

## STORE OPERATIONS BOARD MINUTES

February 12, 2007

Present: (Members and others)

Dwight Asuncion  
Sammy Averbach  
Matt Dally

Oren Gabriel  
Vishal Gupta  
Nadesan Permaul

Jillian Putnam-Smith  
Oliver Williamson

### **SUMMARY OF THE MEETING**

This meeting commenced the Spring Semester. It was called to order at 5:11 p.m. There was no quorum.

#### Report from the Director

The Action Vending contract will be renewed for two years. Comparables with nearby markets were done. The Auxiliary and the vendor have also worked on a number of initiatives, and the vendor was very responsible. This didn't need Board action. But since the contract would end in the fall, if the Board wished, the Auxiliary could go out to bid.

The vendor put information on all machines stating that they were the ASUC's machines and generate revenue for student groups. Working with University Health Services, 40% of all vending machines was heart-healthy food. The vendor also worked with UHS to develop a poster for every machine indicating which foods were healthy.

The vendor will put new machines in from between three and six buildings: Tolman, Dwinelle, Soda, the Business School, and maybe Moffitt Library. This would significantly increase Auxiliary revenue.

On The Scholar's Workstation, the Auxiliary was awaiting an update with the Manager. TSW had some issues with the agreement with Follett and also wanted to talk about the space. But TSW will relocate to the ASUC. TSW sold \$3.5 million in equipment and software to campus departments, and \$4 million in sales to students, faculty, and staff. Locating it at the ASUC would drive foot traffic.

On the Convenience Store and copying services, Follett agreed in principle to allow the ASUC to bring new businesses to the location of the Convenience Store, and to bring a copy service to the Store. This would also drive traffic into the ASUC.

For Convenience Store space, the Auxiliary has looked at commercial enterprises and has talked to Starbucks and Coffee Bean and Teahouse. The campus did an assessment and this space met all the requirements for a restaurant, coffee shop, etc.

On the Brazil Café, the Auxiliary will meet with the owners in a week, when they return from Rio. The ASUC would like the Café to look at the Postal Annex space, and the owners were interested in the Credit Union location. If it's dislocated, the Credit Union would be offered temporary space, where the Postal Annex was located, space that could be part of the Cal 1 Card.

On signage, work on large, electronic, portable, signage was continuing. An oversight committee will be established for its use. Two other UC campuses have electronic marquees.

On safety lighting for Lower Sproul Plaza, the Auxiliary will propose lighting improvements. A number of the planters there had electricity.

On student musical activities, a meeting was scheduled with the Music Department Chair, on why musical groups weren't funded by the academic side.

Lighting in the Bear's Lair will be improved, with new fixtures.

Regarding safety, in a meeting with the UCPD, it was agreed to go back to using CSOs rather than contract guards. They were also getting estimates to replace the two front doors in Eshleman. Also, there's been discussion of a meeting with Senators and other student leaders to make sure student groups knew they also bore responsibility to not prop open the doors. In addition, student building managers will check doors every night, and the UCPD will do checks.

On the use of bathrooms by the homeless, the UCPD will do checks. For bathroom use in the morning, two options will be considered, giving keys to vendors for use between 8:00 and 10 a.m., or using tokens. The idea was to make sure bathrooms on the 2nd floor and the area of the Bear's Lair were used properly in the morning. They'd also have to figure out what to do with bathrooms on the upper floors.

On the Bear's Lair, vendors will get a proposal to extend contracts at current rates, followed by an increase. One vendor will be asked for an increase and to relinquish some space. With that, the Bear's Lair Pub could potentially broaden the restaurant. Food service would be available upstairs during good weather.

On the Cal Lodge, it was booked for much of February. Hopefully, a clientele was being developed.

Regarding Board membership, Ms. Putnam-Smith's term was ending and a Selection Committee will be established. Positions might also be open for the two faculty members.

A concern was raised about Board members attending meetings, as the Board will make big changes to the ASUC and its business operations.

The meeting adjourned at 5:36 p.m.

This regular meeting of the Store Operations Board, commencing the Spring Semester, was called to order by Jillian Putnam-Smith at 5:11 p.m. in the ASUC Senate Chamber.

Ms. Putnam-Smith said they didn't have quorum at that time so they'd have to wait until next month to approve the minutes. In addition, they could not adopt the agenda.

### REPORT FROM THE DIRECTOR

Regarding the renewal of the Action Vending contract, Mr. Permaul said it's been renewed for two years. He brought some material. He asked Action Vending to compare the prices they currently charge in their vending machines on campus to those of comparables close by, such as the Cal Convenience Store and the Sather Gate and Campus Markets. Mr. Permaul said he walked with the vendor through the entire campus during Winter Break and visited all their vending machines.

Mr. Permaul said he has also worked with the vendor on a number of initiatives, both with Health Services and with the ASUC. He felt very confident that the ASUC had probably the most responsible vendor currently that they could get in the market. Since the contract ends in the fall, Mr. Permaul said he could go out to bid. But given the number of initiatives the ASUC currently had, and the paucity of his professional staff, because of so many vacancies, he believed it would be worthwhile to extend the contract for two years under the current vendor. They could revisit the contract at that time if the Board thought it was appropriate.

Mr. Permaul said he would just mention some things the vendor has done. At his own expense, he has put information onto all the vending machines stating that they were ASUC machines that generate revenue for student groups on campus. He has worked with University Health Services to transform all of the vending machines so that 40% of what they sell was heart-healthy food. In addition, he has also worked with Health Services to develop a poster that will go on every machine indicating which foods were heart-healthy and what choices people could make that were healthy.

Mr. Permaul said that at his request, the vendor will also put in new machines at anywhere in three to six buildings. These new machines will increase the Auxiliary's revenue. They'll probably put new machines into Tolman Hall and Dwinelle Hall, and they'll go back to Soda Hall. They will also go up to the Business School, and if they're successful, through Student Health, maybe go to Moffitt Library. These buildings represent five of the busiest buildings on campus for undergraduates, with captive audiences. And they should significantly increase Auxiliary revenue. So he felt the vendor has made a good faith effort to work with him to increase revenue without increasing the cost of the products. And on that subject, the cost of the vendor's products on this list also includes his return to the Auxiliary of 33% commission. So Mr. Permaul said he really felt that the Auxiliary was getting service that was as good as they could imagine from their vendor.

Mr. Williamson asked about the relevant comparisons that were made with the Cal community. Mr. Permaul said they were with the Sather Gate Market right across the way. Comparables were made with the local Southside vendors that would most be in competition with the Auxiliary.

Mr. Permaul said they the Board didn't need to take any action on this. He didn't know whether or not it required a vote of the SOB to give him direction on this. He just wanted to put it on the agenda. If someone wanted to make this into a motion with regard to whether to go out to an RFP or not, they should let him know, and he would have that ready for the next SOB meeting.

Regarding correspondence with The Scholar's Workstation, Mr. Permaul said that past week he wrote April Roy, the Manager, and asked how they were doing with the effort to get TSW into the ASUC, and she said she would have to do a separate update with him about the move, which was happening. There were processes, as within the ASUC. But she did have some issues about the agreement with Follett, and she wanted to talk to him about the space. But Ms. Roy said TSW will relocate to the ASUC. So as soon as he got more information, he would share that with the Board.

Mr. Gabriel asked if all of the current people in TSW would lose their jobs. Mr. Permaul said he didn't know the internal business model of TSW. AVC Coley challenged TSW management to look closely at its financial model. TSW raised money in a variety of ways. It sold equipment and software to campus departments, under the University's special contracts or agreements with vendors; and that was about \$3.5 million worth of sales. TSW also had about \$4 million worth of sales through individuals, students, faculty, and staff. Some of those sales was online, and some in person. But those sales were distinct from institutional sales. AVC Coley has raised the question about whether it was appropriate for The Scholar's Workstation to sell computer equipment independently of the campus' broader strategic sourcing agreements and whether or not computers should be sold through Purchasing as opposed to a certain entity like TSW. So TSW's financial and business model was being scrutinized at that time. It appeared, though, that the retail model for selling computer equipment and software, at least bundled and under the agreements the campus had with vendors like Apple, Dell, and others, would be through the ASUC. Mr. Permaul said that from his perspective, that meant driving foot traffic to the ASUC. And that was something he very much wanted to do. He didn't know if people have been to the Store recently, but now that they're out of football season, it was very quiet in the Student Store during the middle of the day. That's because their basketball team wasn't doing that well, and because they don't have a set of businesses as anchors to drive traffic to that location. So Mr. Permaul said he was looking to bring a diversity of high-traffic businesses to the ASUC so their sales were continuous and not just seasonal.

Discussion has been held about the location of the Convenience Store and about a copy service. Follett has agreed in principle to allow the ASUC to bring new businesses into the space where the Convenience Store was located, and to also bring a copy service to the Student Store. Mr. Permaul said he was interested in seeing a copy service that would bring students in, particularly to buy readers. They're focusing on that because, again it would drive traffic into the ASUC.

In the Convenience Store space, as ASUC Officers know, the Auxiliary has been looking at commercial enterprises, and they've talked to at least two major ones, Starbucks and Coffee Bean and Teahouse. They've sent information to the Coffee Bean and Teahouse and were waiting to hear back from them. Mr. Permaul said he's met the Regional Distributor of Starbucks when he was at Tempe some weeks ago. She said she'd personally handle the ASUC's assessment, and he needed to get her some information.

Mr. Permaul said he had a University assessment done to check on the viability of this space to accommodate such an activity. He was told by the University that it met all the requirements to accommodate a restaurant, a coffee shop, or whatever. So he was really excited about that.

Regarding the Brazil Café, Mr. Permaul said that in a week and a half he'll meet with the owners of the Brazil Café when they return from Rio. He'll show them the space ASUC Officers wanted them to look at, and would also show them the space the owners were interested in. The problem with the space the Officers were interested in, the former Postal Annex, was that it would require renovation. Mr. Permaul said he was torn between the two locations. They looked at the Postal Annex site and it would draw traffic down to Naia's and would give life to that hall, which was currently dead once they got beyond Follett's doors. They hope, with The Scholar's Workstation, it will go right to the edge of that space. But they need to put something in the space where the Postal Annex was to drive profit there. On the other hand, the other location they looked at, where the current Credit Union occupied, was on the Plaza and kind of replicated what the Brazil Café currently did. So he would leave it up to them to make a recommendation. Mr. Permaul said he will offer the Credit Union the space, on a temporary basis, where the Postal Annex was, if it got dislocated. But as the Board knew, that space could be part of a broader package at some point with the Cal 1 Card, which might bring banking services to the campus and generate substantially higher revenue to the ASUC.

Mr. Gabriel said he would like to join that meeting. Mr. Permaul said that was fine. He asked if Mr. Averbach would like to attend. Mr. Averbach said he would.

Regarding the signage proposal for the ASUC, Mr. Permaul said he just wanted to reaffirm for the Board that he was moving ahead with large, electronic, portable signage. They're having the technology developed, and a proposal should come back to him in two or three weeks for signage that could be moved anywhere around the Student Union complex. It would allow student government to advertise its activities and events, and would allow some advertising for other departments on campus, and generally become the information center for students who go through the Plaza. Mr. Permaul said he would establish an oversight committee because he knew no good deed went unpunished, and if he did this without somebody reviewing procedures, somebody would probably try to stop him. So he'll try to set up a governing, oversight board to help in reviewing policy and procedure. He has received policies and procedures from two other UC campuses that have electronic marquees already. He just wanted everybody to know that the Auxiliary was moving forward with this. He was certainly bringing this information to the Senate, but wasn't sure if he's come before the SOB, and he wanted to make sure they were aware of it and if anybody had any questions, or wanted to know more about it.

Regarding safety lighting for Lower Sproul Plaza, Mr. Permaul said that at a meeting with UCPD that past week, it was proposed that they look at enhancing the lighting in this area. Ten years ago people saw Lower Sproul Plaza at night as a location to transit, just to walk across it. But in the last four to five years it has clearly become a destination at night, with tremendous numbers of student groups having dance practice there, virtually in the darkness. So the Auxiliary will propose lighting improvements. Sen. Asuncion was a part of this committee, and Mr. Permaul said he was trying to keep him apprised of what they're doing. They will request that the campus landscape architect consider Lower Sproul Plaza to be a high priority when doing his annual review of locations to put lighting on the campus. There was electricity in a number of the planters the trees were in, they could broaden the lighting in the Plaza. Mr. Permaul said this was just for the Board's information.

Regarding student musical activities, Mr. Permaul said the last thing he had to report on dealt with the request at the Board's last meeting, when he was asked to meet with the Chair of the Music Department

to talk about the student musical activities referendum and why student musical activity groups on the campus were not funded by the Music Department. When he proposed such a conversation to the Music Department Chair Bonnie Wade, she said, "Oh Nad, do you really want to talk about that for the 20th time?" And he told her that he did. So he and Chair Wade will get together and have this conversation, and Ms. Wade will explain to him once again why, on the Berkeley campus, student musical groups do not get funded by the academic side. And he would have an answer to that question, since it was posed previously.

Mr. Permaul said that concluded his report, and he called for any questions.

Mr. Gabriel asked if there was any word about the lighting in the Bear's Lair. Mr. Permaul said there was. He met with the Auxiliary's electric light vendor and the Auxiliary was, in fact, going to replace all of the lights in the Bear's Lair with new fixtures. First of all, that would save energy, and also, the new lights would be brighter. It will include all the sconces around the wall. The Auxiliary will also put up lighting behind the Bear's Lair sign itself. His goal was to have electrical lighting in there that was brighter before the end of the winter. The vendor recently told him that he was actually having difficulty obtaining the fixtures, but Mr. Permaul said he authorized the purchase of those fixtures and to have them installed. That was a request made by the vendors.

Mr. Gabriel said he didn't know if Mr. Permaul has talked to Mr. Gupta, but Senators were interested in doing things to improve Eshleman safety. Mr. Permaul said that was correct, and they had a meeting with the UCPD. Mr. Gabriel said he was wondering how much it would cost to increase safety, realizing there were different levels. Mr. Permaul said the one thing they agreed to, and will propose to do, was to go back to using CSOs rather than using contract guards when they were open later in the fall. They also were getting estimates, which he has not yet received, to replace the two front doors in Eshleman. This was something that Sen. Asuncion asked about. They also talked at the meeting about the responsibility of Senators and other student leaders to make sure that student groups knew that they also bore responsibility to not prop open the doors, something that happened constantly. And they have solidified and passed out hours at a meeting of student managers for both MLK and Eshleman. He has instructed the student employee building managers that they had an obligation to check doors every night before they leave. But that would still leave a gap, so the Auxiliary asked the UCPD to make it its business, after 10 p.m. at night, or on those nights when they don't have special events, to come through the building for checks. That was not, in his opinion, a foolproof method for safety in the building. People were in the building late at night and it was on the street. One thing that came up at the safety meeting was that CSOs and officers have gone through the building and found students asleep in their offices, such as Vice Presidents, late at night, with the doors open. The concern was that anybody could walk in and somebody could be assaulted before they even knew it. So people really had to do a job of educating their students. To be safe, they should close the doors, and shouldn't leave the doors open to their suite or office.

Mr. Permaul said he was concerned that they have not solved the other issue they talked about, with the homeless. They've gotten an agreement with the UCPD to come there in the morning, when the officer got there. Also they'll talk about two options. One option was to consider giving keys to their vendors for people to use between 8:00 and 10:00 in the morning. Their vendors would hand the keys out to patrons, and the bathrooms wouldn't otherwise be open, since there was very little traffic there at that time. But the vendors apparently have come back with a proposal for the Auxiliary to think about using tokens rather than keys. But Mr. Permaul said his concern with that was with laws about discrimination.

If tokens were given to some people, they might have to give them to others who ask for them. So they'll have to take a look at all these options. But they do want to do something to make sure bathrooms on the 2nd floor and the area of the Bear's Lair were used properly in the morning hours. They also have to figure out what to do with the bathrooms on the upper floors, because people can get in the elevators and simply go upstairs. So if they get closed out of the bathroom in the Bear's Lair or on the 2nd floor, they might just go upstairs and use the other bathrooms. And that might be even more dangerous because there were fewer people up there in the mornings. So the Auxiliary will have to look at this in a systematic way.

Mr. Averbach asked if he had the approximate revenue that the ASUC received from vending machine vendor. Mr. Permaul said he had that information, but didn't bring it with him. He could bring it to the next meeting or send it to Mr. Averbach separately.

Mr. Dally said that regarding the Bear's Lair, he asked if they've made any progress in opening up the stairway they've talked about on and off for about a year. Mr. Permaul said they're having, first of all, a meeting with ASUC officers and a meeting with their vendors. The ASUC will have to make some decisions about its commercial assessment and development in general, something to be presented to the Senate that the Senate felt comfortable with. Then they'll go to the vendors and propose to them an agreement that will extend their contracts at their current rates for a period of time, and then expect to have rates increased, all except for one vendor. For one vendor, they're going to ask not only to raise their rates, but to relinquish some space to the Auxiliary. If they relinquish that space, then the Auxiliary would have an opportunity to speak with the Bear's Lair Pub and potentially broaden the restaurant for that site. And if that was done, the final domino would be to open up the staircase and put tables and chairs upstairs, and to have food service there during good weather.

Mr. Dally asked if there was any news on the Cal Lodge. Mr. Permaul said the Cal Lodge was booked for much of February. The recent snow was a huge boon to them. They need people to constantly let others know that the Cal Lodge was open. People could now go online and sign up. The Auxiliary was hoping that the manager has at least made progress in building a clientele that year. The proof of the pudding really will be next year, because right now, the manager was only mid-year, and didn't really open up until the late fall. But they were moving forward.

