

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS**

Finance Committee

February 20, 2015

9:00 a.m.

Kerckhoff Hall 152

PRESENT: Mike Anderson, Carly Calbreath, CJ Gabbe, and Bob Williams

ABSENT: Agnes Warren

MANAGEMENT: Donna Baker, Finance Director
Cindy Bolton, Food Service Director
Robin Broudy-Johns, UCLA Store Operations Director
Roy Champawat, Student Union Director
Sandi Gillespie, Association Affairs Manager
Dave Hager, Director of Business and Legal Affairs
Kamran Mehdian, Information Services Director

GUESTS: Steve Greim, Communications Board
Sam Hoff, Daily Bruin
Andre Jones, Communications Board
Jener Sakiri, Communications Board
Arvli Ward, Student Media Director

CALL TO ORDER

Mr. Gabbe called the meeting to order at 9:04 a.m.

APPROVAL OF AGENDA

Mr. Williams made a motion, seconded by Mr. Gabbe that the following amendments be made to the agenda:

1. Delete the Executive Director's Report
2. Add a Global Viewpoint Lounge Discussion and/or Action Item

Mr. Gabbe called for consent to approve the Associated Students UCLA Board of Director's Finance Committee, February 20, 2015 Agenda as amended. There being no objections, the motion was approved by unanimous consent.

APPROVAL OF MINUTES

Mr. Gabbe called for consent to approve the Associated Students UCLA Board of Directors Finance Committee January 23, 2015 Minutes. There being no objections, the motion was approved by unanimous consent.

FINANCIAL STATEMENTS

Services & Enterprises January 2015 Financial Statements

Gross income for the Association was \$73,000 positive to plan primarily due to textbooks. Gross margin was negative to plan by \$68,000 and contribution was negative by \$84,000. Net income for the Association as a whole was negative to plan by \$153,000 due to timing and added allocated expenses.

Gross income for the UCLA Restaurants was \$59,000 negative to plan and contribution was \$56,000 negative to plan due to timing of the basketball games.

In terms of cash, the Association reported a book balance of \$11,400,000 for the month. Of this balance, \$3,149,000 has been reserved for capital projects, leaving \$7,054,000 in uncommitted cash which is \$2,132,000 less than the board-required cash reserve. Mr. Williams and Ms. Baker explained to the Committee that the Ackerman B and A Level Remodel will be removed from the capital expenditures and replaced by smaller upcoming projects.

Past due accounts receivables were at roughly \$230,000. This balance is higher than prior month and some of this is due to timing. Store inventories at cost were \$6,400,000; while inventory turns were at 4.5.

February Month-to-Date Preliminary Sales

Current month-to-date sales are \$78,926 positive to plan primarily due to new and used textbooks, as well as the Computer Store. The LuValle Store is positive to plan by \$12,807 and the Health Science Store is negative to plan by \$54,104 which could be a timing issue with dental kits. Hilltop Shop is positive to plan by \$24,246 and E-commerce is positive to plan by \$7,086.

Due to these results, management is expecting the gross margin to be positive by \$25,924.

The UCLA Restaurants are currently positive to plan by \$152,440. All third party operations are close or better than plan for the month.

COMMUNICATIONS BOARD JOINT FINANCE COMMITTEE DISCUSSION

Communications Board December 2014 Financial Statements

Student Media showed a \$12,006 negative budget variance for the month in terms of net revenue primarily due to lower than anticipated print advertising.

Settlement Accounting

The total amount of the settlement is being examined and an internal audit will be conducted.

Review of Cash Forecast

While the settlement is being examined the Finance Director has been directed to transfer the funds into a separate account, which now has left Student Media with a low cash situation.

In order to get through the next few months in terms of cash flow, it will be necessary to defer their the administrative and support services payments.

This deferment is contingent upon the Communications Board developing alternate editorial and administrative operating models to be presented at the March Finance Committee meeting.

