

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS**

Regular Meeting

February 22, 2013

12:00 p.m.

Kerckhoff Hall Staterooms

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

ABSENT: Karleen Giannitrapani and Agnes Warren

MANAGEMENT: Cindy Bolton, ASUCLA Director of Food Operations
Rich Delia, ASUCLA Chief Financial Officer/Finance Director
Sandra Gillespie, ASUCLA Association Affairs Manager
Patrick Healey, UCLA Store General Manager/Director
Apparel/Accessories/LuValle Commons/Health Sciences Store
Cindy Holmes, ASUCLA Director of Licensing
Karen Noh, ASUCLA Special Projects Director

GUESTS: Andrew Alexah, UCLA Academic Planning and Budget
Erin Donnelly, Daily Bruin

CALL TO ORDER

In the absence of Ms. Giannitrapani, Ms. Thornton called the meeting to order at 12:08 p.m.

APPROVAL OF AGENDA

Ms. Thornton called for consent to approve the Associated Students UCLA Board of Directors February 22, 2013 Regular Meeting Agenda. There being no objections, the motion was approved by unanimous consent.

APPROVAL OF MINUTES

Ms. Thornton called for consent to approve the Associated Students UCLA Board of Directors January 25, 2013 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. January

January was a solid financial month for the Association. Net income for January fell just short of plan by \$6,000 with a total of \$175,000 in net income. Overall, for the first six months of the fiscal year, ASUCLA Services and Enterprises had a total net income of \$377,000. This represents a positive variance as compared to plan of \$336,000 and is \$252,000 ahead of last year's results.

The Store missed its sales plan for the month but this was due to the timing of dental kit sales which occurred early in the year. Results were solid in the key areas. Bearwear had a small positive variance in both sales and contribution for the month. The Computer Store, while falling just slightly short of its sales plan, was able to show a positive result in contribution. Textbooks had a positive variance in sales but fell short of budgeted contribution due to the mix which continues to move away from used books. Margins were also off in Bearwear and Fast Track due to sales and product shifts.

The Food Service Division had another strong month. Sales only show a small positive variance, but higher income for third party sales and strong labor and controllable cost control led to a positive contribution variance of over \$28,000. Concessions and Catering continue to be the strongest performers with positive contributions versus budget of \$22,413 and \$7,461 respectively.

The Services Division had the weakest month versus plan with a negative variance in contribution of approximately \$66,000. This was the result of shortfalls in both Domestic and International Licensing. International Licensing continues to face challenges with the European economy and issues in other countries. The Domestic Licensing shortfall is due to timing and it will gain back some of this in later months. Year-to-date, Domestic Licensing is only slightly behind plan and is tracking ahead of last year.

The Student Union had a solid month exceeding contribution by just over \$4,000 led by continued strong results in events. Positive variances were delivered in A & SS and Maintenance and Utilities. However, this is only due to the credit from previous billings as utilities overall continue to run higher than plan.

2. February

February sales trends are somewhat sluggish. The Store is behind plan primarily in the Computer Store but is still tracking close to last year. Food Service is close to plan but well ahead of last year due partially to the timing on basketball games. February appears that it will be a somewhat challenging month versus plan.

3. Budget Process

The management team has been developing their revised estimates for the remainder of this year. Initial estimates indicate that the budget for the Computer Store will remain an area of significant shortfall throughout the remainder of the year. This process is very important because it sets the base from which next year's budget is crafted. In addition, management continues to refine the budget assumptions. Preliminary budget assumptions will be discussed today but the initial projections show a very challenging financial landscape for the next several years. Challenges include the following:

1. Computer margins are becoming smaller
2. Changes in delivery method for textbooks
3. UC added costs for payroll services and added retirement costs

B. *Campus Partnerships

1. Faculty and Staff Discounts/Support

Faculty and staff who are Academic Materials customers can receive a discount card.

2. UCLA Computer Store

On March 7 the Store will have a UCLA faculty and staff exclusive Apple sales event.

C. *Championship Service

1. International Licensing

The first licensed UCLA Store in the Middle East opened in January in Kuwait.