Mr. Gupta asked about the process of transition between the undergrad representative and the grad representative in the SOB. On the Senate floor last week, Senators brought up the question of whether the ASUC would be selecting another undergraduate, and how that worked. Ms. Putnam-Smith said they had to create a committee. The process was laid out in the Charter. She didn't recall exactly how it went, but the committee consisted of the President, the Vice President, two Senators, and the outgoing SOB member. She thought it was supposed to happen around March or April. Mr. Gupta said that from his understanding, Mr. Dally's term was for two years. Ms. Putnam-Smith said Mr. Dally has only been on the Board for a year, so he had another year. Mr. Gupta asked if they were replacing another undergraduate. Ms. Putnam-Smith said they'd replace her position.

Ms. Putnam-Smith asked if Mr. Williamson was leaving the Board. Mr. Williamson said he has discussed it. And he knew that Mr. Miles has also considered leaving. He didn't know Mr. Miles' current views on that. Ms. Putnam-Smith said she would send out an e-mail and look into what the process was for the faculty Board members as well. She called for any other questions.

Mr. Permaul said he wanted to say one thing in general, and he'll be asking Ms. Putnam-Smith to send out a message about this to Board members. He was very concerned that the Board wasn't getting a quorum for its meetings. The SOB will be making some momentous changes in the ASUC and its business operations. It worried him that the institutional representatives of the Board were not always blocking this time out as something they needed to attend. So it was possible that the Board could make decisions, move forward and take action, on things that were not viewed by anybody other than the people who were present at meetings. So people could come back and say they didn't know about the actions that were being taken. That's what the Board was really about. So he was going to stress that. Mr. Williamson has been a trouper and Mr. Permaul said he appreciated him coming to every meeting. But Mr. Permaul said he will stress to others that they really need to have their participation and support. Because otherwise, when the Board started to make these changes, which they've been announcing from meeting to meeting, people will be caught by surprise. And they may have questions that might be too late. The Board could not find itself in a Catch-22, where there was no administrative support for what the students' business was. The Auxiliary absolutely needed the campus to be present at meetings to support what the students were doing. They need to get some of their colleagues to come and join them.

Ms. Putnam-Smith said that seeing no other business, without objection, this meeting was adjourned.

This meeting adjourned at 5:36 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary



## **DECISIONS OF THE BOARD**

### Procedures

- December '06 Amended the Commercial Activities Agreement, to list the Blue & Gold Yearbook under Exhibit A, Part B, Number 11, to allow the Yearbook to receive student addresses from the Registrar's Office.
- November '06 Elected Mr. Dally as Vice Chair of the Board and elected to have Ms. Putnam-Smith serve as Chair for the remainder of her term, ending at the conclusion of Spring Semester, '06-7
- July '06 Mr. Permaul's first Board meeting as Auxiliary Director.
- June '06 Unanimously endorsed the efforts of the Chancellor and the UC President to utilize programs such as the Designated Suppliers Program, or other means of preventing the use of sweatshops in the production of University apparel and goods.
- April '05 Mr. Dally joined the Board as undergrad representative.
- December '05 Asked the Finance Committee to discuss with Internal Audit the ASUC's use of the BFS accounting system.
- December '05 Elected Ms. Putnam-Smith as Chair of the Board.
- June '05 Voted to have committees, after the August meeting, agree upon meeting times, during normal business hours, and for the Finance Committee to meet at least quarterly, and for each committee to have representation of faculty, staff, and students.
- June '05 Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
- February '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.
- January '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of a GA representation on the Board.
- December '03 Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.

Procedures (cont'd)

- October '03      Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.
- August '03      Heard a report on the establishment of the Space Assessment Committee for Eshleman and MLK.
- June '03        Elected Ms. Quindel and Mr. Bucklin as Board Chair and Vice Chair, 2003-4.
- June '03        Formed a Subcommittee on Committees to determine a committee structure for the Board.
- June '03        Agreed to hold a Board member orientation by August 30.
- May '03         Agreed on the need for a Board member orientation to be held before the start of the school year.
- December '02    Enhanced Board minutes by adding "Decisions of the Board"

Vendors

- June '06        Unanimously approved having Mr. Rolle look for someone to manage the Lodge, with the same relationship as with the previous manager, removing restrictions for a leaseholder.
- March '06      Approved a five-year lease option exercised by the Jupiter Pub
- Feb. '06        Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.
- Sept. '05      Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.
- Sept. '05      Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorized pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05        Approved the further exploration with Darryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05      Heard a presentation by Darryl Ross and agreed to investigate the possibility of a "green" restaurant in the southeast corner of the Student Union.
- Nov. '04        Approved a two-year lease extension, beginning Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.

Vendors (cont'd)

Nov. '04	Approved the transfer of ownership of The Taqueria to the owner's nephew.
July '04	To advertise the Store, the ASUC worked to give Cal-SO counselors a \$5 gift certificate and RAs a 15% discount card.
June '04	Approved a five-year extension for the STA Travel lease.
June '04	Approved the Resolution In Support of Follett Contract Performance Review.
June '04	Approved changes to the terms of the Pub's lease.
April '04	Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations fail, and to issue an RFP.
March '04	Agreed to a four-week pilot project for the New York Times Readership Pilot Project.
March '04	Rejected contract proposals submitted by Pub management, called upon Commercial Operations to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.
March '04	Recommended signing the Follett contract, dated Feb. 26, '04.
January '04	Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.
January '04	Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.
December '03	Heard from John Martin, operator of the Pub.
November '03	The Daily Cal lease was signed, and printing of the ASUC government page began.
November '03	Heard a presentation on Coca-Cola business practices in Colombia.
August '03	Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus committee at-large.
July '03	Approved a five-year lease with the Daily Cal.
July '03	Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.

Vendors (cont'd)

- June '03 Formed a subcommittee to further consider the Daily Cal lease.
- August '04 Decided to offer the Pub, after consulting with counsel, a reduction in rent, with conditions.
- July '04 Heard a counter proposal from the Pub regarding a contract revision. Authorized the Director to seek legal counsel.
- May '03 Heard a presentation by Coca-Cola representatives on the Company's business practices in Colombia.
- December '02 Added a fair-trade coffee option into the lease of the Coffee Spot

Student Union / Pauley Ballroom

- December '02 Authorized a letter to Coca-Cola expressing the Board's concerns with allegations of human rights abuses in Colombian bottling plants, and requested a company representative speak to the Board.
- May '05 Voted to approve the LoSpro lounge proposal for the space in the Student Union occupied by the Bearcade.
- May '05 Voted to explore options for the expansion of the Art Studio.
- April '04 Heard a presentation by Ms. Terman, Manager, Art Studio, on expanding the Art Studio into the area used by the Bearcade.
- October '04 Authorized ASUC President Leybovich, with matching funds from H&D, to spend up to \$2,500 for a Student Union/food service survey.
- May '03 Approved agreement with the Chancellor's proposal on the multicultural lounge; to enter into negotiations on costs and the Auxiliary's role in managing the facility; and to approve a negotiating committee. Current Officers will negotiate, with new Officers to shadow them until current Officers leave.
- May '03 Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June meeting.
- April '03 Received a proposal, as part of the 2003-2004 budget, to allocate \$20,000 for the Senate and the GA to use for Pauley Ballroom fee waivers.

Budget (cont'd)

February '03      Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

April '06            Approved the 2006-7 Auxiliary budget.

April '05            Approved the 2005-6 Auxiliary budget.

September '04      Approved a motion to state that the Board alone had authority to shift funding; to determine 03-04 residual profit at \$103,208; and to transfer \$50,000 from residual profit to the Auxiliary Contingency Fund, making up for a transfer of that amount to the ASUC to balance its 04-05 budget.

May '04              Approved a motion to urge the future SOB, 04-05, to consider as a high priority, fully funding one position for the OSA and a half position OSA position for the GA.

April '04             Approved the ASUC Auxiliary FY2004-2005 Budget, including a transfer to the ASUC of \$50,000 from the Auxiliary Contingency Reserves.

February '03        Received "ASUC Auxiliary Revenue and Expense Report, July -December 2003."

June '03             A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.

May '03              Unanimously approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a recommendation by August 30, agreed to staff the security desk in Eshleman starting at 6 p.m., rather than 8 a.m.

## ASUC STORE OPERATIONS BOARD MINUTES

March 12, 2007

Present: (Members and others)

Ron Coley  
Matt Dally  
Josh Daniels

Barbara Davis  
Vishal Gupta  
Victoria Harrison

Ray Miles  
Nadesan Permaul  
Jillian Putnam-Smith  
Oliver Williamson

### **SUMMARY OF THE MEETING**

The meeting was called to order at 5:11 p.m.

#### **Report from the Director**

Starbucks made a presentation to use the Cal Convenience Store, about 2,000 square feet. Capital Programs has determined that the space met all the requirements. Since the space belonged to the Cal Student Store, a bid process was not necessary, and it was the Store's space to allocate. A survey showed students were interested in other types of services and were not opposed to large, commercial services. Starbucks will bring their technical expert to walk through the site. Starbucks automatically brought about \$600,000 to refurbish its space, and required \$75,000 from the lessor. Students will meet with Starbucks after the company's assessment. Starbucks worked on square footage, not a percentage of sales. Other lessees pay about \$4.50 a square foot, including maintenance and utilities. That would be about \$100,000 in incremental revenue to the ASUC.

The ASUC only had one lessee, the Bear's Lair, that paid even close to that. All other vendors paid considerably less. The Auxiliary will meet with these vendors and with students and will propose that vendors increase their rents in exchange for longer-term contracts. Lessees were currently on month-to-month leases. The Convenience Store provided sundry products and because there was no grocery store on Telegraph Ave. But Walgreen's will provide those products at a lower cost. The Auxiliary's businesses were not open on weekends because there wasn't anything to particularly attract students if they weren't on campus studying. Starbucks could attract the community as well as students. Starbucks would stay open later than the Bear's Lair was now open. The Store has agreed to relocate certain products, newspapers and other things, to try to create a bookstore/coffee shop experience. Starbucks would also provide a community service fund for student groups and programs. Creating a coffee cart for other areas of campus might also be possible.

A concern was raised about price levels. The Auxiliary believed that between Starbucks and the Coffee Spot, two different clienteles would be served.

Regarding The Scholar's Workstation, the Auxiliary will give an appropriate window of time for TSW to make a decision to relocate to the Student Union complex.

The Student Store has almost reached \$15 million in revenue, \$1.5 million year-to-date over last year. At \$17 million, students get a \$500,000 increase in revenue, with another bump at \$20 million. Follett and the Auxiliary want to be at \$30 million. Starbucks was a way to drive traffic.

The goal for these possible changes was the Fall Semester.

Regarding Panda Express, the company has wanted to come to Berkeley for years. And Director will meet with them at the end of March. The company brings more money to the table than Starbucks. The Auxiliary would have to see if there was space, and at that point, coming to Berkeley was just speculation.

The campus and the Auxiliary wanted to bring life to Lower Sproul, particularly the decks of the Student Union building.

Panda Express was a family-owned business.

Regarding competitive bidding for space, the Auxiliary would follow University policy. If Follett released space to the Auxiliary and a business went under the Auxiliary's umbrella, bidding might be necessary.

Regarding the Brazil Café, students love the food and services. The Credit Union was on a month-to-month lease and its business has dramatically declined, and might be relocated, with the space to be used by the Café. The Facilities office didn't think the Postal Annex site, which had water and ducting, would be appropriate, given the age of the equipment there. A bid process would be necessary.

Regarding changes to vendor agreements, the previous Director put all Bear's Lair vendors on month-to-month leases, with the intent to renegotiate. The vendors said they'd be willing to do that. One vendor still had to be talked to.

The Auxiliary hoped to change the Bear's Lair, to have a restaurant, with seating on the upper, western deck of the ASUC. The kitchen in the Bear's Lair would need to be expanded. That would involve a change in space allocation in the Bear's Lair, something to talk about with one of the vendors.

If everything fell into place, they'd the Brazil Café or another restaurant/business in the Credit Union space; The Scholar's Workstation inside the Cal Student Store; a printing/copy service inside the Store area; Starbucks; and Panda Express. They'd have a significant number of businesses bringing in foot traffic.

The Auxiliary was also talking to the Career Center opening a satellite service in the southeast corner of MLK, the Plaza side. A restaurateur, the owner of Adagio and the Free Speech Café, had considered a restaurant at this location, but renovation costs turned out to be prohibitive. A proposal had been prepared, and the Director will confirm that it's been withdrawn.

And Director would like to double the rental of Pauley and other facilities, which were quite underutilized. Tilden and Pauley will be renovated and physical improvements to the kitchen and the restroom there will be done. The Auxiliary's scheduling program will be upgraded to improve online operations. The hope was to dramatically improve the rental business.

Regarding vending carts, campus policy was being checked, and there will be further conversations about this.

Regarding the Cal 1 Card, a meeting will be scheduled in April with a large number of parties. The idea was to offer a one-package deal providing a wide variety of services and generate new revenue for the students. A concern was expressed about its use as a credit card and the problem of possible abuse. Campus and UC policies would be followed. Vendors interested in providing this service were not interested in credit card business.

Regarding the Multicultural Center, the agreement with the campus to use Heller expired in June '08, and calls for renewal terms to be agreed upon six months before the expiration date, i.e., December '07. Preliminary conversations will begin. It was noted that Heller Lounge was the second most valuable room for reservations when it was available for rental.

A concern was expressed about where all the planned changes to the Student Union complex would fit. But a lot of space there was very poorly utilized. The campus was interested in quickly extending terms for the MCC in Heller.

Regarding the Student Union complex redevelopment referendum, students have done an outstanding job. That spring the students will vote on a fee for that of \$9 per semester. Estimates of cost at this point were still very flexible. The student contribution would generate about \$2 million and would give students a seat at the table. That amount would also pay part of a principle gift officer to fundraise for Lower Sproul.

Money from the Life Safety Fee was from students, and if the campus used that for planning, students could ask to pay less during the construction phase.

A concern was expressed about having a 50-50 student-campus financial model, and about students paying for staff, i.e. the gift officer. Referendum language would allow students to end this fee if the campus didn't commit its contribution.

The Life Safety Fund contained \$12 million, and one idea was to use those funds for the demolition of Eshleman. It was noted that Life Safety money has been used to plan Life Safety projects. A letter has been sent to the campus about this. The next phase of planning could cost from \$4-6 million. A concern was raised about inexact estimates. Having a student contribution would help to ensure that the process continued to move forward.

A concern was raised about the cost of the student fee and the message that would be sent if the referendum failed. But focus groups and surveys have been done and the \$9 amount has not generated big objections. When shown that students would get a tangible benefit, they've been willing to increase their fees marginally.

Mr. Daniels hoped to stay on next year, and the GA determined ten conditions for Lower Sproul grads would need in order to financially support a construction fee. The Program Committee will include the GA President and PhD students, there for the long haul. That will hopefully sidestep the drawbacks resulting from student turnover.

There will also be a referendum for a \$12 to support the Cal Band, UC Chorales, UC Jazz Ensembles, ASUC SUPERB, the GA, and the ASUC. If SUPERB, the entertainment board, was fully funded by this fee, the ASUC would have about \$120,000 of additional funds to reallocate. The fee would fund a portion of the budgets for Student Musical Activities.



It was noted that on this campus, the only option students had to support their activities and programs was to pay for it themselves. Other UC campuses contribute much more. SUPERB has been cut for three years and could literally go out of business. The Auxiliary will not provide any residual money for next year's ASUC budget.

The meeting adjourned at 6:10 p.m.

**[End summary of the meeting.]**



This regular meeting of the Store Operations Board was called to order by Jillian Putnam-Smith at 5:11 p.m. in the ASUC Senate Chamber.

APPROVAL OF THE MINUTES

Ms. Putnam-Smith said she would entertain a motion to adopt the minutes from the December and February meetings. It was so moved and seconded by Mr. Miles and Mr. Daniels. THE MOTION TO APPROVE THE MINUTES OF THE DECEMBER 11, 2006, AND FEBRUARY 12, 2007 BOARD MEETINGS, PASSED UNANIMOUSLY BY VOICE-VOTE.

APPROVAL OF THE AGENDA

Ms. Putnam-Smith said she would entertain a motion to adopt the agenda for the meeting. It was so moved and seconded by Mr. Miles and Mr. Daniels. THE MOTION TO APPROVE THE AGENDA PASSED UNANIMOUSLY BY VOICE-VOTE.

REPORT FROM THE DIRECTOR

Mr. Permaul said he had a meeting with Starbucks on Friday. Starbucks came to the campus and made a very impressive presentation for the re-use of the Cal Convenience Store, which was about 2,000 square feet. This would be the southern entrance to the Cal Student Store. They've already had Capital Programs assess the space and the space met all of the requirements to allow Starbucks to develop the space. Coffee Bean & Teahouse and Panda Express could also locate there. The space belonged to the Cal Student Store, and as a consequence, the Auxiliary wouldn't have to go through a bid process, and it was the

Store's space to reallocate as it would like. The Auxiliary was working with the students to make sure that they were comfortable. The students did a survey of undergraduates, in conjunction with the redevelopment of Lower Sproul, and apparently 39% of the students, he believed the largest block, identified Starbucks as something they would like to see in the Student Union complex.

Mr. Daniels asked if the preference was for Starbucks or a café. Mr. Permaul said he was told that it was Starbucks. Mr. Gupta said he'd need to confirm that. Mr. Permaul said they could provide the end results of the survey, but students were clearly interested in moving towards other types of services, and were not opposed to large, commercial services. Starbucks was getting the floor plans for the Cal Student Store from Follett and will bring their technical expert to walk through the site in detail. It was mentioned to Starbucks that its colors were green and white, and they agreed that if it went up, the sign, referred to as "Starbucks at Sather Gate," would be green, but the rest of the motif would need to fit into the campus colors. That's not something Starbucks usually did. So the Auxiliary was very pleased with the company's openness and willingness to work with the Auxiliary.

