

**ASSOCIATED STUDENTS UCLA
BOARD OF DIRECTORS**

Finance Committee

July 24, 2015

9:00 a.m.

Kerckhoff Hall 152

PRESENT: Mike Anderson, Non-Student Representative
CJ Gabbe, Graduate Representative, Chair
Agnes Warren, Non-Student Representative
Bob Williams, Executive Director

ABSENT: Carly Calbreath, Undergraduate Representative

MANAGEMENT: Donna Baker, Finance Director
Robin Broudy-Johns, UCLA Store Operations & Outlying Stores Director
Roy Champawat, Student Union Director
Sandi Gillespie, Association Affairs Manager
Karen Noh, Special Projects Director

GUESTS: Arvli Ward, Student Media Director

CALL TO ORDER

Mr. Gabbe called the meeting to order at 9:03 a.m.

APPROVAL OF AGENDA

Mr. Williams made a motion, seconded by Ms. Warren to remove the Café Powell discussion item from the agenda.

Mr. Gabbe called for consent to approve the Associated Students UCLA Board of Director's Finance Committee, July 24, 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 May 22 and June 10, 2015 Minutes. There being no objections, the motion was approved by unanimous consent.

EXECUTIVE DIRECTOR'S REPORT

Mr. Williams reported on the following:

- Shrinkage in the UCLA Store is higher than expected and could be the result of the new shopping bag policy. Management will be analyzing this issue with the security and financial staff.
- The Chancellor has approved the Association's FY 15-16 Budget.
- Concessions and Catering are scheduled for various events during the Special Olympics World Games.
- The Fall BearWear catalog is ready and will arrive at homes August 8-10.
- Passport to Savings Coupon Books will begin distribution in early August.
- The new DIA website is ready and will launch simultaneously with the new Athletics website.
- Kikka's construction is progressing and they should be open in late August.
- Global Viewpoint Lounge Project is moving forward.
- Staff from the Ashe Center walked through the space that could potentially be used for a pharmacy. It would be approximately 1000 square feet.
- The temporary Hill Top Shop is performing well and construction is on-going
- Installation of the Food Service POS has begun.
- An RFP has been initiated for the Course Materials Project.

FINANCIAL STATEMENTS

Services & Enterprises May 2015 Financial Statements

Financial results for the Association in May were better than plan. Net Income for the Association was positive to plan by \$145,000 and Gross Income was positive to plan by \$586,000 which was mostly from the Store.

- BearWear is above plan due to higher foot traffic as a result of Transfer and Alumni Day
- Campus Portraits was below plan due to fewer sittings.
- Course Readers were above plan due to higher digital sales.
- Cooperage is below plan due to the construction of the Engineering building.

Services & Enterprises June 2015 Financial Statements

Financial results for the Association in June were better than plan. Net Income for the Association was positive to plan by \$46,000 and Gross Income was positive to plan by \$1,357,000 which was mostly from the Store. Year-to-date the Association is positive to plan by \$1,009,000.

- Used text was below plan due mostly to a large negative year-end shrinkage.
- The Computer Store is above plan by \$109,000 due to unplanned library technology refresh.
- Ostin Café is above plan for the month and year.
- Catering is below plan due to the loss of Training Table.
- Maintenance is above plan due mostly to the painting of the LuValle roof.

Ms. Baker explained that in terms of cash, the Association reported a book balance of \$11.9 million for the month. Of this balance, \$2.6 million has been reserved for capital projects, leaving \$7.7 million in uncommitted cash which is \$2.6 million less than the board-required cash reserve.

Past due accounts receivables were at roughly \$195,000. This balance is higher than prior month and some of this is due to timing. Store inventories at cost were \$4.8 million; while inventory turns were at 4.4.

July Month-to-Date Preliminary Sales

July sales figures are excellent in the Store with a positive variance versus plan of \$270,332. This is partially due to a budget that is conservative but sales are also \$176,047 ahead of last year.