D. *Building Towards the Future

1. Ackerman Interior Design / Patio Project

Management continues to look at portions of this project and ways to implement ideas at lower costs. Management and the Services Committee have forwarded its thoughts on the various projects to the architects for refined versions of the plans. Management will be scheduling a meeting with Student Affairs to determine if the Global Viewpoint Lounge project has merit.

2. Casual Dining

The casual dining project is now under construction. Work is underway on the infrastructure, patio, HVAC, and flooring. The frame for the new stairs which lead from the corner of the first floor patio down to the A-level patio is in place. The project team is making adjustments to keep the project on schedule.

3. Music Building

The music building construction is underway and Ms. Bolton is working with the project team on ASUCLA's portion of the project which will occur towards the end of construction.

E. Employee Investment

The next employee appreciation event will be March 6-10 which increases the employee discount from 20% to 33%.

G. Board of Director Priorities

1. E-commerce

Management continues to work aggressively in the refinement and expansion of Google Adwords with the grant support. Retargeting ads are also getting a lot of notice and several people have mentioned seeing them on YouTube. The consultants continue to do split testing on several aspects of the site and management continues to refine the email marketing calendar.

A new e-commerce information session will be scheduled in March.

2. Healthiest Campus Initiative

ASUCLA actions in support of its own Core Values, that are consistent with the campus Healthy Campus Initiative goals, were forwarded to the HCI leadership. The ad hoc committee met and discussed these initiatives as well as plans for a new marketing campaign to highlight healthy meal options in ASUCLA facilities.

The Board looked at new products at the mid-year retreat which will shift the menu at North Campus to a healthier overall mix.

3. Campus Space Initiatives

Management continues to do theoretical planning for several areas of the store and student union for future consideration by the Board of Directors. There is a meeting planned with Student Affairs representatives regarding a potential Global Viewpoint Lounge-Admissions project and continue to look at overall future student space needs for the campus.

4. Social Responsibility

ASUCLA has started to roll-out the new single source recycling bins. So far, they are getting a lot of use and it doesn't seem that people are having issues mixing up the trash and recycling bins. All of the bins should in place in the next two weeks.

H. Miscellaneous

Pauley Pavilion will be an ESPN Game Day location on March 2, UCLA versus Arizona.

Board members asked if the Conference Center was still going forward. Mr. Williams believes that the project is moving forward and that he has not heard otherwise.

EXECUTIVE COMMITTEE REPORT

Ms. Thornton stated that the Committee met on February 13 and heard an Executive Director's Report. The Committee recapped the mid-year retreat and discussed adding some of the topics from the mid-year retreat to the orientation retreat agenda. The Committee also discussed a licensing issue in Executive Session.

FINANCE COMMITTEE REPORT

Mr. Kurtzman stated that the Committee met on February 15 and heard a Communications Board

update from Arvli Ward. The Committee approved the FY 13-14 Tentative Budget Assumptions which are being forwarded to the Board for approval today. Mr. Delia provided the Finance Director's report and Mr. Williams gave an Executive Director's Report.

SERVICES COMMITTEE REPORT

Mr. Ferrari stated that the Committee met on February 1 and heard a presentation from the Student Food Collective regarding allowing them space in Ackerman Union for a student food cooperative. The Committee was positive on the idea, but will continue discussing it further. The Committee also discussed the proposed store project plans from Space International and Ms. Noh gave an update on the Loyalty Rewards Program. The Committee also voted on the TGIF proposal to install two water stations, one in Ackerman Union and the other in Kerckhoff Hall.

PERSONNEL COMMITTEE REPORT

Mr. Weismeyer stated that he would give the Personnel Committee report in Executive Session.

REAL FOOD AD HOC COMMITTEE REPORT

Mr. Ontiveros stated the Committee met on January 26 and discussed how to campaign and market ASUCLA's Healthy Campus Initiative's that it already has in place.

