 3%, down from 4% in the prior month; Store Inventories at Cost rose to roughly \$7.75 million in preparation for Winter Rush, and inventory turns fell slightly from the prior month, to just above 4.2.

January Preliminary Sales

To date in January, Store sales were \$32,339 greater than planned and \$75,576 greater than the prior year.

Sales from the Ackerman Union Apparel department were \$17,180 greater than planned and \$92,313 greater than the prior year due primarily to a \$32,020 positive variance in Bearwear from strong athletics performance. These results helped to offset minor negative variances in the apparel departments of other Divisions.

1. Apparel sales in LuValle Commons were \$1,548 less than planned;
2. Apparel sales in the Health Sciences Store were \$1,996 less than planned; and
3. Mail Telephone and Web apparel sales were \$14,135 less than planned.

Sales in Academic Support departments were strong to-date in January. In Ackerman Union, sales in Academic Support were \$152,356 greater than planned, due primarily to positive variances in New Text, where sales were \$218,331 greater than planned; and in the Academic Publishing Service where sales were \$35,243 greater than planned. In LuValle Commons, sales of in academic support also exceeded plan by \$59,021 .

Mr. Delia spoke briefly about a \$126,764 negative budget variance in the Health Sciences Store that resulted from a \$105,938 negative variance in sales of dental kids, month-to-date. He explained that the majority of this negative variance resulted from timing, and he called the Board's attention to the fact that year-to-date sales in that area were only \$22,189 less than planned, and he reminded the Board that despite being off plan, the Health Sciences Store Dental Kits program has generated more than \$2,226,000 in gross income year-to-date.

Based upon these results management anticipated that gross margin would be \$21,101 less than planned by January month-end. Mr. Delia explained that this negative variance may occur despite the aforementioned positive variance in overall gross income, given the mix of products sold. However, he indicated that labor and controllable expense savings may well offset this negative variance .

To date in January Restaurant sales were \$25,872 greater than planned, primarily due to strong

concessions sales, which were \$25,026 greater than planned. Several other positive and negative variances scattered across the division offset one another:

1. Although sales in LuValle Commons were \$18,888 less than planned, sales from Rubio's Baja Grill were \$18,666 greater than planned.
2. Although sales in Café Synapse were \$9,934 less than planned, sales in the Greenhouse were \$9,031 greater than planned.
3. Although sales in Northern Lights were \$7,332 less than planned, sales in Catering were \$7,721 greater than planned.
4. Although sales in North Campus were \$5,054 less than planned, sales at Jimmy's were \$4,744 greater than planned.

For the division as a whole, customer counts were 4,167 less than planned, but the average check per customer was \$0.14 greater than planned.

APPROVAL OF FY 11/12 AUDITED FINANCIAL STATEMENTS

Mr. Kurtzman stated that the Finance Committee is recommending that the Associated Students UCLA Board of Directors approve the FY 11-12 Audited Financial Statements for Services and Enterprises, Communications Board, Graduate Student Association, and Undergraduate Student Association. Ms. Giannitrapani called for a vote. The motion was approved by a vote of 10 yeas and no nays.

EXECUTIVE SESSION

Ms. Giannitrapani called for consent for the Associated Students UCLA Board of Directors to enter into Executive Session and include Rich Delia. There being no objections, the motion was approved by unanimous consent.

The Board entered into Executive Session at 1:10 p.m.

Ms. Giannitrapani called for consent to adjourn the Associated Students UCLA Board of Directors Executive Session. There being no objections, the motion was approved by unanimous consent.

The Board adjourned Executive Session at 2:05 p.m.

Ms Thornton made a motion, seconded by Mr. Kurtzman that the Associated Students UCLA Board of Directors approve all actions taken in Executive Session. Ms. Giannitrapani called for a vote. The motion was approved by a vote of 9 yeas and 1 abstention.

ADJOURNMENT

Ms. Giannitrapani called for consent to adjourn the Associated Students UCLA Board of Directors

January 25, 2013 Regular Meeting. There being no objections, the meeting was adjourned at 2:06 p.m.

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Pursuant to Bylaw 3, section 3.6(d) of the ASUCLA Board of Directors Bylaws, I have reviewed these Minutes and hereby attest to their accuracy.

Michael Jedlicka
Board Secretary and Alumni Representative