

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS**

Regular Meeting

September 28, 2012

12:00 p.m.

Kerckhoff Hall Staterooms

PRESENT: John Bollard, Jacob Ferrari, Karleen Giannitrapani, Mike Jedlicka, Amy Liu, Joel Ontiveros, Adam Swart, Maggie Thornton, Agnes Warren, Michael Weismeyer and Bob Williams

ABSENT: Robert Kurtzman and Monet LeMon

LATE: Dorothy Wiley

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
Sandra Gillespie, ASUCLA Association Affairs Manager
Jan Griwach-Ronci, UCLA General Manager/Director Computers/Supply
Division & Hill Top Shop
Monique King, ASUCLA Executive Chef
Karen Noh, ASUCLA Special Projects Director

GUESTS: Andrew Alexah, UCLA Academic Planning and Budget
Kylie Reynolds, Daily Bruin

CALL TO ORDER

Ms. Thornton called the meeting to order at 12:04 p.m.

APPROVAL OF AGENDA

Ms. Thornton called for consent to approve the Associated Students UCLA Board of Directors September 28, 2012 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 August 31, 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. August

Financial results in August continue to be sluggish. Overall, the Association was off plan in net income by \$64,000. While it is important to note that summer sales do not necessarily predict in session results, sales trends are not as strong as they should be.

Store sales were off plan by over \$400,000 for the month, but were only off by \$62,233 in contribution. The Apparel Division was behind their optimistic sales budget for the month although were very close to last year and contribution was ahead of last year. The Supply Division was on plan in most areas with the exception of the Computer Store which was behind plan in both sales in contribution. Sales trends in the Computer Store are shifting due to added competition, changes in the retail market, and price pressure. The Academic Materials Division was very close to plan for the month but this is not a busy period and fall book rush will be very important. The LuValle Store was slightly off plan but very close to last year and the Health Sciences Store was off plan due to the timing of dental kit sales which should be reversed in future periods. Overall, despite the slow sales in a few key areas, the Store was able to offset much of the lost margin in wage and expense controls.

Food Service results continue to be challenging since the opening of the Court of Sciences Student Center. The new customer spread made it difficult for the ASUCLA food operations to make plan. The ability to lower labor in response without reducing service and variety was challenging. North Campus continues to be a problem in terms of efficiency but LuValle also had a difficult month with the slower summer sales. Concessions and the Commissary saw the impact of the last day of the tennis tournament and Catering was well behind plan as the result of not having Football Training Table.

The Services Division was close to plan although Informal Photography lagged behind plan and last year. The Student Union Division exceeded plan for the month with good cost control in operations. Savings were experienced in A & SS, Maintenance and Depreciation, but Utilities continue to track ahead of plan. Court of Sciences Student Center utilities are excessive and management as well as facilities is trying to determine the cause.

September

September sales in the Store are close to plan, but this is due to extra dental kit sales which are occurring earlier than anticipated. While the Store has yet to enter the busy book and computer buying periods, trends in both areas are not showing the signs of improvements in the plan. The Bearwear area is tracking close to plan in the Store and ahead of plan in Mail/Telephone/Web which will help bolster month-end results.

Food Service sales results overall are close to plan and well ahead of last year. However, they continue to have underlying financial issues in the division as a result of the new spread of

customers and the resulting inefficiencies that now exist. The opening of the new coffee houses along with the major expansion of the Court of Sciences Student Center has had an impact on multiple units. North Campus and Café Synapse stand out as units which are now a financial concern. Café Synapse sales have been cannibalized by CSSC making this unit a net negative contributor. North Campus and Northern Lights have also been impacted by new units in the area and are well behind plan in sales. North Campus is no longer able to contribute at a desirable contribution rate per customer. Overall in September, the cannibalization rate of the new operations, ASUCLA units are down 17% while the third party operations are down 8.5%. This shifting will have a significant negative contribution impact on the food division until operational and menu adjustments can be made.

Licensing should be ahead of plan for September but this is a timing issue and will be offset in future months. Mr. Williams expects the other areas to be close to plan for the month and should have positive income in September.

B. *Our Independent Bookstore

1. Rental Kiosk

The textbook area has added a rental kiosk in partnership with Nebraska Books that has helped increase the number of titles available.

2. APS

Publishing (APS) will be changing its name to UCLA Course Reader Solutions to alleviate any confusion. The last of the old covers will be used this quarter and a new cover will be used going forward supported by the appropriate marketing and communication.

C. *Campus Partnerships

1. Welcome Week Partnerships

Welcome week activities went well although a change in the customer patterns was noticed.

2. ASUCLA Job Fair

The job fair was a success with more students applying than jobs available.