Ms. Calbreath made a motion, seconded by Mr. Anderson to approve and forward to the ASUCLA Board of Directors the approval of a deferment of Student Media's administrative and support services payments for a maximum of \$100,000 until April 30, 2015. This shall be contingent upon the Communications Board developing alternate editorial and administrative operating models to be presented at the March Finance Committee meeting. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

APPROVAL OF THE FY 15-16 TENTATIVE BUDGET ASSUMPTIONS

The Committee briefly discussed the tentative assumptions noting two significant items:

1. No retirement cost increases for FY 15-16
2. Minimum Wage Increase

Ms. Calbreath made a motion, seconded by Mr. Anderson to approve and forward to the ASUCLA Board of Directors the approval of the FY 15-16 Tentative Budget Assumptions. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

APPROVAL OF THE FOOD SERVICE POS

Management has received proposals from three vendors to provide an upgraded POS that will meet all regulations. Additionally, a new POS offers features for both customers and operators that will improve efficiency and the customer experience.

Additionally, management has also looked into alternative register models. Another price quote was obtained for the most up to date version of the NCR model that is currently in use in the Restaurants. With a significant discount given by the vendor, the one-time purchase cost for this model is almost equivalent to the tablet model. However, this does not include the costs for certain peripheral accessories (i.e. printers) and the annual license expense is slightly higher. Furthermore, management anticipates that the ongoing individual replacement cost for the tablets will be theoretically less expensive than the NCR model because the bases won't need replacing, but this is not yet proven.

With all these considerations in mind, either option of register will be operationally suitable but management recommends purchasing the tablet model.

Ms. Calbreath made a motion, seconded by Mr. Anderson to approve and forward to the ASUCLA Board of Directors the approval of a capital expenditure of \$350,000 replace and upgrade the Food Service POS System. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

APPROVAL OF UCLA STORE POS (PIN PADS)

Upgraded POS registers for the UCLA Store will obviate the need for Store employees to handle customer credit and debit cards and for ASUCLA systems to store encrypted credit card information locally, eliminating two major security weaknesses in credit card transactions. Additionally, this enables ASUCLA to comply with new PCI requirements and EMV standards, allowing acceptance of credit cards with embedded chip technology.

Ms. Calbreath made a motion, seconded by Mr. Anderson to approve and forward to the ASUCLA Board of Directors the approval of a capital expenditure of \$150,000 to upgrade the POS register in the Store to allow for credit card transaction through a PIN Pad Device. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

HILLTOP SHOP REMODEL

Current fixtures and flooring in the Hill Top Shop are part of the original 1992 store design and build-out. This project provides for the replacement of fixtures and flooring to improve overall aesthetic and appearance of the store while modernizing and creating a more effective and cohesive use of space for today's product assortment. The project should take 4-6 weeks to complete and will begin in August 2015.

Ms. Calbreath made a motion, seconded by Mr. Anderson to approve and forward to the ASUCLA Board of Directors the approval of a capital expenditure of \$150,000 to remodel the Hill Top Shop. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

GLOBAL VIEWPOINT LOUNGE

Management proposes to expand this partnership with Student Affairs on the use of Global Viewpoint as a performance and presentation space, in part because it will provide a mid-sized performance and event space in the evenings for student groups, while providing income during daytime admissions presentations. As a part of this expanding relationship Enrollment Management has rented offices adjacent to GVPL for supporting functions and these offices are nearing the end of construction.

Cost to complete build-out of the theater/performance space would be shared with Student Affairs/Enrollment Management. Management proposes to no more than \$300,000 to renovate and furnish this presentation space and make adjustments to the area outside Tsunami (which will soon vacate its space) to allow for a pre-function lounge.

Ms. Calbreath made a motion, seconded by Mr. Anderson to approve and forward to the ASUCLA Board of Directors the approval of a capital expenditure of \$300,000 to renovate the Global Viewpoint Lounge. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

EXECUTIVE SESSION

Mr. Gabbe called for consent for the Associated Students UCLA Board of Directors Finance

Committee to enter into Executive Session. There being no objections, the motion was approved by unanimous consent.

The Committee entered into Executive Session at 11:15 a.m.

Mr. Gabbe called for consent to exit the Associated Students UCLA Board of Directors Finance Committee Executive Session. There being no objections, the motion was approved by unanimous consent.

The Committee exited Executive Session at 11:26 a.m.

ADJOURNMENT

Mr. Gabbe called for consent for the Associated Students UCLA Board of Directors Finance Committee to adjourn the February 20, 2015 Meeting. There being no objections, the meeting was adjourned at 11:27 a.m.