Starbucks automatically brings about \$600,000 to the table to refurbish the space it moves into amortized over ten years. It wasn't known if this Student Union complex would remain for ten years, so work would be done on an amortization schedule that would take into account the possibility that the complex might be torn down, and that Starbucks would make an investment into it.

Starbucks also required, at every location it entered, an investment by whoever owned the space, whether a mom-and-pop or a big corporation, and required \$75,000 as a match for its \$600,000. The Auxiliary will meet with Starbucks, at a Senate meeting, after the company did its assessment, and bring the students together with them, and start talking about the terms and conditions that would need to be put into an addendum of the Follett contract to allow Starbucks to take over the space, and for the ASUC to collect rent on 2,000 square feet. Starbucks works on square footage, not a percentage of sales. At that time, one comparable area business paid about \$4.50 a square foot, including maintenance and utilities. That would be about \$100,000 in incremental revenue to the ASUC that would be very important to students.

Mr. Daniels asked what the Auxiliary got per square foot from other users of space. Mr. Permaul said they only had one lessee that paid even close to that, the Bear's Lair. All the other vendors paid considerably less. The Auxiliary will meet with those vendors, and with the students, and meetings have been scheduled for the end of March. They will propose that the vendors increase their rents to the ASUC in exchange for longer-term contracts. Lessees were currently on month-to-month leases. Mr. Permaul said his predecessor put them on month-to-month lessees with the explicit notion of renegotiating the cost per square foot. And the Auxiliary will do that.

Mr. Williamson asked what the benefit was of not soliciting other bids. Mr. Permaul said the students wanted to maintain a certain level of balance between local, small businesses, and new, larger corporate entities. He'd be talking later about another small business the students want to bring to the ASUC that would be very popular, but wouldn't bring in the kind of revenue that a Panda Express or a Starbucks would.

Ms. Davis asked if Starbucks would move into the Convenience Store. Mr. Permaul said the Convenience Store has been providing sundry products and services to the students because there was no grocery store on Telegraph Ave. But when Walgreen's opened, it will provide all the foodstuffs that the Convenience Store provides, at a much lower cost. The Auxiliary didn't want to be in competition with them. In

fact, the Cal Convenience Store was kind of a loss leader, and its goal was to bring people into the Store itself, not to make money per se. So the goal was not only to make money from that Convenience Store's space, but to bring bodies in. Starbucks would not only bring people in during the week, but on the weekend as well. That's the goal the Cal Student Store had. So it was a good confluence of business needs and interests, along with the students' interest.

Mr. Williamson asked if there was evidence of them bringing in additional traffic. Mr. Permaul said that on Telegraph Ave., Peet's and the bagel store were open on weekends and drew traffic. None of the Auxiliary's businesses were open on the weekend because students don't tend to find a particular attraction if they're not on campus studying. Because of the nature of Starbucks' business, and also because of the performance of Starbucks at the other end of campus, they think it would attract the community as well as students. So Starbucks was not concerned with that issue.

Mr. Daniels said that as part of the negotiations, he asked if being open a certain amount of hours was included. Mr. Permaul said they would request several things of Starbucks, including specific hours. It would stay open later than the Bear's Lair was now open. The Cal Student Store has agreed to relocate certain products, newspapers and other things, and try and create a kind of bookstore/coffee shop experience that Starbucks offered at Stanford and other locations. But they would be able to pull down a gate if Starbucks wanted to remain open and the Store wanted to close. Starbucks would also provide, as Coca-Cola did, with a community service fund, which could be used in any way, for student groups and programs on the campus, over the course of the year.

Mr. Permaul said the Auxiliary was also asking Starbucks to consider the development of a coffee cart, because the ASUC would like to expand its businesses beyond the parameters of the ASUC. He's work with the campus to see if it would be possible for the ASUC to be responsible for licensing food carts on the campus. If that was the case, they could send a coffee cart to Stanley Hall in the morning, e.g., or down to the Rec Sports Facility, or to the Law School, and allow those students who don't immediately come to Bancroft and Telegraph to gain access to those products.

Ms. Putnam-Smith said she was a bit concerned about price levels. If Starbucks was on campus, it would be the end of the Coffee Spot, which was very popular because of its prices. She didn't think Starbucks would be willing to consider that students were on tighter budgets. Mr. Permaul said they wouldn't, but they also believe there were two different clienteles that were serviced there. They also sell coffee at Naia's. He thought they had walk-through traffic very attuned to the Coffee Spot. They think traffic would continue to use those services, and people have expressed that. People like the low prices there. It would be different clientele that would come and sit down at Starbucks and use the tables outside. And they'd be at opposite ends of the complex. The Auxiliary was also working with the Coffee Spot to redesign its space to be more attractive and interesting to campus clientele. The Auxiliary certainly didn't want to abandon them.

Mr. Williamson said he pleased to hear the sense of systems analysis Mr. Permaul was providing, and the ad hoc awards seemed to make sense. But he worried that they could have too much of a good thing. He asked if Starbucks would keep its bid unchanged if it had to compete for the space. Mr. Permaul said Starbucks made it very clear it wasn't fond of RFPs. When Starbucks was looking at ASUC space, the Auxiliary told them the campus had a requirement to go out to bid. This opportunity came up because of the change with Walgreen's, and talking to the Cal Student Store to maximize its space.

Regarding The Scholar's Workstation, the Auxiliary was continuing to have discussions about computer sales on campus. The Scholar's Workstation was temporarily moving to the Hearst Annex. After that move, and after doing an analysis of its financial model, TSW was prepared to sit down with the Auxiliary talk about a relocation. The Auxiliary will give them an appropriate window of time. If a decision to relocate couldn't be made, the Auxiliary would market that space. And there were other pieces of that space that The Workstation had to fill.

Mr. Permaul said the Student Store has almost reached the \$15 million mark in revenue, \$1.5 million year-to-date over last year. When they get to \$17 million, the students would automatically get a \$500,000 increase in revenues. The moment they get to \$20 million, they get another bump. Mr. Permaul said that when he talked to Follett's, both of them had the same point of view. They both want to be at \$30 million. Mr. Permaul said he didn't see why they should let UCLA have all the good fortune. So they were determined to move sales. The only way to do that was to bring bodies into the site. So they were going to use every one of these opportunities to do that. And he'd mention some others as he continued his report. The first idea was Starbucks.

Ms. Davis asked about the timeframe on this. Mr. Permaul said he told Starbucks that his preference would be to have a grand opening that coming Fall Semester. That may not be realistic because they'd have to go through the capital program and they had to deal with a number of planning issues. And one never knew what unforeseen physical problems would be discovered when the facility was opened up. But for everyone he was speaking to, Panda Express, Starbucks, the Brazil Café, his goal was to have a whole new ASUC open in the fall when the students arrive. That was the Auxiliary's goal.

Regarding Panda Express, Mr. Permaul said the company called him and said they've wanted to come to Berkeley for years and would do anything to come there. The company was told it was in a queue, and that the Auxiliary had to follow some steps. But Panda Express called him again last Friday and would not take no for an answer. He'll meet with them at the ACI Conference in Atlanta at the end of March. He's already told them that the Auxiliary would be making a decision about the Cal Convenience Store, after which there would be some other triggers that might be possible. Mr. Permaul said he met with AVC Marthinsen, from the Planning office, along with Dave Johnson, Construction Director, and they talked about possible locations for a Panda Express, and to make sure they were in the same mental framework he was in. Ms. Marthinsen graciously came back at the end of the meeting and said there was no problem and that the campus wasn't looking at major capital redevelopment, but a re-tenenting of that space. The Auxiliary's goal was to be on the same page with them. They hope to be able to bring in Panda Express, which brings more money to the table than Starbucks. And they're interested in many of the opportunities that Starbucks was interested as well.

Ms. Davis asked where they would be located. Mr. Permaul said what he would like to do first was to finish looking at the physical options that they have with their other vendors. And then, if they really did have space for Panda Express, to come back to the table and propose something. But right now, they just had a lot of speculation. But he could assure the Board that there were locations, and it was just a question of whether it would physically work properly, and whether the campus felt the business was appropriate in the location, and whether the Auxiliary could develop them in ways that would be appropriate for the Lower Sproul area.

Mr. Permaul said that one thing they focused on with Ms. Marthinsen and with Mr. Johnson was bringing life to Lower Sproul, and particularly to the decks of the Student Union building. And they were very

supportive of that. Board members could let their imaginations go and imagine what it would be like if they could bring more life to the western exterior of the Martin Luther King Union. He'd just leave it at that for the time being.

Ms. Davis said this would be a big change. Starbucks was starting the ball rolling, but Panda Express was really a change. Mr. Permaul said it's a family-owned business, exactly like Coffee Bean, and has been from the very beginning. Ms. Putnam-Smith said that there however, over 800 locations. Mr. Permaul said that was true, but they were still family owned, no different from the other small businesses.

Ms. Davis asked about the notion of having competitive bids for something like that. Mr. Permaul said there could be. Ms. Davis said they could have LaVal's Pizza or Zachary's. Mr. Permaul said there could be other things discussed, and nobody was promising anybody anything. But they want to bring them to see the site.

Mr. Coley said that Auxiliary would follow University policy. Ms. Davis said that was not the case if the company went into the Follett space, because that's what they were doing with Starbucks. Mr. Permaul said it was University policy that the space belonged to Follett. Ms. Davis said that if Panda Express went into Follett, there wouldn't have to be competitive bids either. Mr. Coley said he wasn't convinced of that. They would not have to do it if Follett's was managing and controlling it. But if Follett released that space to the Auxiliary, and then they went in under the Auxiliary's umbrella, then the Auxiliary would be obliged to follow University policy. It was his responsibility to honor University policy, and they'd follow that policy.

Ms. Putnam-Smith asked if Starbucks didn't want an RFP, per se. Mr. Permaul said he thought their goal would be to not have one. It made things easier.

Mr. Permaul said that regarding the Brazil Café, they called him on Friday to confirm a meeting in two weeks. They were currently operating out of a small "hut," a cart. Mr. Daniels said it was located across from Ace Hardware at the top of University Ave., right by where the University began. Mr. Permaul they have plastic furniture and some fake greenery and make a small fortune. Students absolutely love their food and services, and love the idea of it coming to the campus. And there was a location for them. The Credit Union was on a month-to-month lease because it didn't renew its option and recognized its business has dramatically declined over the last two years. The Auxiliary has talked to the Credit Union about relocating possibly.

When the assessment was done of ASUC space, they hoped to put the Brazil Café where the Postal Annex had been located, because that site has water and ducting. But Capital Program Facilities Resources didn't think a restaurant could be installed there, given the age of the equipment in that location. The recommendation was to move a non-food service to that site and move a food service to the location closer to the exterior of the building. So the Auxiliary will approach the Credit Union to ask them, at least temporarily, to have a month-to-month lease and move into the Postal Annex location, down from Naia's, and the Brazil Café would be offered the space currently occupied by the Credit Union. Mr. Permaul said they'd have to go through a bid process because it was ASUC space. He'll talk about that to the Brazil Café at the meeting.

Ms. Davis asked if this would be another café, one if they'd close the one on University Ave. Mr. Permaul said they had been looking to open a restaurant on University Ave., so when the Auxiliary approached them, they were very excited. They've always wanted to come to campus.

Regarding changes to vendor agreements, Mr. Permaul said that as he mentioned, his predecessor put all of the Bear's Lair groups on a month-to-month set of leases, with the anticipation that they would be renegotiated. After talking with the students and meeting with the vendors, Mr. Permaul said the Auxiliary has agreed to consider extending leases only if the vendors would be willing to renegotiate their rents. So far, all of them have said they'd be willing to do that. They'll meet with the vendors again because there were options on the leases that could be extended to consider raising rents. There was one exception. He wouldn't go into great detail, because he hasn't talked to the vendor yet.

Mr. Permaul said they would also like to change the business of the Bear's Lair, to make it much more like Jupiters in downtown Berkeley, and offer a restaurant alternative for the campus, on the upper, western deck of the ASUC. They couldn't do that without having additional space to expand the kitchen for the Bear's Lair. So before they get there, they need to talk to their vendors. One proposal to be advanced dealt with a change in the space allocation in the Bear's Lair. That's something he and the students will talk to one of the vendors about. He didn't want to go into detail because he hasn't talked to the vendor. Once that happens, Mr. Permaul said they'll make a presentation to the Board.

If everything was to go right and all the contracts were to fall into place, they would have something in the space of the Credit Union, either the Brazil Café or some other restaurant/business; they'd have, at some point, The Scholar's Workstation inside the Cal Student Store; they'd have a printing/copy service inside the Follett Cal Student Store area and sell readers and other things; they'd have Starbucks at Sather Gate; Panda Express at Sather Gate; they'd have a significant number of businesses that would bring in high foot traffic.

In addition, Mr. Permaul said they were talking to the Career Center about possibly opening a satellite service in the southeast corner of the Martin Luther King Union, which would bring a whole other set of foot traffic. There were serious conversations about that. The goal was to bring foot traffic to the site in order to generate revenues the reach their goal for producing new revenue for the students and the ASUC.

Mr. Miles asked if the Career Center satellite would basically be on the street. Mr. Permaul said it would be on the Plaza side. The Center has expressed a real interest. There were interesting ways to bring corporate vendors to the campus that didn't require huge events in Pauley Ballroom.

Mr. Coley said a year or two ago, a restaurateur was looking at that space. Mr. Permaul said the owner of Adagio and the Free Speech Café was very interested when they thought the cost of knocking out windows and putting in doors would be \$100,000. But when the estimate from the campus came back at \$250,000, and up, they were less interested. They also wanted to use the kitchen for Pauley Ballroom to run the business, and that would have severely hurt the Auxiliary's use of the kitchen for rentals at Pauley. Mr. Permaul said that one thing he wanted to do was to double the size of their rental of Pauley and their other facilities. He thought they were woefully underutilizing those facilities. They're doing a seismic renovation of Tilden and Pauley, and he intended to do some physical improvements to the kitchen and the restroom on that level. They're also purchasing and installing, along with Recreational Sports and Intercollegiate Athletics, an upgrade to the Auxiliary's scheduling program so that they could do a much better job of facilities operations online. And as the Board knew, the Auxiliary was completely redoing its Web pages at the same time to make it business friendly so people could actually do transactions with Cal Lecture Notes, the Art Studio, and reservations, as well as the Cal Lodge. They hope to transform and dramatically improve that business.

Mr. Coley asked if the restaurant proposal has been officially withdrawn. Mr. Permaul said no one has approached him about that since he's been there. He could also follow-up with Adagio if people would like him to that. Mr. Coley said he didn't remember there being an application, but the students at the time were pressing on this and there was a letter that was prepared that gave the Adagio an option. He was sure it must have had some time constraints to it, and Mr. Permaul would probably need to go into his files to make sure that they can put a close to that so there was nothing hanging over on this. Mr. Permaul said he would do that.

Mr. Permaul said he mentioned the changes to the Bear's Lair.

Mr. Permaul said that regarding vending carts, he'll work on this with the campus. There was a vending cart policy that never was adopted by the campus. He had a copy and was reading through it. He and Mr. Coley will have further conversations about this and Mr. Permaul said he'll come to the Board to talk about this further.

Regarding the Cal 1 Card, Mr. Permaul said that Residential and Student Service Programs has given them the go-ahead signal to have a meeting to talk about private sponsorship for the Cal 1 Card. He was given a list of names of people they want invited to the meeting. The students also had a vested interest in this matter. The bottom line was that the students could be providing a banking service on the campus that would be very profitable to them if they wanted to provide the space for it in the Student Union complex. He thought it would be better to work in concert with the campus to offer a one-package deal that would make a wide variety of services to students, faculty, and staff, and would bring revenue to RSSP to offset the funds that the campus was currently expended to actually operate the 1 Card program, as well as to generate new revenue for the students. So that was his goal. He will chair this meeting sometime early in April as they had other things going on at that time. But they will pull this meeting together with all the appropriate parties, including Shel Wagner's shop. And he'd assume that the UCPD also had a vested interest in this. There will be a whole cast of thousands at this meeting who were interested in the Cal 1 Card.

Mr. Daniels said that Ben Allen, the Student Regent Designate, mentioned at a recent UC Student Association meeting, in an offhand way, Regental policy regarding credit cards on campus. Mr. Permaul said this would not be a credit card. Mr. Daniels asked if there would be potential to use it as a credit card. Mr. Permaul said there would be; and if the University had a policy that said they couldn't, then they wouldn't. Mr. Daniels said he was just passing on that knowledge. The Regents were considering or already had a credit card policy that may or may not affect this. He thought that should be investigated.

Mr. Coley said the campus has been sensitive about credit cards for quite some time, and the Auxiliary needed to be hypersensitive about it at that time, in light of what was happening in Congress, with violations and usury perpetrated by credit card companies that consider university students to be their targets. So they need to be especially vigilant about this. Mr. Permaul said that all the vendors who have come to them were not interested in the credit card business.

Regarding exploration of the Multicultural Center agreement between the campus and the ASUC, Mr. Permaul said he's mentioned to Ms. Davis that they need to begin the process of discussing the campus' renewal or extension, or renegotiation of the Multicultural Center. The agreement required that the students come to terms with the campus six months before the expiration of the actual agreement. The agreement expired June 30, 2008. So in theory, they would need to be done with negotiations by

December 31, according to the current MOU. He's already begun to approach Ms. Davis and he's also approached, at her request, the current Director of the MCC. They'll have preliminary conversations.

Mr. Permaul said he thought that in this process, they all knew this would be good for the campus. So it was just a question of how it would be renewed and under what terms and conditions. Parenthetically, Heller Lounge was the second most valuable room in terms of reservations, and if they looked at the records, it would generate almost as much revenue as Pauley Ballroom, annually. Of course, it hasn't generated any revenue, and wouldn't, for three years, because of the agreement, but that was the agreement the campus came to with the students and a variety of people. Mr. Permaul said they were just trying to make sure that when they sit down at the table, that all the factors and issues were considered.