D. *Championship Service

1. Shop-n-Shop

The Store has been adjusting product throughout the Bearwear area. This first phase has primarily been accomplished through fixture placements and product location. Management feels there are still areas for adjustments as they watch the new layout unfold. In addition, changes to the flooring, wall surface, and marketing are being considered and several areas will continue to be adjusted throughout the year.

2. ASUCLA Marketing

A. Score Big

The Store has a *Score Big* promotion which gives a 5% discount for every touchdown up to 25% off in Bearwear (in-store and online) on Mondays after a home football.

B. Monster Sale

The biggest sale of the year, the *Monster Sale* will be on Thursday, October 25. This is a great opportunity for students, staff, faculty, visitors, and alumni to get great discounts with many red tag items up to 50% off. This is a key sales day for the Store.

E. *Your Student Association

1. ASUCLA Messaging AU 2408

Management determined that the pay phones on the AU second floor were not being utilized and as a result, they were removed. ASUCLA informational boards were installed in their place, which tells the story of ASUCLA and its entities.

F. *ASUCLA Benefits U

ASUCLA Benefits U email marketing will continue through the fall quarter.

G. *Building Towards the Future

1. Court of Sciences Student Center

Management continues to monitor the operating costs, utilities, and ground maintenance costs to determine what is causing the overage.

Mr. Williams stated that the Court of Sciences Student Center received two prestigious design awards from the American Institute of Architecture of San Diego. It received an Honor Award (the highest award) which celebrates extraordinary, thoroughly resolved architectural design, worthy of the profession's highest regard. It also received a special category Honor award the COTE-SD Award. This AIASD's Committee on the Environment Award was created to recognize the beauty of sustainable architecture that integrates building with the physical and cultural environment. Projects were evaluated against ten criteria, including factors like land use and site ecology, light and air, energy flows and energy future, bioclimatic design, materials and construction. Mr. Williams highlighted the design firm of Safdie Rabines Architects and the entire Capital Programs team who worked for several years with ASUCLA to design and construct this facility.

2. Ackerman Interior Design / Patio Project

Management discussed the basics of this project with the Services Committee and should be receiving the final project file this week. The Committee will then begin examining which if any portions of the project should be planned for the near term as well as incorporating some design elements into smaller projects.

3. Pauley Pavilion

The stands are almost completed and the food service team is preparing for the grand opening. The team has also been working with marketing to develop the signage package which will include multiple electronic menu boards. There will be three 3rd party vendors in the facility, including Jamba Juice, Subway, and California Pizza Kitchen.

4. Ackerman Second Floor Lounge

Soundproofing of the walls and painting are complete in the second floor lounge. The room is now being prepared for the wall art/signs to be installed.

5. Kaplan Testing

There will be a ribbon cutting event for the Kaplan Testing Center on October 9 which the Board is invited to attend.

H. Employee Investment

Mr. Williams and Ms. Bolton introduced ASUCLA's new executive chef, Monique King who started last week and has immediately gone to work on a new Café Synapse menu.

I. Board of Director Priorities

1. E-commerce

The initial work on paid search has improved the UCLA Store's position and presentation on Google. Management is conducting some split testing on wording and analyzing the effectiveness of specific word targets. The Store continues to increase the number of products available online and has begun branding discussions regarding potential additional product lines and brand segmentation.

J. Campus Student Space Initiatives

A summary of the Brailsford and Dunlavy report was presented to the Services Committee. The Entities Committee will also be addressing the space needs of ASUCLA groups.

K. Miscellaneous

Mr. Williams thanked the management staff of the Store, especially Mr. Healey for being able to complete the product reconfiguration before the fall rush. Mr. Williams also thanked Jan Griwach-Ronci for her 40 years of service. Jan's official last day will be October 5.

EXECUTIVE COMMITTEE REPORT

Ms. Giannitrapani stated that the Committee met on September 21 and heard an Executive Director's report. The Committee also discussed the Ackerman Union Project and Healthiest Campus Initiative.

The Committee reexamined the formation of the E-commerce Ad Hoc Committee and felt that it would be best for the Services Committee to decide how they wanted to proceed whether with an ad-hoc committee or a subgroup of Services.

Mr. Williams stated that he was interested in having the student representatives on the Board comment on the student prospective for the consultants since ASUCLA is such a unique operation.

Ms. Giannitrapani made a motion, that the Executive Committee is recommending that the Associated Students UCLA Board of Directors approve the possible formation of an E-commerce Ad Hoc Committee be decided upon by the Services Committee.

There being no objections, the motion was approved by unanimous consent.

FINANCE COMMITTEE REPORT

In Mr. Kurtzman's absent Mr. Swart provided the Finance Committee Report. Mr. Swart stated that the Committee met on September 21 and heard both Finance and Executive Director's report. The Committee also heard a summary from PricewaterhouseCoopers regarding how the external audit will proceed throughout the year. The Committee is forwarding an Executive Session action item later on the agenda.