The Computer Store is having a great month with sales \$118,102 better than plan. MTW is \$23,958 negative to plan for the month; however, sales are \$93,148 better than last year. Estimated Gross Margin for July is \$77,153

Food Service is also tracking ahead of budget in sales for July by \$142,691; however, the positive variances are primarily seen in the 3rd party operations.

COMMUNICATIONS BOARD JOINT FINANCE COMMITTEE DISCUSSION

Communications Board May Financial Statements

Total Income for the month is negative to plan by \$9,431. Yearbook sales are negative by \$15,000; and Print Display Advertising is negative by \$9,000. Actual net revenue was negative \$16,245 for the month and \$76,600 year-to-date.

Aged (over 60 days) Accounts Receivables are \$78,000. Student Media will be focusing their attention on collections in July.

Communications Board FY 15-16 Budget

The committee discussed at length whether the Communications Board should adjust their FY 15-16 budget due to lower FY 14-15 financial results. The committee agreed to forward the FY 15-16 Communication Board Budget to the Board of Directors as originally approved on June 10, 2015.

UNDERGRADUATE STUDENT ASSOCIATION FY 15-16 BUDGET

Mr. Champawat explained that there are no new fees in this budget, the most recent new fee added the Arts Restoring Community Fee of \$1.55 per quarter, approved by referendum in Spring 2014 and effective Fall 2014, and this fee includes the provision for annual CPI adjustment each Fall. It also includes earnings from the USAC Programming Endowment held by the UCLA Fund for USAC.

The budget presented here for approval, although fiscally sound, is an unfinished product and will be amended by USA throughout the 2015-2016 fiscal year. More specifically, USA will amend this budget to reflect the needs and priorities of the 2015-2016 USA Council (USAC) and Registered Student Organizations.

This budget presentation does not include estimated actual results for 2014-2015 as the decentralized structure of student government precludes recording this information prior to the end of the fiscal year. Year-end actual figures for the 2014-2015 fiscal year will be submitted to the USA Council and the Board after the close of the fiscal year in Fall Quarter 2015.

Mr. Anderson made a motion, seconded by Ms. Warren that the ASUCLA Finance Committee approve and recommend to the ASUCLA Board of Directors the Undergraduate Student Association FY 15-16 Budget. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

GRADUATE STUDENT ASSOCIATION FY 15-16 BUDGET

Mr. Champawat stated that the last increase in general fees were enacted in the 2002 GSA elections and provided for annual fee increases of \$1 per quarter (up to the 2005-2006 fiscal year) ultimately resulting in quarterly mandatory fees of \$13 (\$7.25 and \$5.50 for Central Office and the Councils respectively). GSA passed a referendum in April 2010 discontinuing a \$.25 fee for support of the UC Student Association.

In addition to the quarterly membership fee, graduate students in spring 2006 approved the assessment of a fee of \$3 which funds the Graduate Student Writing Center (GSWC). In spring 2013 an additional fee in the amount of \$1.50 per quarter was approved for the GSWC, as was an annual CPI adjustment on the entire GSWC fee each fall beginning in 2014.

Mr. Anderson made a motion, seconded by Ms. Warren that the ASUCLA Finance Committee approve and recommend to the ASUCLA Board of Directors the Graduate Student Association FY 15-16 Budget. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

HILL TOP SHOP ADDITIONAL CAPITAL EXPENDITURE

Ms. Broudy-Johns explained that the original proposal includes replacement of all flooring and fixtures in order to update appearance and create more efficient use of space. In addition to these upgrades, management requests the installation of automated sliding entrance doors. Automated doors will support throughput of high customer volume in this small store and will also enhance ADA accessibility. The cost of this additional upgrade including materials and installation is estimated to be \$25,000.

The committee discussed the functionality of the sliding doors, specifically will they constantly open when someone passes by the store or is browsing in the store. Ms. Broudy will investigate the sensor range on the doors and research some semi-automatic door options and bring it back to the committee next month.