Ms. Davis said she thought the interest of the Chancellor was in keeping the Multicultural Center in Heller for another three years, or two years, if they could extend it, and see how things develop with the Lower Sproul Referendum. As Mr. Permaul knew, there was no other space on campus. In fact, she was getting a little nervous when she heard of all of the things he was planning, and where all of them would go. These proposals meant there would be a massive movement in the portfolio of current vendors in the Bear's Lair, and other things that would be done. Mr. Permaul said they'd be surprised at how much space was very poorly utilized. Their goal would not be to affect any of their current rental space that they have for the reservations side. So they would not use that space.

Ms. Davis said she thought the campus was interested in getting an extension on the MCC as quickly as possible, and not waiting until December 31. So they'll move forward with the Multicultural Center Programming Committee, and with Mr. Permaul and others on campus.

Regarding the Student Union complex redevelopment referendum, Mr. Permaul said the students have been doing an outstanding job trying to pull this Referendum together. Mr. Daniels made a presentation to the Student Fee Referendum Committee. Mr. Daniels said the Fee was set at \$9 per semester and will increase \$1.80.

Ms. Davis asked why it would go up. Mr. Daniels said the estimate from Capital Projects was that the cost of the planning, up to construction, not including the cost of demolition, would be about \$4 million, give or take a few million. So it was a very flexible rate. This amount of money will generate a little less than \$2 million. It would give students a definite seat at the table and would pay part of a principle gift officer that would help fundraise for Lower Sproul, theoretically making significantly lower the eventual fee students would pay for construction. It was what they thought students could contribute. The campus, at least in their discussions with Cathy Koshland's office, was hoping students could contribute more. So it was a compromise.

Ms. Davis asked about using money from the Life Safety Fee for planning, and if that would be the campus' contribution, since that was really student money. Mr. Daniels said that was certainly a possibility. He didn't know at that point because they don't have a set cost for the planning, the demolition, the surge, or construction. All that was somewhat flexible. Even if Life Safety Fees were to go towards planning, they could offset that cost in other ways, over the construction phase. In other words, at this point, given the timing, it was too late to incorporate any Life Safety money into the allotted amount. He didn't know the amount of Life Safety, but if a half million went towards planning, one thing they could then go to the Chancellor with in three years was to say that students put in a half million in Life Safety towards planning and expected their contribution for construction to be reduced by half a million. In other words, the



net amount that students would have to pay would be the same, regardless of whether or not Life Safety money was used.

Ms. Davis said she was obviously in favor of doing the redevelopment of Lower Sproul, but was just a little concerned about the financial model in terms of doing it as a 50-50 student-campus split. Mr. Daniels said the benefit students have is that they would put up an amount of money with the expectation that the campus would contribute the rest. For whatever reasons, there were clauses in the Referendum language allowing students to withdraw their support. There was no fixed cost, and the campus was not going to commit to any specific contribution, as part of the Referendum. They could not bind any campus action.

Ms. Davis asked about the students paying for a gift officer, for staff. Mr. Permaul said not everybody has been at the table, so he'd explain. The campus actually took the initial position that it would pay for the entire planning, but backed off from that. And then they said maybe the students could pay entirely for the planning. The students were told what the Regents would do in terms of raising fees and that set a level on what the students felt was sellable to students. So \$9 was what the students announced last week at the Lower Sproul Work Group that the students could contribute. AVC Marthinsen said they would go back to Ms. Koshland and the Cabinet and explain the options. They were using Life Safety funds for a different purpose. When they met with AVP Koshland, her position was that Life Safety funds should be used for demolition of Eshleman. There was \$12 million currently in the Life Safety Fund, and purposes and uses of that money have been identified. And some of that money was coming to the ASUC for work on Pauley and the Tilden Room. The Dean of Students, Mr. Poullard, raised the question of whether or not because of Ms. Davis' conversation, some Life Safety funds could be used for planning. He sent that in a letter to the Chair of the Life Safety Committee, and to Ms. Marthinsen, sent last Thursday or Friday; and there has not yet been a response. But at least they put that out on the table. If the Committee came back and said that wasn't what the campus was budgeting Life Safety for, then again, it would fall back upon the students.

Ms. Davis asked if there were students on the Life Safety Committee. Mr. Permaul said he would assume there were.

Ms. Davis said she was Chair of the Life Safety Committee that sorted through the mess that was life safety on this campus and she thought their Committee got things fairly well organized. This was a bit troubling for her because historically, Life Safety money has been used for the planning of Life Safety projects. Mr. Permaul said that it might be after Ms. Koshland and others look at the pool of dollars. The next phase of planning could cost anywhere from \$4-6 million. Ms. Davis asked if this was like planning for Hearst Gym. Mr. Permaul said they're looking at a project that was in the neighborhood of \$100-140 million. That's their vision of what it could cost to do this facility.

Ms. Davis said she hasn't been involved in this discussion for a while, but it seemed like numbers were just being thrown out. She asked how much planning cost for the High Performance facility, or for Hearst Gym, and asked how they came up with the estimate for what Lower Sproul would cost. Mr. Daniels said these were very rough estimates. He didn't know how they came up with these numbers, and that was a good question. The point about Life Safety being student money, in effect, was very well taken, and was not something he, at least, had considered. Part of the justification he saw in having the fee set at \$9 was what most worried him, which was having the project start, and then stop, and having to fight their way, tooth and nail, through every step of the process with the campus to get money. With this contribution of funds, the students could avoid that.

Ms. Davis said she was worried that the Referendum could fail because of the cost, and asked what message that would send to the campus, that students weren't interested in Lower Sproul. Mr. Daniels said they have done a number of focus groups and surveys. The \$9 amount has been put out there, and at that point he has not gotten an incredible push back as a result of that amount of money. If they look at the three referenda that were passed last year, the RSF, the Class Pass, and health fees, they were much more. Ms. Davis said they weren't, however, in the context of fees being raised. Mr. Daniels said the Health Fee was.

Ms. Davis asked if there were other referenda coming up besides Lower Sproul. Mr. Daniels said there would be, one at \$5 and one at \$12. His experience from referenda language was only from last year, so it was very limited. But if it could be shown that students would get a tangible benefit, then students would be willing to increase their fees marginally. So the proponents' task was to prove to students that this was a worthwhile referendum and that they'd get a value back. That went almost without saying, but that's what they've signed up to do as student leaders.

Ms. Davis said she was still confused about the gift officer coming out of student fees. Mr. Permaul said the students have talked with the Chancellor about raising funds for the Student Union complex. When the students started on this, the first question was which dean they would work with. Of course, students don't have a dean other than Dean of Students. So the model physically fit with student facilities, but the agreement was that a gift officer would be assigned to the Vice Chancellor for Student Services, and if the students paid for a portion of the position, it would give them some purchase on the mission of the fundraiser. So it would be a joint venture between the campus and Student Affairs to generate funds in a capital campaign for this project.

Mr. Daniels said it was interesting to hear Ms. Davis' reaction because at meetings, all the points Ms. Davis was making, administrators were saying the opposite. Ms. Davis asked who the administrators were. Mr. Daniels said it was Ms. Koshland, at the beginning, Mr. Stowski, and Ms. Marthinsen. Their approach very much was that if this was a student complex, then students should pay for it. Literally, this has been negotiated since pretty much the beginning of the semester, going back and forth. And granted that he didn't know that Life Safety fees could be used for planning, but that question was asked; and he even made the point that given that it was a bad building, if Life Safety funds could be used, and their response was that they didn't really know. But in other words, they had so much work put into it in the past, but this year, the Chancellor and Ms. Koshland have been willing, and most of the stars have aligned for this to go forward. And because of the multiple steps of the process, if they make a mistake, for example, and it turns out that Life Safety money could have been used for planning but wasn't, and the campus used those funds for its half, the students could remedy that mistake later on, by subtracting that money. He wasn't saying things were perfect, and obviously they'd like the fee to be less than \$9. But it would give students a legitimate seat at the table with a lot of conditions on their money. He thought that would ensure, in the long run, that students got tangible benefits out of this.

Ms. Davis said she wanted to be supportive, but she'd guess she was disappointed because she thought there maybe could have been some creative thinking about having a gift officer under the Vice Chancellor for Student Services. Mr. Daniels said their concern with that generally was that there was no "hook" to make sure that it went as they wanted it to go. From his limited experience on campus, there could be the best intentions of all involved, but what they'd like to see a gift officer do may not occur in three years for any number of reasons, unless there was a hook to keep them focused in the same direction the students were focused in. And by a "hook," he meant having accountability via money. Unless there was money

that the students could withdraw, there would be no guarantee. And with the capital campaign going into its public phase, and would a lot of other options, students were really concerned that this would not be viable. It was too bad that this was how they felt they had to operate. But it wasn't because they felt there was any bad intent on the part of the campus, but just different priorities that come up. One needed a place at the table. That was his experience with the RSF last year, that unless students were actually contributing money, there really was no hook, other than money, and no guarantee the development would go as students would like.

Mr. Williamson said that from his successes, they should be tough minded. Mr. Daniels said he was staying on next year, if people let him. As soon as all the slates were announced for ASUC elections, they'll meet with them. From Mr. Permaul, the GA put together ten conditions for Lower Sproul that grads needed in order to financially support the construction fee. And that would be passed on from GA president to GA president. Given the high turnover, that was the best they could do at that point, to put this at the top of their priorities and train the next people as they go forward. They have three slots for undergrads and three slots for grads on the Program Committee. They include the President and a first-year in Civil Engineering, who would be there for the log haul. And a third student will soon be incorporated, another PhD student. These members will be incorporated into these meetings as well, and the grad students would be involved through the entire process, sidestepping all of the drawbacks from the turnover that the GA tended to get. That was their hope.

Mr. Permaul said that they were glad that Ms. Davis kept the bar so high. People had to keep reminding themselves about these matters because they're often at meetings with people who were giving this a different perspective.

Ms. Davis said her last comment was to ask whether Hearst Gym development had a gift officer. It was a multiple-owned building with various people in there. Mr. Permaul said people were struggling with the funding of that budget as well. Ms. Davis said she's heard they were doing quite well. Mr. Permaul said that at the last meeting, they were suggesting something else; but things change.

Ms. Davis asked when the election will be held. Mr. Permaul asked if Mr. Gupta would like to talk briefly about the other referenda. Mr. Gupta said he's been working on the referendum for \$12 to support the Cal Band, UC Chorales, UC Jazz Ensembles, ASUC SUPERB, the GA, and the ASUC. The \$12 was specifically broken down. If SUPERB was fully funded by this fee, then the Senate would have about \$120,000 of additional funds it could reallocate to ASUC organizations. The GA would have a smaller amount to allocate to grad student groups. The fee would also fund specific musical activities on campus. Mr. Permaul said there would be incremental funding to make sure that funding was optimal. It was a portion of their budgets, not their entire budgets. Mr. Gupta said that was correct. SUPERB would have its full budget provided by the fee and the Cal Band and two ensembles would have the funding that they haven't been receiving that they need, and would be fully funded by both the campus and the students.

Mr. Williamson asked if it was \$3 on top of the \$9. Mr. Gupta said this was a completely separate fee, at \$12. obviously there was return to financial aid, so the actual amount to be allocated would be \$8, plus the return to financial aid.

Mr. Permaul said that one thing the Board had to be aware of was that the students, particularly on this campus, only had one option for supporting their activities and programs, and that was to pay for it themselves. Student Health, the Class Pass, the Recreational Sports Facility, every program that was

something near to the students' heart had to be funded by the students. And now that included Lower Sproul. At other UC campuses, they have a huge infusion of campus fees into their student activities. UC San Diego provides the student musical organization there with almost \$600,000 a year. UC Santa Barbara, UC Riverside, UC Davis, all of them have substantial amounts of campus fees that go into the provision of these services. Berkeley students don't have that. And when the Regents raise the Ed Fee and Reg Fee, none of that comes back to student organizations and programs. In essence, it had a chilling affect on referenda across the campus. And by the way, the Regents were proposing to raise student fees next year as well. So there was no good time to do this. SUPERB, after three years of cuts, would literally go out of business. The ASUC budget next year, which he just submitted to his boss, did not provide for any residual dollars to student groups. And that was after two years of solid increases. And there was no new revenue coming into the students to distribute. So at that point, they either had to find new revenue or ask the students for support, or both. Or, they'd see these services decline. And that's what they're trying to avoid. He thought that is what was driving the students. And he really had to applaud them because they were doing all the hard work.

Ms. Davis asked if these were annual fees. Mr. Gupta said they were per semester.

Ms. Putnam-Smith said that seeing no other questions or concerns, the meeting was adjourned.

This meeting adjourned at 6:10 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

## **DECISIONS OF THE BOARD**

### Procedures

- December '06 Amended the Commercial Activities Agreement, to list the Blue & Gold Yearbook under Exhibit A, Part B, Number 11, to allow the Yearbook to receive student addresses from the Registrar's Office.
- November '06 Elected Mr. Dally as Vice Chair of the Board and elected to have Ms. Putnam-Smith serve as Chair for the remainder of her term, ending at the conclusion of Spring Semester, '06-7
- July '06 Mr. Permaul's first Board meeting as Auxiliary Director.
- June '06 Unanimously endorsed the efforts of the Chancellor and the UC President to utilize programs such as the Designated Suppliers Program, or other means of preventing the use of sweatshops in the production of University apparel and goods.
- April '05 Mr. Dally joined the Board as undergrad representative.
- December '05 Asked the Finance Committee to discuss with Internal Audit the ASUC's use of the BFS accounting system.
- December '05 Elected Ms. Putnam-Smith as Chair of the Board.
- June '05 Voted to have committees, after the August meeting, agree upon meeting times, during normal business hours, and for the Finance Committee to meet at least quarterly, and for each committee to have representation of faculty, staff, and students.
- June '05 Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
- February '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.
- January '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of a GA representation on the Board.
- December '03 Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.

Procedures (cont'd)

- October '03      Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.
- August '03      Heard a report on the establishment of the Space Assessment Committee for Eshleman and MLK.
- June '03        Elected Ms. Quindel and Mr. Bucklin as Board Chair and Vice Chair, 2003-4.
- June '03        Formed a Subcommittee on Committees to determine a committee structure for the Board.
- June '03        Agreed to hold a Board member orientation by August 30.
- May '03         Agreed on the need for a Board member orientation to be held before the start of the school year.
- December '02    Enhanced Board minutes by adding "Decisions of the Board"

Vendors

- June '06        Unanimously approved having Mr. Rolle look for someone to manage the Lodge, with the same relationship as with the previous manager, removing restrictions for a leaseholder.
- March '06      Approved a five-year lease option exercised by the Jupiter Pub
- Feb. '06        Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.
- Sept. '05      Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.
- Sept. '05      Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorized pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05        Approved the further exploration with Darryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05      Heard a presentation by Darryl Ross and agreed to investigate the possibility of a "green" restaurant in the southeast corner of the Student Union.
- Nov. '04        Approved a two-year lease extension, beginning Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.

Vendors (cont'd)

Nov. '04	Approved the transfer of ownership of The Taqueria to the owner's nephew.
July '04	To advertise the Store, the ASUC worked to give Cal-SO counselors a \$5 gift certificate and RAs a 15% discount card.
June '04	Approved a five-year extension for the STA Travel lease.
June '04	Approved the Resolution In Support of Follett Contract Performance Review.
June '04	Approved changes to the terms of the Pub's lease.
April '04	Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations fail, and to issue an RFP.
March '04	Agreed to a four-week pilot project for the New York Times Readership Pilot Project.
March '04	Rejected contract proposals submitted by Pub management, called upon Commercial Operations to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.
March '04	Recommended signing the Follett contract, dated Feb. 26, '04.
January '04	Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.
January '04	Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.
December '03	Heard from John Martin, operator of the Pub.
November '03	The Daily Cal lease was signed, and printing of the ASUC government page began.
November '03	Heard a presentation on Coca-Cola business practices in Colombia.
August '03	Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus committee at-large.
July '03	Approved a five-year lease with the Daily Cal.
July '03	Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.

Vendors (cont'd)

- June '03 Formed a subcommittee to further consider the Daily Cal lease.
- August '04 Decided to offer the Pub, after consulting with counsel, a reduction in rent, with conditions.
- July '04 Heard a counter proposal from the Pub regarding a contract revision. Authorized the Director to seek legal counsel.
- May '03 Heard a presentation by Coca-Cola representatives on the Company's business practices in Colombia.
- December '02 Added a fair-trade coffee option into the lease of the Coffee Spot

Student Union / Pauley Ballroom

- December '02 Authorized a letter to Coca-Cola expressing the Board's concerns with allegations of human rights abuses in Colombian bottling plants, and requested a company representative speak to the Board.
- May '05 Voted to approve the LoSpro lounge proposal for the space in the Student Union occupied by the Bearcade.
- May '05 Voted to explore options for the expansion of the Art Studio.
- April '04 Heard a presentation by Ms. Terman, Manager, Art Studio, on expanding the Art Studio into the area used by the Bearcade.
- October '04 Authorized ASUC President Leybovich, with matching funds from H&D, to spend up to \$2,500 for a Student Union/food service survey.
- May '03 Approved agreement with the Chancellor's proposal on the multicultural lounge; to enter into negotiations on costs and the Auxiliary's role in managing the facility; and to approve a negotiating committee. Current Officers will negotiate, with new Officers to shadow them until current Officers leave.
- May '03 Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June meeting.
- April '03 Received a proposal, as part of the 2003-2004 budget, to allocate \$20,000 for the Senate and the GA to use for Pauley Ballroom fee waivers.



Budget (cont'd)

February '03      Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

April '06            Approved the 2006-7 Auxiliary budget.

April '05            Approved the 2005-6 Auxiliary budget.

September '04      Approved a motion to state that the Board alone had authority to shift funding; to determine 03-04 residual profit at \$103,208; and to transfer \$50,000 from residual profit to the Auxiliary Contingency Fund, making up for a transfer of that amount to the ASUC to balance its 04-05 budget.