SERVICES COMMITTEE REPORT

Mr. Ferrari stated that the Committee met on September 14 and heard an Executive Director's report. Mr. Williams also brought the committee up to speed on the Brailsford & Dunlavey report on student space as well as provided an overview of the final draft of the Ackerman Union Redesign Project. The Committee also has an Executive Session item coming forward today.

PERSONNEL COMMITTEE REPORT

Mr. Weismeyer stated that the Committee met on September 24 and will provide his report in Executive Session.

REAL FOOD AD HOC COMMITTEE REPORT

Mr. Ontiveros stated that the Committee has scheduled bi-monthly meetings and will meet in October. Mr. Ontiveros explained that he attended the latest Healthy Campus Initiative meeting with Mr. Williams and various campus leaders. Mr. Ontiveros was the only student present at the meeting and feels that he will be able to provide a student's perspective at future meetings.

FINANCE DIRECTOR'S REPORT

August Financial Results

Mr. Delia reported that in August, Services & Enterprises reported a \$64,000 negative variance to plan in terms of net income that resulted primarily from the Store and Food Service.

The Store reported a \$433,000 negative variance to plan in terms of gross income that resulted from decreased sales in the Computer Store, which were \$300,000 less than planned due to decreased

purchasing by UCLA departments and Apple's decreasing emphasis on its academic programs. There also was an \$111,000 negative variance to plan in the Health Sciences Store Dental Kits department that resulted from timing.

Gross income in the Restaurants was \$108,000 less than planned, with negative variances appearing across the division. Catering sales were \$47,000 negative to plan due to the loss of Training Table during the summer. Concession sales were \$18,000 less than planned due to poor attendance for the Tennis Tournament. Sales in both Café Synapse and North Campus were each \$10,000 less than planned and Mr. Williams indicated that plans were in development to address the situation. Mr. Delia noted that these negative variances were partially offset by a \$12,000 positive variance in sales from the Court of Sciences Student Center.

Negative gross income results were partially offset by a \$40,000 positive variance in wages and benefits (\$25,000 of which was reported in the Store Division); and by a \$58,000 positive variance in other controllable expenses that resulted primarily from decreased spending by both the Store and Restaurants Divisions; however the Services and Student Union Divisions also reported savings in other controllable expenses. Given these results, contribution for the Association was \$109,000 less than planned,

Allocated expenses are \$44,000 less than planned, with the only negative variance appearing in utilities, which were \$9,000 greater than planned as the result of continuing issues with the Court of Sciences Student Center.

The Association has a cash book balance of \$10,207,000; however, approximately \$4 million has been reserved for capital expenditures. Currently, there is a \$619,000 deficit to the Board-required cash reserve; however, that will change after fall rush.

Mr. Delia reported that past-due accounts receivable rose by 1% from the prior year, to \$148,000 or roughly 4% of total accounts due. He explained that this increase resulted from temporary staffing shortages in the Accounts Receivable department and he indicated that management is confident that this past-due percentage will decrease as the fiscal year continues.

Store inventories at cost were consistent with the prior year however inventory turns decreased from the same period in the prior year, falling from 4.8 in August 2011 to 4.3 in August 2012. Mr. Delia reminded the Board that management prefers to see inventory turns that are closer to 5.0 and that the current downturns are related to decreased sales.

September Preliminary Sales

Mr. Delia reported that Store sales are \$131,026 negative to plan. Sales in Ackerman apparel are \$104,227 lower than plan and new text is \$249,199 negative to plan. The Computer Store is also negative to plan by \$202,533. Positive budget variances appeared in Mail Telephone and Web, where sales exceeded plan by \$65,704. LuValle also is positive to plan by \$18,672. The Kinross Store is positive to last September by \$1,446; however, they are negative to plan by \$13,875 for the year.

Management anticipated that by month-end the Store will have a negative gross margin of \$36,580.

Month-to-date sales in the Restaurants Division are \$27,057 less than planned. North Campus sales are

\$23,495 negative to plan as well as Café Synapse by \$13,007. Catering is positive to plan by \$38,929 and Concessions by \$516. The third parties are positive to plan in September except for Yoshinoya which is \$37,089 negative to plan, as well as Subway by \$10,412.

EXECUTIVE SESSION

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

The Board entered into Executive Session at 1:50 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 2:06 p.m.

Mr. Jedlicka made a motion, seconded by Mr. Ferrari that the Associated Students UCLA Board of Directors approve all actions taken in Executive Session. Ms. Thornton called for a vote. The motion was approved by a vote of 8 yeas and 0 nays.

ADJOURNMENT

Ms. Thornton called for consent to adjourn the Associated Students UCLA Board of Directors September 28, 2012 Regular Meeting. There being no objections, the meeting was adjourned at 2:07 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