HVAC MANAGEMENT SYSTEM ADDITIONAL CAPITAL EXPENDITURE

Mr. Champawat stated that the Board approved a \$90,000 project in January to install Variable Frequency Drives (VFD). While working with Facilities, management has found that there are elements of the project that have proved more difficult than anticipated and is requesting an approval of an increased capital figure of \$60,281 (after a \$33,719 rebate from DWP). This will deal with additional costs of working with facilities engineers on installation and approvals. Our analysis shows that the basic VFD system with basic controls will save \$22,500 annually, showing payback in 6.8 years. A related project to introduce intelligent control of the system (Building IQ), fully enabled by the VFD installation, will show additional energy savings of \$42,200 annually against an annual system operation cost of \$18,600. The overall project would save \$64,700 annual, showing payback in 3.8 years and save 785,000 lbs. of CO2 from emission into the atmosphere.

Mr. Anderson made a motion, seconded by Ms. Warren that the ASUCLA Finance Committee approve and recommend to the ASUCLA Board of Directors an additional capital expenditure to install variable frequency drives for the HVAC management system. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

COMPOSTING

Ms. Noh explained that all UC campuses are obligated to achieve 95% diversion of landfill waste by the year 2020. Because the bulk of ASUCLA's waste stream is compostable waste such as food waste and mixed paper, ASUCLA can make the biggest impact by introducing composting. ASUCLA currently composts kitchen waste in the Court of Sciences Student Center.

At the February 2015 Services Committee meeting, management presented several options for increasing composting. The Services Committee agreed that implementation of composting is warranted and requested that a combination of two of the proposals--Kitchen Composting system-wide and a pilot of consumer composting at LuValle Commons—be forwarded to Finance Committee.

If approved by the Board of Directors, composting will begin in all areas on September 1, 2015 with new food packaging and disposal bins at LuValle Commons along with associated marketing/outreach. Restaurant managers will receive training from our waste hauler. After Fall Quarter begins, management will work closely with USAC Facilities Commission and other campus organizations to optimize outreach.

Mr. Anderson made a motion, seconded by Ms. Warren that the ASUCLA Finance Committee approve and recommend to the ASUCLA Board of Directors that it authorize kitchen composting in ASUCLA-operated restaurants and a pilot of consumer composting at LuValle Commons. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

MICROBEADS

In March 2015, a group of students participating in a project for their class, Honors Collegium 41 made a presentation and proposal on products containing microbeads to ASUCLA BOD Services Committee. The presentation included:

- Description of microbeads, a plastic additive to products such as skin exfoliant and toothpaste. This additive acts as an abrasive.
- Explanation of negative environmental impacts of microbeads
- Request to discontinue sales of any products containing microbeads at all UCLA Store locations.

The Services Committee agreed that it would be beneficial to eliminate products with microbeads. Services Committee requested that management review the proposal and estimate both service and financial impacts. Services Committee has forwarded this request to Finance Committee for consideration.

Management has reviewed its product array and concludes that alternative products are available in most cases. Management estimates that eliminating products with microbeads could negatively impact contribution up to \$1000. If the Board approves this action, management recommends selling through its current inventory which will be replaced with like products that do not contain microbeads.

Ms. Warren made a motion, seconded by Mr. Anderson that the ASUCLA Finance Committee approve and recommend to the Board of Directors that it authorize a ban on sales of all products containing microbeads at all UCLA Store locations. 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 10:52 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 11:24 a.m.

Mr. Gabbe made a motion, seconded by Ms. Warren that the Associated Students UCLA Board of Directors Finance Committee approve all actions taken in Executive Session. Mr. Gabbe called for a vote. The motion was approved by a vote of 3 yeas and 0 nays.

ADJOURNMENT

Mr. Gabbe called for consent for the Associated Students UCLA Board of Directors Finance Committee to adjourn the July 24, 2015 Meeting. There being no objections, the meeting was adjourned at 11:24 a.m.