May '04             Approved a motion to urge the future SOB, 04-05, to consider as a high priority, fully funding one position for the OSA and a half position OSA position for the GA.

April '04            Approved the ASUC Auxiliary FY2004-2005 Budget, including a transfer to the ASUC of \$50,000 from the Auxiliary Contingency Reserves.

February '03        Received "ASUC Auxiliary Revenue and Expense Report, July -December 2003."

June '03            A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.

May '03             Unanimously approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a recommendation by August 30, agreed to staff the security desk in Eshleman starting at 6 p.m., rather than 8 a.m.

## STORE OPERATIONS BOARD MINUTES

April 9, 2007

Present: (Members and others)

Ron Coley  
Matt Dally  
Oren Gabriel

Victoria Harrison  
Roy Miles  
Nadesan Permaul

Jillian Putnam-Smith  
Jordan Smith

### **SUMMARY OF THE MEETING**

The meeting was called to order at 5:08 p.m. in the 4th floor conference room, Eshleman Hall.

#### **REPORT FROM THE DIRECTOR**

##### **Results of follow-up meeting with Starbucks and its proposal to Follett**

Starbucks made a proposal to Follett to locate a coffee shop in what was now the Convenience Store. Follett was amenable to the concept. The Auxiliary was going ahead on this and gathering all the appropriate information.

Campus Contracts Management will go the General Counsel of the OP to make sure all appropriate rules were followed.

The Auxiliary requested direction in pursuing this.

Follett would sublease the space, the same arrangement that Follett would have with The Scholar's Workstation. Nothing in the Commercial Activities Agreement precluded this. The Auxiliary wouldn't collect rent, but would receive fees associated with coming to the ASUC.

A question was raised as to whether this was a new commercial activity, that would require approval of the ASUC Senate and the Chancellor. A previous proposal with The Scholar's Workstation was simply an addendum to the contract.

The requisite level of authorization could include the Chancellor's office as well as the Board. There were questions as to how revenue would flow between Starbucks, Follett, and the ASUC.

A question was raised as to what would constitute a "new" commercial activity, and it was suggested that it would be one vendor replacing another. Follett had the ability to sublet space.

It was noted that some people would take exception to having Starbucks there, and they had to be aware of a whole host of other sensitivities.

The number of student groups goes up every year, and has recently increased greatly, while ASUC revenue actually going down a little. One way to increase revenue was to bring in new businesses. Whatever any student Administration wanted, the ASUC should focus on what the constituents wanted.

With the Undergraduate Office of Research, the ASUC did a survey, and 60% of students preferred a Starbucks or a Coffee Bean versus the Coffee Spot, and 55% would want Panda Express versus the businesses they have. Clientele for businesses was different, so changes wouldn't kill them.

Starbucks would pay top market rate and also put in half a million dollars to renovate. It would also be a great sponsor for student activities.

A public hearing would likely have to be held.

One thing Contracts Management will consider was an RFP. The CAA was also very clear about the RFP bid process.

Questions were raised as to how this would affect Follett's revenue. Follett projected substantial revenue from walk-in business. The Convenience Store was like a loss leader.

As for revenue flow, the Auxiliary was proposing an addendum to the existing contract, with fees to come through Follett. Follett and Starbucks would have separate point-of-sales. Follett would renovate that floor, to have a high-quality interface.

#### Meeting with Panda Express in Atlanta, and next steps

Panda Express will come to Berkeley later that month to look at sites. Issues with discussed about Starbucks would apply, and the process of review and analysis would be followed.

There were several options for locations. A move into space not currently occupied by a commercial business of the ASUC would require an RFP.

The Auxiliary would like to be under contract by July 1. Student governments change and the current Senate was very supportive. Follett would be the contracting party for Starbucks. It wasn't clear who the contracting party would be for Panda Express.

#### Meeting with Healthy Heavenly Foods owner: her concern and proposal

The owner of Healthy Heavenly Foods spoke to the ASUC Senate against having Panda Express. The Auxiliary would be willing to invest modestly to help current businesses be more competitive. A question was raised as to an Auxiliary expenditure to upgrade vendors. The SOB would need to approve it. It was noted that things could be done to make the businesses better, such as with lighting. The area was not very appealing.

Possible locations for Panda was the deck above the Bear's Lair food court, on the north end; space the Open Computing Facility currently had above the Convenience Store, facing Bancroft, if the OCF relocated; the space STA Travel currently occupied, which was much bigger than it needed, and could possibly relocate to the old Postal Annex location. Opportunities were available. The Career Center was also looking at two locations in the Student Union, the southeast corner on the main level, facing Lower Sproul, and the space the Postal Annex occupied.

### Brazil Café

The Brazil Café would like to come to campus. The Credit Union was on a month-to-month lease and was notified there might be a need to relocate it. The Auxiliary will go through the process on this.

The incoming student government would likely not want a Starbucks, but would probably support the Brazil Café. It was hoped that students would ensure that the student voice was heard. An administration totally against plans would make the work for naught.

There might be a trend towards bigger businesses being more popular. UCLA and UC Davis had brand new Starbucks. Unions at other campuses don't look like Berkeley's. Businesses the ASUC has chosen were being subsidized substantially by the ASUC. An offer for extended contracts will be made to current businesses, with rent closer to market rate. The goal of the Director was to get Follett's annual sales to \$20 million as quickly as possible. The plans under consideration synch up with focus groups and grad and undergrad surveys. But there was a problem a generating a legacy among student government for these proposals.

### City of Berkeley proposal to have Cal football games off-campus during construction at Memorial Stadium

The City proposed to the campus to have football games off-campus during construction on Memorial Stadium. The Vice Chancellor's office requested data on the affect that would have on City businesses. Auxiliary businesses had three to five times more revenue on game days.

Next year the Bear's Lair and Follett will have tailgates on Lower Sproul for home games.

### Follow-up with owner of Adagio/Free Speech Café regarding plans for a "green café"

A proposal for a "green" café in the Student Union will not move forward because renovation of the area would have cost \$400K. No claim to space in MLK was being made as a result of the proposal.

### NEW BUSINESS

#### Questions submitted to the Board by the Director of Community Relations

The Director of Community Relations, Irene Hegarty, posed three questions to the SOB dealing with the relationship between the ASUC Auxiliary to the surrounding community, specifically Telegraph businesses; concern about sacrificing Berkeley's uniqueness for corporate franchises; and about Lower Sproul planning. Board members raised the following points: The ASUC wanted to be respectful and mindful of the community; the Board has previously considered these points; bigger businesses were not diametrically opposed to smaller businesses and served different purposes; competitive businesses would drive traffic and benefit the entire area; the market was untapped and few people even knew about Bear's Lair businesses; the Board has never talked about closing itself off from the community; the same questions arose when the ASUC went from having an independent bookstore to having Follett; "auxiliaries" were not supposed to be driven solely by the bottom line; the questions were appropriate 40 years ago, but given the condition of the area, a Starbucks or a Peet's would be an upgrade; the ASUC Auxiliary had to be responsive to the needs of its constituents; the City should solicit input from the students as to what they'd like to see there.

OLD BUSINESS

Update on the new undergraduate representative search

Ms. Putnam-Smith's term was up after the May meeting. The Charter calls for a Selection Committee to find a replacement. Ms. Putnam-Smith said will head up the Committee and forward a replacement to the Senate before the end of the current session.

Why the Cal Band and other student musical activities are not part of the Music Department and funded by the campus as they are at other college campuses.

Schools whose marching bands were part of music departments also had music conservatories, to specifically train people in music performance. No campus in the UC System had a music conservatory.

The meeting adjourned at 6:26 p.m.

**[End summary of the meeting.]**

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This regular meeting of the Store Operations Board was called to order by Jillian Putnam-Smith at 5:08 p.m. in the 4th floor conference room, Eshleman Hall.

APPROVAL OF THE MINUTES

Ms. Putnam-Smith said she would entertain a motion to adopt the minutes from the March meeting. It was so moved and seconded by Mr. Gabriel and Mr. Miles. Miles. THE MOTION TO APPROVE THE MINUTES OF THE MARCH 12, 2007 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

APPROVAL OF THE AGENDA

Ms. Putnam-Smith said she handed out an updated agenda. Mr. Permaul said he would like to add Director Hegarty's e-mail to the agenda. A motion to adopt the agenda was made and seconded by Mr. Gabriel and Ms. Harrison. THE MOTION TO APPROVE THE AGENDA, AS AMENDED, PASSED UNANIMOUSLY BY VOICE-VOTE.

REPORT FROM THE DIRECTORResults of follow-up meeting with Starbucks and its proposal to Follett

Mr. Permaul said that last Thursday he met with Starbucks and Follett. Starbucks made a proposal to Follett to locate a coffee shop in what was currently the Convenience Store space. After reviewing the proposal, Follett was amenable to the concept. Mr. Permaul said that based on the commercial assessment the Auxiliary has been doing with the students, the Auxiliary was going ahead on this and was now gathering all the appropriate information.

Mr. Permaul said he met with the Business Manager for campus Contracts Management to talk about a whole series of contracts the ASUC was looking at. The Business Manager will go the General Counsel of the Office of the President to make sure all appropriate rules were followed, and they'll find out what latitude the Auxiliary had. The Business Manager had some very encouraging information.

The Auxiliary was in the process of gathering all the information and attempting to put together a timetable to see whether or not it will be possible to achieve this. He was not yet prepared to bring it to the Board for a vote. As part of campus vetting, he would like to get some sense of direction. He didn't want have a company like Starbucks doing a lot of work to then find out that the ASUC wasn't interested. Mr. Permaul said he wanted to put this on the table and get some reading from the Board about it.

Ms. Harrison asked if Follett would sublease the space. Mr. Permaul said it would. This would be the same arrangement The Scholar's Workstation would have with Follett space. Ms. Harrison asked if that was consistent with the Commercial Activities Agreement. Mr. Permaul said there was nothing that precluded it. The Auxiliary would not collect rent from Starbucks, although there would be fees associated with having the company come to the ASUC.

Ms. Harrison asked if this would need to have approval of the ASUC Senate and the Chancellor, if it was a new commercial activity. Mr. Permaul said he didn't know that that was a new commercial activity with Follett's space. Ms. Harrison said she didn't know either. Mr. Permaul said before he arrived there, the ASUC had worked out a tentative agreement with The Scholar's Workstation that was simply an addendum to the contract. To his knowledge, it wasn't something that had to go through that level of authorization. But he could check.

Mr. Coley said it would have to go through that level of authorization because there was an amendment to the contract. In saying "to that level," it would have to go through the requisite level of authorization, whatever was required. The Chancellor's office would be involved, and obviously the Store Operations Board. But he didn't know for certain. He and Mr. Permaul have talked quite extensively about the structure, which was why Mr. Coley said he insisted that Mr. Permaul talk to Lloyd Lee about this.

Mr. Coley said there was a question as to how it would all work and how the compensation would flow, such as from Starbucks, or from Starbucks to Follett to the ASUC. They've had several conversations about having this be clearly transparent and easily understood in terms of what was happening. This was part of conversations they supposedly had with Lloyd Lee, and talk they've had about the need to probably have him involved, just to make sure it was consistent with all the components of the contract and that they were not somehow inadvertently overlooking something.

Ms. Harrison said she would suggest it would be necessary for Mr. Lee to talk about the Commercial Activities Agreement because any new commercial activity undertaken on behalf of the ASUC had to be approved by the Board and would also need to go to the ASUC Senate and to the Chancellor for approval.

Mr. Coley asked if she knew what constituted "new." Ms. Harrison said she would think that if it was one vendor replacing another vendor, and basically engaging in the same type of activity. She would liken it to zoning ordinances in a city, where if a clothing retailer in a space left, then another clothing retailer coming in might not invoke a zoning requirement. But a food establishment coming in would probably require a look at zoning issues. So she would encourage the Auxiliary to look carefully at this. She wasn't saying it should be a stumbling block, but they should be consistent.

Mr. Coley said they needed to be very clean on this because if they decide to go this route, it would not be popular with the University and there will be some people who take exception to it.

Ms. Harrison said it was a little unique to have one of their vendors sublet to another commercial enterprise. Mr. Permaul said Follett actually had that agreement. Ms. Harrison said she understood. But she'd asked what happened with that money that flowed into Follett, and if it would lead to Follett revenue hitting revenue sharing levels, with the ASUC deriving that benefit. If revenue stayed under the threshold, then that was Follett's money. There was a distinct difference in the way Follett was set up with those other establishments. Mr. Permaul said that in negotiations, they're not looking for revenue from fees that would be brought in by these new businesses, but were looking to benefit from foot traffic that would derive from those businesses. Ms. Harrison said she would encourage the Auxiliary to look carefully and make sure the Auxiliary was consistent.

Mr. Coley said he agreed, and said there was whole host of other sensitivities they had to be aware of. He thought he and Mr. Permaul have talked about most of them, but there may be some others. That's why he thought it was very important to bring this to the Board. He really wanted to hear from the students, to be sure this was something they were enthusiastic about and that they absolutely wanted their operation to go down this path.

Mr. Gabriel said he and Mr. Permaul have been talking about this since the fall. And Mr. Gabriel said he's been talking about this with Mr. Coley as well. They've talked about how to increase revenue. The number of student groups goes up every year, and recently it's been up greatly, while ASUC revenue wasn't really increasing. He thought most recent data show it was going down a little. Mr. Gabriel said last year in the Senate, when it came to spring budgeting, it wasn't which groups they'd make happy, but how they'd make groups the least angry. Groups expect increases when they get bigger and have been on campus longer, and new groups expect money to start. So the question was where that money would come from. So one thing they've really been working on that year was how to increase revenue. They had a number of different plans, and one of them was bringing in new businesses.

Secondly, Mr. Gabriel said he wasn't sure if this was something that Berkeley students wanted. Whether he wanted it or not, he didn't feel comfortable speaking for 33,000 students. Mr. Gabriel said he would turn floor over to Jordan Smith, who ran the survey of the student body out of the President's office. Mr. Smith said they've had some meetings with the businesses in the Bear's Lair. Mr. Smith said they've pretty much come to the conclusion that whatever they wanted, they're going to ignore for the time being and go with exactly what the students wanted. Mr. Coley asked whom he was referring to when he said "whatever 'they' wanted." Mr. Gabriel and it was himself, Mr. Smith, and Sammy Averbach. Mr. Coley

said Mr. Gabriel was saying that whatever the Administration wanted, the ASUC would focus on what their constituents wanted. Mr. Smith said that was correct.

Mr. Smith said they created a survey with the Undergraduate Office of Research and ended up with 1,000 randomly selected students. About 40% of the people given the survey filled it out. Sixty percent of the students said they would prefer either a Starbucks or Coffee Bean versus the Coffee Spot. So they had those as options. They also had a question stating they would want the option of a fast food chain like Panda Express or local businesses, like they already had, and that ended up being 55% wanting Panda Express versus local businesses they have.

They were very careful with the wording because they didn't want questions to be biased. They felt that not only did the general population of students want a place like Starbucks, to get good quality coffee, hang out and study, but that it could exist in addition to the Coffee Spot, because the clientele was completely different, someone going to Starbucks and someone running in and out of the Coffee Spot. While they may have an affect on one or the other, it wouldn't kill each of them.

Mr. Smith said the other good aspect of Starbucks was that not only would they pay the Auxiliary top market rate, but they would put in about half a million dollars towards making the location up to Starbucks' standards. And that would be a vast improvement of what was there currently. Coming at the entrance of the campus, right on Bancroft, seeing a Starbucks would give everyone a new impression of the campus, which would be very different from everything else, clean and nice. In addition, there was potential to get weekend traffic to come to a Starbucks, and obviously, none of the other places really have that potential because the campus was deserted. But in talking with Greg Kiryakakis, the Bookstore Director, what they wanted from the beginning was to get people who go to Starbucks.

Mr. Coley asked how confident he was that the survey was representative of their constituents. Mr. Smith said they randomly selected two numbers, and sent the survey to every student whose last number of their ID was one of those numbers. Of that, 40% of that responded. It was as representative and unbiased as they could possibly do it. Mr. Gabriel said they'd be happy to share the survey.

Ms. Harrison asked if they specifically asked about Starbucks versus the Coffee Spot or if they threw in all the name brands, like Peet's. Mr. Smith said they did a publicly traded company like Starbucks, a privately owned company, like Coffee Bean and the Coffee Spot. Those were the two businesses they had previous discussions about. They didn't include Peet's because one just opened on Telegraph, and Peet's was also franchised with Cal Dining, and would only come on campus that way. That's not something they were looking for because the quality of Peet's at Cal Dining was much poorer than the one down the street. If they want to get this to be the quality place that could cater to the entire campus, they wanted to make sure it was done in the right way.

Mr. Coley asked if he would be prepared to have a public hearing with his constituents on this issue. Mr. Gabriel said he thought they'd have to. As they move forward, there will be opposition. This would be a big cultural change at Berkeley. That's the reason they started with the survey. If they hadn't done the survey, he wouldn't be comfortable proposing this.

Mr. Coley said that at a public hearing, there would probably be other constituent, such as people from Telegraph Ave. and so forth, who might raise strong exceptions to a move like this.



Mr. Smith said that one reason why they feel Starbucks didn't have as much potential to harm as, e.g., McDonalds was because the company had a reputation of giving back to the community, and even the Starbucks on Shattuck sponsors student groups all the time. And it had no connection to the campus whatsoever. Mr. Smith said they feel there will be people who are always against big business, and there will always be people who will be against small business. Starbucks was sort of a compromise. It's a big company with small-company goals. For instance, it runs a gift drive during the holidays. It's very community oriented, and that's how the ASUC would want to structure it.