FINANCE DIRECTOR'S REPORT

January Financial Results

Mr. Delia reported that in January, gross income for the Association as a whole was \$145,000 less than planned, due primarily to a \$125,000 negative variance in the Services Division, where foreign licensing income was well below plan. The Store also reported a negative budget variance in gross income (of \$35,000) which resulted from negative variances in the Health Sciences Store, where Dental Kit sales were \$101,000 less than planned due to timing; in Used Text, where sales were \$99,000 less than planned; and in Bearwear, where sales were \$21,000 less than planned. These negative variances were partially offset by strong results from New Text, where sales were \$212,000 greater than planned; and in Course Reader Solutions, where sales were \$35,000 greater than planned.

The Restaurants Division reported a \$16,000 positive gross income budget variance in January, which resulted primarily from a \$27,000 positive variance in Concessions and a \$19,000 positive variance in income from Catering. These results were partially offset by a \$21,000 negative variance in sales in LuValle Commons; and a \$12,000 negative variance in sales at Café Synapse.

Gross income for the Student Union Division was within \$1,000 of plan for the month.

Year-to-date gross income was \$1,200,000 less than planned in January, with the largest negative variance appearing in the Store where sales were \$1,320,000 less than planned, which was caused

mainly by the computer Store. Compared to the prior year however, total gross income was \$660,000 better.

Year-to-date wages and benefits for the Association as a whole were \$418,000 less than planned and only \$165,000 greater than the same period in the prior year, most of which was due to no merit increase.

Year-to-date other controllable expenses were \$102,000 greater than planned however, and this variance was offset by the year-to-date savings in wages and benefits, such that contribution year-to-date was \$43,000 greater than planned and \$444,000 greater than the prior year. Due to a favorable variance in Allocated Expenses of \$251,000, Year-to-date net income was better than budget by \$36,000

In terms of cash, the Association reported a book balance of \$11,054,000 at January month-end, compared to a \$10,356,000 book balance in January of the prior year. Of this balance, \$4,301,000 has been designated for capital projects, leaving \$6,202,000 in uncommitted cash, which is \$537,000 greater than the \$5,665,000 Board-mandated cash reserve.

Mr. Delia reported that in January past due accounts receivable fell from the prior month, to roughly \$100,000 or 2% of total accounts due; Store inventories at cost also fell from the prior month, to \$6,600,000; and inventory turns rose slightly, to 4.3.

February Preliminary Sales

Mr. Delia reported that month-to-date in February Store sales are \$205,000 less than planned but \$75,368 greater than the prior year.

Sales were down to plan across the Store Division, with the most significant negative variance appearing in Ackerman Union, where sales were \$213,359 less than planned due to a \$60,021 negative variance in apparel. The Computer Store is \$126,621 negative to plan. New text is positive to plan by \$19,254; however, used text is negative to plan by \$29,944

Given these results, management anticipates that gross margin for the Store as a whole will be \$58,362 less than planned by month-end.

In February the Restaurants Division's sales are \$22,023 positive to plan and \$262,580 positive compared to the prior year. These positive variances resulted from increased sales primarily in the third party operations.

APPROVAL OF FY 13-14 BUDGET/FIVE-YEAR FORECAST-TENTATIVE ASSUMPTIONS

Mr. Kurtzman stated that the Finance Committee is recommending that the Associated Students UCLA Board of Directors approve the FY 13-14 Budget/Five-year Forecast Tentative Assumptions.

The Board discussed the payback for the Bruin Day donation of \$10,000. Mr. Williams feels that since enrollment is up and the event has grown each year that there should be an increase of sales that day. Mr. Yamaguchi was not in attendance to provide results from last year's Bruin Day.

Mr. Williams stated that management will be reexamining the concessions at Pauley Pavilion to possibly mainstream the menu options. Also, added into the assumptions is the new menu of North Campus and Café Synapse.

Due to the transition to the UC system wide payroll system there will a significant increase from the current annual cost, approximately \$210,000. Also included in the assumptions are the increased retirement costs.

Ms. Thornton called for a vote. The motion was approved by a vote of 9 yeas and no nays.

EXECUTIVE SESSION

Ms. Thornton 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 1:47 p.m.

Ms. Thornton 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 2:46 p.m.

ADJOURNMENT

Ms. Thornton called for consent to adjourn the Associated Students UCLA Board of Directors February 22, 2013 Regular Meeting. There being no objections, the meeting was adjourned at 2:47 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