Ms. Harrison said she was also curious about the requirement to go out for an RFP. Mr. Smith said they talked about getting around that because the space was leased to Follett. Mr. Permaul said that's what the Contracts Manager was looking at. He said she implied that she didn't think it was necessary. Ms. Harrison said she would encourage people to go back to the Commercial Activities Agreement, which was very clear about the RFP bid process.

Mr. Coley said they weren't in the business of getting around agreements. They want to make sure they do things in the most efficient and transparent way possible. That was very, very important. Mr. Smith said he thought that making a change like this, it had to be that way, because whatever direction was taken, there will be people against it. But doing it the right way would be beneficial.

Ms. Harrison said the other part was that if there was a real interest in having a vendor such as Starbucks on the campus, then there was a way in which they could go about doing that. The Board could recommend that they go out for an RFP. If what Mr. Permaul said was true, then Starbucks would probably be the most competitive bidder. And then it would work. But she would encourage that people really go by what was dictated by the CAA and by campus policies. Mr. Gabriel said he agreed completely. He thought if they didn't, it would just lead to more trouble. They need the transparency.

Ms. Harrison said another thing to look at was whether they had anything in the contract with the Coffee Spot. She had thought there was something in Auxiliary contracts that said the Auxiliary would not engage in competing businesses. Mr. Permaul said they didn't have that language with the Coffee Spot contract.

Mr. Miles said he was assuming that when this was presented, that they would work their way through the revenue stream from this carefully. He had the same sorts of questions about how this would affect Follett's revenue. Mr. Smith said once a week he meets with Greg Kiryakakis, from the Bookstore, and Mr. Smith said he was crunching the numbers two weeks ago. Right now, Follett revenue was being projected, for the first time, to cross the barrier to get over the minimum. So they should be at a \$250,000 increase if everything continued to go as it was.

Mr. Permaul said the reason why Follett was even willing to look at leasing the Convenience Store was that they were projecting that they will see substantial revenue from walk-in business. They look at the Convenience Store as a loss leader. They hoped the Convenience Store would bring in alternate traffic, but it didn't actually make money for them. Mr. Smith said it breaks even. Mr. Permaul said they would go through this step-by-step.

Mr. Coley asked what Follett thought the revenue flow would be from this operation. Mr. Smith said they haven't really discussed any numbers. Mr. Coley asked about the flow. Mr. Smith said that part of the plan would be to have newspapers and magazines interconnected between the two. That was one thing. He thought there would be a lot of people who come in to get coffee.

Mr. Coley said that was not his question. He asked what would happen to the money Starbucks would pay to be there. Mr. Smith said he had no idea. Mr. Permaul said commercial fees were projected to be given to the ASUC. Mr. Coley asked who would pay those fees to the ASUC. Mr. Permaul said they have not yet gone through that. If they do it the way the Auxiliary proposed, as an addendum to the existing contract, it would have to come through Follett.

Ms. Harrison said she thought one point Mr. Coley was asking was whose point-of-sales system revenue would run through. If she bought a cup of coffee and a book, she asked if the revenue would run through the same point-of-sales system than if she just bought the book. Mr. Permaul said it wouldn't. The Store would be structured so they'd be adjacent to each other, with Follett's point-of-sales at one place and Starbucks' at another location. During the day people could go back and forth, but at night a grill would come down to prevent access to the Store. If Starbucks came in, Follett has said that it would want to propose completely renovating the bottom floor, to match the upstairs. They'd move things around to have a higher quality interface.

Mr. Coley said he didn't think they should belabor it now, but his question has not yet been answered. But it may be answered in a different forum. Mr. Permaul said they still had to go through the process. Mr. Coley said they had to understand the flow, and it was the actual flow that would determine the point of the deal. It didn't matter what the intents were. If somebody were to look at this at the back end and ask what the deal was, and how the money went, that's what they had to be hyper sensitive about.

#### Meeting with Panda Express in Atlanta, and next steps

Mr. Permaul said that while he was in Atlanta at the ACUI Conference, he met with a representative from Panda Express, who for months has been trying to make a presentation to the ASUC. Mr. Permaul said he kept putting him off. But they met in Atlanta and the rep was invited to come to Berkeley the week of April 23 to take a look at the site. All the issues they'd have with Starbucks, they'd also have with Panda Express. So they will go through the same set of reviews and analysis.

Mr. Coley asked where Panda Express would be located. Mr. Permaul said there were several options. If they move into space that was not currently occupied by a commercial business of the ASUC, then they'd have to go out to an RFP. Mr. Coley asked if there was a possibility Panda would use space that was not Follett's. Mr. Permaul said that was a remote possibility. There were a number of locations to be looked at.

Mr. Coley asked if either arrangement, with Panda or Starbucks, had any time sensitivity, and what the timeline was. Mr. Permaul said his goal was to get them under contract by July 1. The reason was because every year there's a change in student government and the Senate. The current Senate was very supportive of these commercial activities and he had no guarantee that the next Senate would be. And he didn't know what the next student government will be like either. So their goal was to move forward with the support they've had from the current student government to bring these commercial businesses to the table.

Mr. Coley asked who would be the contracting parties. Mr. Permaul said Follett would be the contracting party for Starbucks. It wasn't clear who the contracting party would be for Panda Express.

Mr. Coley asked what the Board's role was in the contract between Follett and Starbucks. Mr. Permaul said the Auxiliary was simply acting as an interested party trying to help them get through the process of campus review, which was needed as well. They have Design Review, and a PRR has been submitted to have the project manager assigned to look at the space.

Ms. Harrison said she thought there was a procedural question as to whether Follett could truly sublet to another commercial entity. She really questioned whether or not that could happen without the approval of the Board and the Chancellor.

#### Meeting with Healthy Heavenly Foods owner: her concern and proposal

Mr. Permaul said he had a meeting with the owner of Healthy Heavenly Foods. She came to the ASUC Senate a few weeks ago and spoke against Panda Express coming to the campus. She did not want the students to bring in business she felt would compete with her. The Senate did not respond to her inquiry and simply listened politely. Mr. Permaul said that during his presentation to the Senate, he was asked whether or not the Auxiliary was forcing Healthy Heavenly Foods out if Panda Express came in. Mr. Permaul said he pointed out to the Senate, as he told the owner of the Coffee Spot, that the Auxiliary would be willing to invest a modest amount of funds to help those businesses be more competitive in their existing spaces. He's already committed a small amount of funding to the Coffee Spot and the sandwich shop. They want to redesign their entire area and make it a much more attractive venue, and the Auxiliary was going to work with them to do that. He offered the same to Healthy Heavenly Foods.

Mr. Permaul said various parties who have indicated to him that the use of space in Healthy Heavenly Foods was very inefficient. He has offered to bring in a specific architect to help it become better organized. The owner has not responded to him on that. They certainly were not attempting to drive her out of business. The owner then asked if the Auxiliary would buy her out. He said they wouldn't, and said that was not the business the Auxiliary was in. But if she wanted to have conversations with either Panda Express or with the Bear's Lair owners who have expressed interest in expanding their business, he would be happy to facilitate that; but only if she requested it. To his knowledge, she hasn't come to the student government to make that request. Mr. Permaul said he told her she would have to go through student government.

Mr. Coley said it wasn't clear to him why the Auxiliary would invest in upgrading facilities on vendors' behalf. Mr. Permaul said they wouldn't upgrade facilities, but help vendors to redesign their spaces. They'd have the same architect who worked with Naia's and has shown an interest in redesigning the space. Mr. Coley said there was, however, a cost associated with that. Mr. Permaul said there was, but it was very modest. Mr. Coley asked what "modest" would be. Mr. Permaul said it would probably be less than \$2,000. Mr. Coley said that wasn't in the budget. Mr. Permaul said it would come out of the operations reserve.

Mr. Coley said they would have to look at the authority of an expenditure like that, particularly given for that purpose. Mr. Permaul said he believed that's what Mr. Cordi did the last time, when Naia's was designed, where he got the funds. Mr. Coley said he didn't recall, and didn't doubt that could have been the case. But it would have been an expenditure the SOB needed to approve. The Director did not have unilateral authority to be able to spend money on behalf of vendors like that. The Director had a budget that was pre-approved and had to stay inside that. Mr. Coley said he would need some understanding as to why it would be in the students' best interests to invest in a place in that way. He asked if that was

something the students would want. Mr. Smith said he thought there were certain things they could do to make the businesses down there do better. That would start with lighting. Even in the campus-wide focus groups, that was the biggest concern. No one wanted to go down there.

Mr. Coley asked if it wasn't bright enough, or if it was too bright. Mr. Smith said it wasn't bright enough. The ceilings were low. Mr. Gabriel said tables weren't good, aisles were narrow, and chairs were close, especially between the Coffee Spot and the cheese place. There were a lot of concerns. The ASUC was the landlord. They have vendors who have been there for 15 years on month-to-month leases. The vendors were unhappy with the space. So he and Mr. Permaul have talked about how to improve the spaces and give vendors longer leases, since they were investing a lot of money and the ASUC wanted to show support their businesses.

Ms. Putnam-Smith said they should consider helping all the businesses, not just the two that were affected by new businesses coming in. Otherwise only certain businesses would be helped, and not others. Mr. Gabriel said they've invited every single business to all of their meetings, and these suggestions were for the whole Bear's Lair.

Mr. Permaul said the Taqueria did not make a request and already got something from the ASUC, additional space when it moved in, which came out of Healthy Heavenly Foods. The lighting was currently being replaced in the food court as a part of the campus' efforts to bring more efficient and brighter lighting. The lighting will cost less, but be brighter. Mr. Coley asked if the Auxiliary was paying for that. Mr. Permaul said it was.

Mr. Smith said he thought the biggest advantage of having a vendor like Starbucks come here was that they would totally redesign whatever space they had and basically pay for all of that. The Bear's Lair was not a place, as a student, that he would want to hang out or go to. It was very unappealing. By having a Panda Express there, the company would invest its own money, hundreds of thousands of dollars, to make the site a desirable area. He thought those were options that had to be looked into because that would end up driving traffic in and would create a place where people want to be, with food people wanted to eat.

Ms. Putnam-Smith asked if Panda Express moving into Follett space would mean it would improve the Store's area. Mr. Smith said that in theory, it would be great to have Starbucks in Follett space. After that, Panda Express was interested in coming there. It would sort of depend. If they were to buy out Healthy Heavenly Foods, it would be a complete overhaul of what was down there, at least in those sections. And Panda Express would want it to be like that. Those were advantages of having bigger business down there. He wasn't saying this was a direction the ASUC had to go in, but there were other advantages besides just rent as to why they should look at big businesses. Having a desirable area with high-quality, popular food would end up driving traffic.

Mr. Permaul said he'd talk about the location of Panda Express, since people were a little nervous about that. One possibility was the deck above the Bear's Lair food court, on the north end. He was having that assessed by Capital Projects to see if a small structure could be put on top, on the outside, to take advantage of the upper deck of the western side of the Student Union. In the same way, they've talked about putting tables and chairs on the top of the Bear's Lair and to have food service. The Auxiliary has worked out an arrangement with the Open Computing Facility, and the OCF would entirely remove its operation into the basement of Eshleman. That would vacate space OCF currently had, located above the Convenience Store, facing Bancroft Way. That would become a location where they could put in a

restaurant as well. Mr. Permaul said he's met with the owner of Adagio, and if, for whatever reason, Panda Express or the Bear's Lair owners didn't take the advantage of bringing in a restaurant-quality business, Adagio was interested in possibly moving into that space. So there were a number of different opportunities, all of which they had to be vetted through campus process.

Mr. Permaul said there was also another location. STA Travel was in a space much bigger than it needed, but one it was locked into. But there was also vacant space from the Postal Annex. STA Travel might be interested in relocating into that space. That would free another space that Panda Express could possibly look into. So there were several spaces that they've been looking at. But the Auxiliary was not prepared to offer any of them until it finished physical vetting and went through the other portions. But there were some opportunities available to them.

Mr. Permaul said the Career Center was also interested in coming to the campus and was looking at two locations in the Student Union. One location was the southeast corner on the main level, facing Lower Sproul Plaza, and the other was the space that the Postal Annex occupied. He was waiting to hear back and would come to the Board, and go the process again.

Regarding the Brazil Café, Mr. Permaul said he met with the owners and they were very interested in coming to the campus. And the students were very interested in having them. The site they like was currently occupied by the CUBS Credit Union. The Credit Union did not exercise its option to extend its lease last summer. After meeting with the new owner, it's been on a month-to-month lease. Last summer he put the owner on notice that the Auxiliary would be doing a commercial assessment and that there might be a need to consider relocating CUBS from its current site. There was a space inside the Student Union that was just south of Naia's and right across from the vacant Postal Annex, a counter front. With a modest amount of expense, it could be turned into a counter area for CUBS, if the Credit Union was interested in moving there. He had an appointment to meet with the CEO and they'll talk about these matters. Once again, he's talked with Lloyd Lee about the contracting and Mr. Permaul said he had to go back, per the Chief's recommendation, to the Commercial Activities Agreement. But the Brazil Café would very much like to come to a space on the campus. They'll just have to go through the process and see whether or not it was possible to do that.

Mr. Coley said he was really happy that Mr. Permaul was opening up the door to consider all these options. And some of them might make sense once they're fully vetted. But he was sensitive about the timeline that Mr. Permaul expressed earlier. It was already May, essentially. Mr. Permaul said that if they had to go through the series of processes, which he hadn't considered previously, he didn't think it was realistic to make it by the timeline. Mr. Coley said they need to focus on what they think was the right thing to do and make sure they do it in the right way.

Mr. Coley asked what students anticipated from student government, and if they knew the general attitude of people running for office about these kinds of things. Mr. Gabriel said that some were for these developments, and some were against them. Certain administrations would feel Lower Sproul should be more of a University-funded project and were probably friendly towards smaller businesses. Mr. Coley said they would be opposed to change, then. Mr. Gabriel said he didn't know about all these changes, but he would imagine that they wouldn't want a Starbucks coming. For the Brazil Café, he thought they'd probably support that.

Mr. Coley asked what his advice and counsel was if these things were not able to be done in any substantial way between now and the end of the current term. He asked if this was something that should be deferred until they find out about the next administration. Mr. Gabriel said that regardless of who the next administration was, he thought they need to look at what students want. If they want they could try to put out another survey, or have an open forum and get feedback. He didn't think the administration should decide whether or not students on the campus wanted certain types of businesses or not. He thought the students should decide that. Mr. Coley said that was probably something students could do, more than anything else, was to make sure the student voice was heard. And that would drive the agenda past the current Administration. In the absence of that, it could very much roll back to business as usual.

Mr. Permaul said he thought it would be a good idea to present the results of the survey to the Senate. Mr. Coley said he agreed. Even if Mr. Permaul did all the work and they had an administration that was totally against it and invited all the negative attitudes towards this, then in his estimation, the work would be for naught. But if they were able to develop a desire for this, and the possibility that people wanted it, then the students could determine these things. He thought this was important and that they should probably move forward with it.

Mr. Gabriel said his feel of the campus was that the majority of students wanted this and that the survey was correct. Mr. Coley said that was not the defining piece in years gone by, and they've gone down these paths before. Mr. Gabriel said it was a loud minority they had to be prepared for.

Mr. Smith said there were a couple of things. There's a small minority that was very loud and would be very against anything the Auxiliary did, especially something like the proposal under discussion. But he thought realistically, there's a trend of people going more towards big business. These were businesses like Chipotle, which has been doing really well, versus small businesses that weren't as nice and just weren't doing as well. And at a place like Telegraph, where everything was old, almost like falling apart, he thought the ASUC had great potential in making this change, especially while the iron was hot. When they first met with Bear's Lair vendors, they all kept saying, "Chipotle will be gone in a month, you'll see." And the lines were out the door every day. He was sure that ten years ago things were different, but now he got the impression that people want these big businesses, and that's where people go, and that's what was popular.

Ms. Putnam-Smith said she also thought big businesses were changing their formats somewhat. Chipotle catered to students more than it does at other areas, and she would hope that Starbucks would consider making such changes. Chipotle did unbelievable sponsorships at sports games, and she couldn't count how many free burritos she's gotten at basketball games. And students go crazy when that happens. The Auxiliary would have to make sure businesses market that way. Chipotle has done an unbelievable job tapping into this market and getting people to go there. Even though it was expensive, people have gone there regardless, at least so far.

Mr. Permaul said that in some sense, he thought they were talking about two things. One was whether or not the students want these types of businesses in this market, and how it would improve the quality of service at the ASUC. But the other side was that they had to meet their own requirements and do the due diligence. So they'd make sure about relations and let the chips fall where they may. He'll work with the students to make sure the best case was made and thought they absolutely had to do what was right and follow the rules.

Mr. Miles asked what's happened at other student unions. Mr. Permaul said UCLA and UC Davis had brand new Starbucks. Mr. Smith said they have Panda Express and Jamba Juice. Mr. Coley said he's been to a lot of campuses and none of them look like Berkeley's. Mr. Gabriel said the budgets from those businesses they give to student groups were much higher. UCLA's Student Union brought in \$50 million. Mr. Smith said the UCLA Student Union was unbelievable. It might be unattainable for Berkeley to ever get to something like that, but he did a seminar program there a few weeks ago and it was the union there was the center of campus life, where everyone hung out. There were multi-levels of restaurants and a mall.

Mr. Coley said he didn't think a lot of it had to do with the amount of money the Bookstore and other things generate. He thought the differential was more because the small businesses the ASUC has chosen paid \$2,000 a month, and the other businesses mentioned pay serious money, with some real benefit. So it was a very different model.

Mr. Gabriel said that's what he was trying to say. When they bring in bigger businesses, it gives more money to student groups, and students no longer subsidize smaller businesses. Mr. Coley said that was what was happening at that time. The businesses they have give the appearance of paying, but the ASUC was actually subsidizing them quite substantially. Mr. Gabriel said that was one thing they were going to look at, regardless of how this worked out, was to figure out the market rate and try to at least make their rents comparable to market rates.

Mr. Permaul said that is what they told the businesses. They'd get extended contracts, rather than being month-to-month, as long as they were willing to get closer to market rate. He thought the other element was that all of their thinking, and he thought Mr. Smith said it well, has been around trying to make Follett, their anchor business, more successful. His goal was to get them \$20 million a year in annual sales as quickly as he possibly could, because not only did that drive revenue for students, but it created a kind of synergy and brought people to the Student Union complex. As they move towards asking students to invest tens of millions of dollars to renovate Lower Sproul, they had to show students that there was a value there, something at the Student Union that they wanted to come to. What's interesting was that all of the things they were looking at synch up with the input that came from focus groups. And then they're matched by the graduate student and undergraduate student surveys. So he thought the Auxiliary was doing the right things in terms of gathering data, but they also had to do the politics and the due diligence. So they had to do both sides.

Mr. Coley said the weak link he was sensing at that time was students doing enough to generate a bit of legacy, so that when they're gone, there was enough demand to keep things going. Because if there wasn't that sensitivity to this demand, the Board would be there next year having the same conversation.

#### City of Berkeley proposal to have Cal football games off-campus during construction at Memorial Stadium

Mr. Permaul said his next item was for the Board's information. The City of Berkeley made a proposal to the campus to have Cal football games off-campus during construction on Memorial Stadium. The Vice Chancellor's office was trying to get data from the City to see how that would affect businesses in the City. The City would not provide tax revenues, so the Vice Chancellor asked the Auxiliary to compare sales between weekends for game days and non-game days. The Auxiliary was able to give data that

showed that its businesses on home football games had between three and five times the revenue than on non-game days. The Vice Chancellor used that in his letter back to the City. Mr. Permaul said he thought it was also very instructive to the Auxiliary as well.

Mr. Coley asked if he felt those numbers were reliable. Mr. Permaul said they got the financial information from Follett and the Bear's Lair Pub.

Mr. Gabriel said he thought the figures made sense.

Ms. Harrison said she thought the figure at three times non-game days was low. She would estimate an increase of five to ten times. Mr. Permaul said it was at least five times.

Mr. Miles asked where the City wanted the games to be played. Mr. Permaul said they suggested the Oakland Coliseum. Mr. Miles asked if the City would provide money for that. Mr. Permaul said it was just local politics.

Mr. Permaul said the other interesting thing was that he's gotten the Bear's Lair and Follett to work together and sponsor, starting next season, a giant tailgate at Lower Sproul for home games. He had to go through all of the steps with the campus, but they wanted to hold a tailgate there, driving more business to Lower Sproul.

Mr. Smith said that could possibly be in conjunction with the Alumni Association and the tailgates it puts on. That's something they've talked about, so they'd have a base to have this. Mr. Permaul said the Alumni Association would also be another partner to this.

#### Follow-up with owner of Adagio/Free Speech Café regarding plans for a "green café"

Mr. Permaul said he that for a follow-up on Adagio, he met with the owner of Adagio and the Free Speech Café and they talked about a "green café." The reason the owner decided not to move forward with that project was because it would have cost \$400,000 to renovate a small space. But they were very interested in the idea of collaborating with and working with the Auxiliary. They also very much liked the idea of bringing more business to the campus, and the owner was very supportive of what the Auxiliary was doing. If it turned out that for whatever reason, the Bear's Lair or anybody else didn't come into one of the spaces, the owner would certainly be very interested in that.

Mr. Coley asked if there was not even a hint by the owner of residual claim to any of the space in MLK. Mr. Permaul said there wasn't.

#### CUBS Credit Union

Mr. Permaul said as he mentioned earlier, he met with the CEO of CUBS.

#### NEW BUSINESS



Questions submitted to the Board by the Director of Community Relations

Mr. Permaul said he distributed an e-mail sent to him by the Director of Community Relations, Irene Hegarty. She posed three questions to the SOB and asked if they would discuss them. He said he would send her the Board's responses.

The questions Ms. Hegarty posed were as follows:

- 1) Does the ASUC Auxiliary see its enterprises as having any relationship to the surrounding community, and specifically to the Telegraph business district, or are its concerns entirely focused internally on the needs and wishes of the Student Store?
- 2) Is there any concern about sacrificing the uniqueness of the Berkeley campus for the corporate image of major commercial franchises? At some point, what would distinguish the ASUC's enterprises from any commercial mall?
- 3) As planning for Lower Sproul Plaza and adjacent buildings moves forward, what consideration will be given to its interface with the community?

Mr. Permaul said he would throw those questions open to the group. Mr. Gabriel said he thought students were residents of the community, so for any business operation done at the ASUC, they'd want to be respectful and mindful of the community.

Mr. Miles said he thought they've discussed a lot of this in previous conversations.

Mr. Permaul said he thought students have spoken on the issue regarding sacrificing the uniqueness of the Berkeley.

Mr. Gabriel said that regarding the Lower Sproul interface with the community, he thought that the more interface they had with the community, the better it was for the ASUC. The more their businesses succeed, the more community involvement they have.

Mr. Dally said that one mistake that might be coming out was that people seem to think that the interests of these big businesses were diametrically opposed to the interests of smaller businesses. He thought they could both survive in the same space, as they serve different purposes. As it was, students barely know the ASUC had space at MLK. If they were to go there for Panda Express or Starbucks, they'd see what else was there, and maybe on a different day, would return to that space, or go to the Bookstore, or to Healthy Heavenly Foods. But students would actually be aware of the options there and would, he thought, be repeat patrons at several of those businesses.

Mr. Permaul said that when they meet with the vendors in the Bear's Lair food court, that's actually what the owner of Cheese 'N Stuff says. He welcomed the move towards more competitive businesses because he felt it would drive traffic to his business.

Mr. Smith said that realistically, the market was untapped, and there were so few people who even knew the Bear's Lair businesses existed. Once they get people down there, they'd realize that they had options, and didn't have to go across the street to get food. That was one reason there wasn't as much opposition

to the ideas the Board was talking about because people saw the potential benefits. There were plenty of people on campus to make sure Starbucks and the Coffee Spot both stayed in business. In addition, Starbucks wouldn't be interested in coming here if it knew it would drive out a small business. That's not its philosophy, and they definitely were conscious of that.

Mr. Permaul said that with regard to Ms. Hegarty's question about planning for Lower Sproul and the adjacent buildings, he thought that was more of a philosophic question.

As for the question about the consideration that would be given to the uniqueness of the Berkeley campus, he thought what the question was going towards was whether they were going to close themselves off from the community, and he didn't think in any discussions the Board has had that they've ever looked at it in that fashion. He thought it was in the sense of what Mr. Smith said, that the more people they bring to this location, the better it was for all of the businesses. But Mr. Permaul said he would be interested in hearing what other people had to say.

Ms. Harrison said she thought questions (1) and (2) were clearly issues that have come up for as long as she could remember. Those came into play when the ASUC went from being an independently owned campus bookstore to having Follett's come in. She thought it was something the Board needed to be careful about, and something they ought to pay attention to. They need to provide services to students, and it wasn't necessarily supposed to be driven by profit, if they read what the definition of an "Auxiliary" was.

Mr. Permaul said it was a complex picture for the students because they receive no support from the campus for their activities. The student government was fully funded by the revenues their businesses generate. Ms. Harrison said the businesses were those that the campus agreed to run on behalf of the students. That was done because of the ever-changing structure of ASUC government, and as a result, there being no consistency in managing the businesses. But that said, if they look up the definition of what an "Auxiliary" was in the Office of the President's policies, it was not supposed to be driven solely by the bottom line. Auxiliaries weren't supposed to lose money, but the idea behind them was to make sure students had the kind of services they needed in order to go about their lives of studying, going to school, and all the other stuff. She thought they needed to pay attention to that. But that didn't mean that they shouldn't have the kinds of businesses that provide the students with the services they need.

Ms. Harrison said she thought the last question was kind of odd, because a tremendous amount of planning has already gone into Lower Sproul Plaza. She didn't think the Board or the ASUC will dictate that, and it was something the campus will look at. But she thought questions (1) and (2) were very real. There were people out there that don't want to see Panda Express, Starbucks, McDonald's, or In 'N Out. Those were the kinds of questions they'd lean on. So the Auxiliary would have to be able to address that.

Mr. Permaul said that if one of the services that students need was revenue to provide their activities and programs, he asked if that was a legitimate service. Ms. Harrison said she would have to go back and look at the policy. Mr. Permaul said that in essence, that was one of the services that student businesses have always provided.

Mr. Permaul said he will draft a response to Director Hegarty and send it to the Chair to send out to the whole Board for review. And then, with everyone's consent, he'd send it back to Ms. Hegarty.

Mr. Miles said the fascinating thing to him was that these were absolutely appropriate questions to have been asked 40 years ago. But if they look at Telegraph today, it seemed to him that these were not appropriate and didn't make a lot of sense. The Telegraph of another period was a set of classy businesses, which they haven't had in 30 years. Some of the traditional businesses were still there. The questions that were posed fascinated him because he was of that other era. He couldn't imagine anyone today asking those same questions. They don't want to behave in an obnoxious manner with anyone, and while he hated saying it, a Starbucks or a Peet's there would probably be an upgrade to the neighborhood. He didn't know about Panda Express. There used to be classy businesses on Telegraph, classy apparel stores, classy furniture stores, it was a nice place, and it was a place that people at Berkeley all went to shop.

Mr. Smith said that from a student perspective, he lived right up the street from Telegraph and would rather walk out of the way to go places because he felt uncomfortable there. And he thought that was a City problem, and eventually, something would have to be done.

Ms. Harrison said the City had to address its zoning issues relating to the Telegraph area and to the south campus. Many City zoning policies lead to huge vacancies on the Avenue and it wasn't the vibrant kind of student community they'd like.

Mr. Miles said they had to acknowledge that these were legitimate concerns, but in the face of the deterioration of this area, from the perspective of the students and community members in this area, there's probably something to the plans being proposed by the Auxiliary.

Mr. Permaul said that when he and Ms. Hegarty chatted, she said maybe they shouldn't bring businesses like this to the campus, and maybe they should look to the City to bring in these kinds of businesses. He asked her if she believed that the students' commercial space should subsidize Telegraph Ave., in essence. Ms. Hegarty thought about it and never responded to the question. In essence, he thought what the students were saying was that they miss the opportunity to have a Jamba Juice there, and they miss the opportunity to have a Chipotle there. Those were businesses that students heavily patronize. So the Auxiliary was trying to find the balance.

Mr. Permaul said he would take a shot at the letter to Ms. Hegarty and send it out to the Board.

Mr. Coley said one other thing to incorporate was that the ASUC and the ASUC Auxiliary must be responsive to the needs of their constituents. The Board's first and foremost responsibility was to the students on the campus. They do not want to be an obnoxious neighbor and they'd want to be sensitive to that. But that could not be the driving force.

Ms. Harrison said she really agreed with Mr. Coley and would encourage Ms. Hegarty to perhaps get the City to solicit input from the students as to what kinds of establishments they would like to see in what was very much part of the student area.

Mr. Coley said it would seem to him the students were the City's constituents as well. The question was how to go about serving their constituents and providing them with something that was compelling for them to want to do there. This was being driven by the lack of services.

Mr. Permaul said he could probably cite the survey that the students conducted.

Mr. Smith said that going back to Chipotle and what it's done, that's what would be the case study for what the Auxiliary does. Carvel, an East Coast soft ice cream chain, opened up the street without a bang, and it has done nothing to get students to go in. He thought it would be gone before the end of the school year. He hasn't seen anybody in there. And now it's offering wild things, like a Nathan's hot dog and a Carvel for \$2. They went about it in the opposite way of Chipotle.

Ms. Putnam-Smith asked about Quiznos. Mr. Smith said it's really crowded during lunch. Mr. Gabriel said it was good, but it took about 40 minutes. Mr. Smith said it was extremely inefficient, but it was still popular. People can't go at 12:01, it took the business forever to make a sandwich, but there was always a line.

Mr. Coley asked if that gave Mr. Permaul enough to work with in the letter. Mr. Permaul said it did.

## OLD BUSINESS

### Update on the new undergraduate representative search

Mr. Gabriel said they'll have another meeting. A Senator was interested in the position, Mr. Averbach. But the committee that will make the nomination. Mr. Dally sits on that committee.

Mr. Gabriel asked if Ms. Putnam-Smith's term would be up that year. Ms. Putnam-Smith said it was. Mr. Dally was currently Vice Chair. According to the Charter, they had to set up a Selection Committee to find her replacement. In previous years they sent out e-mails to listservs to get students interested. The Committee was to forward its nomination to the Senate no later than April 15 of each year, or within three weeks after a vacancy occurred. Since they've added an extra semester to her term as Chair, she wasn't sure if they would have to meet the April 15 deadline, which she didn't think they could meet, or the three-week deadline of when she left.

Mr. Permaul asked if Ms. Putnam-Smith could send him those rules. Ms. Putnam-Smith said they were SOB rules. Mr. Gabriel said he would like to suspend the rules and go with the second time span of three weeks, since he didn't think they could do a search and get enough individuals. He knew somebody who wanted to do it, but he didn't think that was the right way to handle it. He asked if he could make that motion. Ms. Putnam-Smith said she didn't know.

Mr. Permaul asked to have the Charter read. Ms. Putnam-Smith said it was 2.2, "Appointment of Undergraduate Members." They shall be nominated by a Committee consisting of the ASUC President, the ASUC Executive VP, and one current undergraduate member of the Board, the outgoing member, if available; two members of the Senate, who shall be non-voting members of the Committee. The Committee shall forward one nominee to the ASUC Senate, and upon approval of the Senate, that person was appointed to the Board. The Committee shall forward its nomination to the Senate no later than April 15 of each year or within three weeks after a vacancy occurred.

Ms. Harrison asked when her vacancy will occur. Ms. Putnam-Smith said it would be the end of her second year on the Board. She believed her first meeting was in June, so her term would be up after the

May meeting. Ms. Harrison asked if that gave them enough time to find a replacement. Ms. Putnam-Smith said she thought it did. Mr. Permaul said he thought it would. Mr. Gabriel said that if they went by the second definition, they'd have to hurry because otherwise the Senate would be out of session.

Ms. Putnam-Smith asked when the Senate would be out of session. Mr. Gabriel said he believed it was after three weeks.

Mr. Coley asked Ms. Putnam-Smith when her term ends. Ms. Putnam-Smith said it would be at the end of the May meeting. The term of office for undergrad members was two years, and the Chair usually had a one-year term. That term was extended for her because the previous Chair left mid-year. Mr. Coley asked if the Board's By-laws don't state when the year begins. Ms. Putnam-Smith said they didn't.

Mr. Permaul said that Mr. Gabriel, Mr. Gupta, two Senators, Ms. Putnam-Smith, and perhaps Mr. Dally, if he would like to join this as well, could start next week, out a notice, and do the due diligence, to get this to the Senate before its last meeting.

Mr. Gabriel asked if Ms. Putnam-Smith could put the meeting together. Ms. Putnam-Smith said she would.

Why the Cal Band and other student musical activities are not part of the Music Department and funded by the campus as they are at other college campuses.

Mr. Permaul said that at Ms. Davis' request, he made an appointment and met with the Chair of the Music Department to discuss with her, as the Chair described it, "for the umpteenth time," why the Cal Band and student musical activities were not part of the Music Department. There was actually a very sound reason. Schools such as the University of Washington, the University of Michigan, and Ohio State, that had marching bands that were part of music departments, also had conservatories of music, which were distinct from departments of music in that conservatories specifically train people in music performance, as opposed to music composition or the history and study of music. No campus in the UC System had a music conservatory. The decision not to develop that was made in the 1930s and '40s on the campus at Berkeley and UCLA. There was a proposal in the 1940s to have the San Francisco Conservatory of Music join with the Berkeley campus to have performance, but the problem was money and facilities. The thought was that the Music Department would choose not to merge with the Conservatory if it did not get adequate support from the University to build performance facilities.

Mr. Permaul said Ms. Davis asked the question when the ASUC was looking to support the Cal Band and other student musical activities, and why that wasn't be done by the Music Department. The woodwinds were the only element of the Cal Band that was part of the Music Department. A proposal at one point to bring the Jazz Ensembles into the Music Department fell by the wayside due to money and facilities.

Mr. Coley asked if Ms. Davis knew about this. Mr. Permaul said he would send her the information.

Ms. Putnam-Smith said that seeing no other questions or concerns, and with no objection, the meeting was adjourned.

This meeting adjourned at 6:26 p.m.

These minutes respectfully submitted by Steven I. Litwak, Recording Secretary

## **DECISIONS OF THE BOARD**

### Procedures

- December '06 Amended the Commercial Activities Agreement, to list the Blue & Gold Yearbook under Exhibit A, Part B, Number 11, to allow the Yearbook to receive student addresses from the Registrar's Office.
- November '06 Elected Mr. Dally as Vice Chair of the Board and elected to have Ms. Putnam-Smith serve as Chair for the remainder of her term, ending at the conclusion of Spring Semester, '06-7
- July '06 Mr. Permaul's first Board meeting as Auxiliary Director.
- June '06 Unanimously endorsed the efforts of the Chancellor and the UC President to utilize programs such as the Designated Suppliers Program, or other means of preventing the use of sweatshops in the production of University apparel and goods.
- April '05 Mr. Dally joined the Board as undergrad representative.
- December '05 Asked the Finance Committee to discuss with Internal Audit the ASUC's use of the BFS accounting system.
- December '05 Elected Ms. Putnam-Smith as Chair of the Board.
- June '05 Voted to have committees, after the August meeting, agree upon meeting times, during normal business hours, and for the Finance Committee to meet at least quarterly, and for each committee to have representation of faculty, staff, and students.
- June '05 Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
- February '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04 Considered and amended ASUC Auxiliary Budget Principles.
- January '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of a GA representation on the Board.
- December '03 Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.

Procedures (cont'd)

October '03	Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.
August '03	Heard a report on the establishment of the Space Assessment Committee for Eshleman and MLK.
June '03	Elected Ms. Quindel and Mr. Bucklin as Board Chair and Vice Chair, 2003-4.
June '03	Formed a Subcommittee on Committees to determine a committee structure for the Board.
June '03	Agreed to hold a Board member orientation by August 30.
May '03	Agreed on the need for a Board member orientation to be held before the start of the school year.
December '02	Enhanced Board minutes by adding "Decisions of the Board"

Vendors

June '06	Unanimously approved having Mr. Rolle look for someone to manage the Lodge, with the same relationship as with the previous manager, removing restrictions for a leaseholder.
March '06	Approved a five-year lease option exercised by the Jupiter Pub
Feb. '06	Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.
Sept. '05	Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.
Sept. '05	Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorized pursuing an agreement for the Alumni Association to manage the Lodge.
May '05	Approved the further exploration with Darryl Ross of placing a green café at the southeast corner of the Student Union.
March '05	Heard a presentation by Darryl Ross and agreed to investigate the possibility of a "green" restaurant in the southeast corner of the Student Union.
Nov. '04	Approved a two-year lease extension, beginning Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.

Vendors (cont'd)

Nov. '04	Approved the transfer of ownership of The Taqueria to the owner's nephew.
July '04	To advertise the Store, the ASUC worked to give Cal-SO counselors a \$5 gift certificate and RAs a 15% discount card.
June '04	Approved a five-year extension for the STA Travel lease.
June '04	Approved the Resolution In Support of Follett Contract Performance Review.
June '04	Approved changes to the terms of the Pub's lease.
April '04	Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations fail, and to issue an RFP.
March '04	Agreed to a four-week pilot project for the New York Times Readership Pilot Project.
March '04	Rejected contract proposals submitted by Pub management, called upon Commercial Operations to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.
March '04	Recommended signing the Follett contract, dated Feb. 26, '04.
January '04	Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.
January '04	Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.
December '03	Heard from John Martin, operator of the Pub.
November '03	The Daily Cal lease was signed, and printing of the ASUC government page began.
November '03	Heard a presentation on Coca-Cola business practices in Colombia.
August '03	Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus committee at-large.
July '03	Approved a five-year lease with the Daily Cal.
July '03	Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.



Vendors (cont'd)

- June '03 Formed a subcommittee to further consider the Daily Cal lease.
- August '04 Decided to offer the Pub, after consulting with counsel, a reduction in rent, with conditions.
- July '04 Heard a counter proposal from the Pub regarding a contract revision. Authorized the Director to seek legal counsel.
- May '03 Heard a presentation by Coca-Cola representatives on the Company's business practices in Colombia.
- December '02 Added a fair-trade coffee option into the lease of the Coffee Spot

Student Union / Pauley Ballroom

- December '02 Authorized a letter to Coca-Cola expressing the Board's concerns with allegations of human rights abuses in Colombian bottling plants, and requested a company representative speak to the Board.
- May '05 Voted to approve the LoSpro lounge proposal for the space in the Student Union occupied by the Bearcade.
- May '05 Voted to explore options for the expansion of the Art Studio.
- April '04 Heard a presentation by Ms. Terman, Manager, Art Studio, on expanding the Art Studio into the area used by the Bearcade.
- October '04 Authorized ASUC President Leybovich, with matching funds from H&D, to spend up to \$2,500 for a Student Union/food service survey.
- May '03 Approved agreement with the Chancellor's proposal on the multicultural lounge; to enter into negotiations on costs and the Auxiliary's role in managing the facility; and to approve a negotiating committee. Current Officers will negotiate, with new Officers to shadow them until current Officers leave.
- May '03 Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June meeting.
- April '03 Received a proposal, as part of the 2003-2004 budget, to allocate \$20,000 for the Senate and the GA to use for Pauley Ballroom fee waivers.

Budget (cont'd)

- February '03      Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.
- Budget
- April '06          Approved the 2006-7 Auxiliary budget.
- April '05          Approved the 2005-6 Auxiliary budget.
- September '04    Approved a motion to state that the Board alone had authority to shift funding; to determine 03-04 residual profit at \$103,208; and to transfer \$50,000 from residual profit to the Auxiliary Contingency Fund, making up for a transfer of that amount to the ASUC to balance its 04-05 budget.
- May '04            Approved a motion to urge the future SOB, 04-05, to consider as a high priority, fully funding one position for the OSA and a half position OSA position for the GA.
- April '04          Approved the ASUC Auxiliary FY2004-2005 Budget, including a transfer to the ASUC of \$50,000 from the Auxiliary Contingency Reserves.
- February '03      Received "ASUC Auxiliary Revenue and Expense Report, July -December 2003."
- June '03          A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.
- May '03            Unanimously approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a recommendation by August 30, agreed to staff the security desk in Eshleman starting at 6 p.m., rather than 8 a.m.

## STORE OPERATIONS BOARD MINUTES

May 14, 2007

Present: (Members and others)

Ron Coley  
Matt Dally  
Josh Daniels

Barbara Davis  
Victoria Harrison  
Nadesan Permaul

Jillian Putnam-Smith  
Tom Spivey  
Oliver Williamson

### **SUMMARY OF THE MEETING**

This meeting concluded the Spring Semester and was called to order at 5:12 p.m.

#### **REPORT FROM THE DIRECTOR**

##### **Update on the Bear's Lair food court**

The Daily Cal and other local newspapers had stories covered concerns about the ASUC treating vendors in the Bear's Lair food court unfairly. The Auxiliary posted information to set the record straight. A meeting was scheduled with the vendors in June to talk about new contracts. Vendors want to go beyond month-to-month leases and the Auxiliary was prepared to offer extensions, with increases in rents. Increases were not aimed at driving any vendors out.

Student government strongly supported small businesses, but students in general seem to recognize the need for a balance between larger and smaller businesses. The ASUC, with the Survey Research Center, surveyed 1,000 students. Over 60% were prepared for larger businesses, with Starbucks the number one business listed. The Auxiliary will also look at health and safety issues in the Bear's Lair and the quality of presentation there. Each vendor will be negotiated individually, based on space the vendors have.

The projected increases in rent were between .50¢-.75¢- \$1.00 per square foot, depending on the commercial rate. Local commercial rates were being assessed at that time. Previous leases didn't include statements of revenue.

The meeting entered into executive session to discuss this and the following item.

##### **Proposal to spend funds for Student Union improvements in 07-08 not to exceed \$35,000**

Mr. Permaul requested a motion for Student Union improvements. The proposal was to fund the following, not to exceed \$35,000: 1) an estimate to turn Tilden Room storage into a pantry for food service on the 5th floor of MLK; 2) an estimate for audio-visual equipment for the Tilden Room; 3) a change in the lighting on the ceiling of Tilden; 4) a evaluation of Pauley Ballroom's kitchen and equipment and a contribution to redesign of vendor space in the food court and the relocation of the CUBS Credit Union.

A concern was raised about repaying the reserves, especially since no contribution was budgeted for next year. Mr. Permaul made a friendly amendment, to return funds to the reserves or to be part of the regular budget process, given the amount the motion allocated to planning.

The proposal was approved by unanimous voice-vote.

The Auxiliary was looking into what would be appropriate reserve levels.

#### Presentation of Panda Express to the ASUC

Panda Express made a presentation to the Auxiliary. Students were present, and generally supported it. Panda has come to the Auxiliary aggressively and would bring a remarkable investment to Auxiliary facilities and revenues. This will be brought to new Executive Officers and the Senate. The campus Business Contracts Manager went to the OP, whose General Counsel said the ASUC did not have to go out to bid. It was noted that the CAA required an RFP for commercial space, and that other issues were involved. It was also noted that what was being considered was not commercial space. Starbucks would not go through an RFP. Panda could go to a number of locations: the western deck, the roof of the Pub, the OCF's area, and STA Travel's location. STA Travel would move where the Postal Annex used to be. Starbucks would not move into CAA commercial space, but in Follett's space.

The Auxiliary will meet with Telegraph Avenue reps and share plans.

Having a Starbucks in Follett space would improve foot traffic, and Follett believed strongly in foot traffic.

It was noted that the Auxiliary will proceed according to the rules and that concerns would be addressed.

#### Club Satellite E-Flyer Project

There will be new Web pages for the Auxiliary and the Graduate Assembly, hopefully by the fall. There was potential for this to be the Web page of choice for students. The Blue & Gold was being digitized and all images belong to the ASUC and will be part of the site.

ASUC electronic signage, or e-flying, could generate revenue and provide students with dramatically enhanced information. The Auxiliary was partnering with the Daily Cal, Cal TV, and others, to bring electronic images to various locations, in a pilot program.

This was being led by a student group, Berkeley Innovations, in conjunction with the ASUC. According to Capital Programs, any signage inside a building, even if it faced out, was the Auxiliary's purview.

Pilot locations for plasma and other screens included Eshleman lobby, a 42" screen; the Bear's Lair food court, one 60" screen and one scrolling electronic sign; the Cal Student Store facing Sproul Plaza, two 60" screens; Wheeler Auditorium lobby, two 42" screens; MLK Union Lobby, two Campus Link screens; and the Dean of Students' office, 14".

The Auxiliary will make clear to Capital Projects the implications of having 60-inch plasma screens facing Sproul. Everybody will see what it looked like before proceeding.

The Auxiliary was working with Emergency Preparedness to use this system in case of a disaster. Screens would basically have student information. Those on the inside of non-academic buildings would have sound, and screens facing outward would have closed captions.

It was suggested that the English Department, located in Wheeler, be invited to a demo.

Students have shown a lot of interest in getting information on the little 14" screen in Eshleman. The Auxiliary will also meet with University Relations, which has a student campus calendar it hasn't released because no one would take ownership.

If the e-flying program was successful and there were requests for more locations, the Auxiliary would go out to bid and have the entire system installed by a private vendor.

#### Special rent rate for the Career Center in the former Postal Annex site

Mr. Permaul said the Career Center would like a one-year pilot project for a satellite location inside the vacant Postal Annex site. It would like a break on the commercial rate the Auxiliary charged the Postal Annex, \$3.93.

It was noted that the Career Center was a Reg Fee funded student service, which would mean it would receive a discounted rate.

The Career Center would provide its regular services, with two full-time staff. Most drop-in interviews with vendors would be run out of this space. It would also bring foot traffic in, particularly to this area.

It was noted that the Career Center had an opportunity to generate revenue from what it charged employees to come in. The Center will be asked to provide revenue information.

The kiosk just across from this space would hopefully be the Credit Union's location. The Brazil Café would go into CUBS' current space. With Naia's, this would be the first time in over ten years all these locations were in operation.

The Career Center hoped to have the satellite location in operation by the fall. The Center would invest the funds to do this. The students were very excited about the Career Center coming in.

It was suggested that Mr. Permaul negotiate with the Career Center and come back to the Board. Students on the Board could vote on whether it was reasonable to try to charge more per square foot for the space versus what the Career Center would be charged.

#### The Scholar's Workstation

The clock was ticking for The Scholar's Workstation to leave its current site. It's still trying to assess its viability as a business. It could go into space Follett wasn't using, on the bottom floor.

#### University Health Services

The Auxiliary will meet with AVC Lustig to talk about new funds the campus will receive for mental health and how they might bring students mental health and other health services at this location.

#### Visitors Center

Mr. Permaul and Mr. Coley hope to meet with the Visitors Center about bringing some Visitors Center services back to the ASUC. It was where people already wanted to go to.

#### Renewal of the Cal Lodge Agreement for 07-08

The Cal Lodge made about \$8,000 in revenue that year. Students subsidize the Lodge at \$30,000 just to keep it operating. There was a late start to the season, and a very poor winter. They'll also look at marketing during the summer. Reservations could be made on the Auxiliary's new Web site for the Cal Lodge, the Student Union, for Art Studio classes, or to get lecture notes. They're even thinking of pre-selling lunches for the Bear's Lair online. Mr. Permaul, Mr. Spivey, and the ASUC lawyer will go to the Lodge in June, spend the night, and meet with the vendor and see the improvements he's made that year. When they return they'll decide on renewing the contract with the vendor.

#### Possible Board membership of Prof. George Cluff

A Board member has considered stepping down and Prof. George Cluff, in the Business School, has shown an interest in joining the Board.

#### Blue & Gold / Cal Lecture Notes Online

The Blue & Gold has doubled its sales for that year, and expects to more than double them next year. After negotiating this, the Registrar now gave the Yearbook access to students' e-mail information. Mr. Permaul said they finally successfully negotiated that. So Blue & Gold will not ask the ASUC for any money that year, and hoped to start generating positive revenues in the future.

Black Lightning Notes, now "Cal Lecture Notes Online," will turn a small revenue that year for the first time in years. With the new Web site, they have the capacity to sell much more.

#### Art Studio

The Auxiliary will go forward to make sure the Art Studio worked effectively and was much more visible to Cal students and to the Cal community.

#### NEW BUSINESS

##### New Board Member, Undergraduate Representative Jordan Smith

The new undergraduate representative was Jordan Smith, who was at the last Board meeting.

##### Election of New Board Chair and Vice Chair

This was Ms. Putnam-Smith's last Board meeting, the end of her two-year term. The Charter calls for the Board to elect its officers at its first regular meeting after July 1. In case of a vacancy, the Vice Chair, Mr. Dally, would be the Interim Chair. Board members congratulated Ms. Putnam-Smith on her term as Chair.

An e-mail will be sent out about a meeting in July. The Board should have a full complement of members. The Graduate Assembly will be called to make sure it had reps present.

ASUC election results have not yet been certified. A lawsuit, in the courts, was filed against the Attorney General. Mr. Gabriel could no longer be ASUC President at the end of May. The results of the election have been announced, as a result of an important change the students made to the By-laws. The courts were extremely reluctant to tamper with the results of published elections.

The meeting adjourned at 6:43 p.m.

**[End summary of the meeting.]**

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This regular meeting of the Store Operations Board, concluding the Spring Semester, was called to order by Jillian Putnam-Smith at 5:12 p.m. in the ASUC Senate Chamber.

APPROVAL OF THE MINUTES

Ms. Putnam-Smith asked for a motion to adopt the minutes from the April meeting. It was so moved and seconded by Mr. Dally and Mr. Williamson. THE MOTION TO APPROVE THE MINUTES OF THE APRIL 9, 2007 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

APPROVAL OF THE AGENDA

Ms. Putnam-Smith said asked for a motion to adopt the agenda. Mr. Permaul said he would like to amend the agenda and remove items 8) and 9) from the agenda, on relocating the Open Computing Facility and new commercial space, and on the renewal of the Multicultural Center Agreement with the campus. In their place he would like to add items on the appointment of Prof. George Cluff to the Board and the Blue & Gold's financial success. The motion to amend the agenda was made and seconded by Mr. Coley and Ms. Harrison and passed unanimously by voice-vote.

A motion to approve the agenda, as amended, was made and seconded by Mr. Coley and Ms. Harrison. THE MOTION TO APPROVE THE AGENDA, AS AMENDED, PASSED UNANIMOUSLY BY VOICE-VOTE.

REPORT FROM THE DIRECTOR

Update on the Bear's Lair food court

Mr. Permaul said he would like to give an update on the Bear's Lair food court. Some Board members may have heard about issues that arose since the last Board meeting. The Daily Cal and local newspapers covered concerns about the ASUC treating vendors in the Bear's Lair food court unfairly. Food vendors had sent a notice to the Daily Cal, the ASUC Senate, and presented it to Executive Officers. Mr. Permaul said he has not received a single e-mail or telephone call about the issues in the Bear's Lair food court, which he thought was rather interesting. The Auxiliary posted information to set the record straight, and the only things he has received about this issue were comments of appreciation that the Auxiliary posted this information so people could see it.

Mr. Permaul said he understood that this becomes a political matter for the vendors there, and this was not the first time the vendors have resisted change in the Bear's Lair food court. At the last two Senate meetings, where the Senate dealt with the ASUC's budget, the students were at one meeting until 5 a.m., with acrimonious and angry debate over the limited funds they had. He thought the notion that the Daily Cal pointed out, as was mentioned earlier in the year, was right on target: that it was time for the ASUC to review its commercial assessment. The Auxiliary was doing that, and was moving forward. A meeting was scheduled in June to meet with the vendors in the food court and sit down and talk about concepts for new contracts. The vendors were angry because they have not had the opportunity to go beyond month-to-month leases. The Auxiliary was now prepared to offer them extensions. But that would come with increases in their rents. At least that was what the Auxiliary was prepared to do. There will not be increases aimed at driving any of these vendors out of the ASUC. The student government strongly supports small businesses. But students in general seem to recognize that there needed to be a balance between larger businesses and smaller ones.

Mr. Permaul said that as he mentioned at the last Board meeting, the ASUC did a survey of 1,000 students who were randomly selected by Greg, at the Survey Research Center. The survey showed that over 60% of the students were prepared for larger businesses. And the number one business listed was Starbucks, which he thought was rather interesting. So students both support small businesses and would like to have other options they could pursue. So the Auxiliary will propose that a modest increase in rents. They will also look at health and safety issues and at the quality of the presentation in the Bear's Lair. They will not make cookie-cutter contracts with each vendor and contracts will be negotiated individually, based on the space vendors have and the history of their participation at the ASUC.

Mr. Permaul said he just wanted to give the Board this information. If there were any questions about what the Auxiliary charged the vendors, or anything people may they heard, he was certainly happy to answer any questions.

Ms. Putnam-Smith said asked if he had a copy of the survey that he mentioned. Mr. Permaul said the ASUC student government had a copy, and they were going to bring it, but unfortunately they weren't present. He'll ask them to bring a copy to the fall Board meeting, if they don't meet again during the summer.

Mr. Williamson asked about the magnitude of the projected increases in going from month-to-month to annual leases. Mr. Permaul said they were looking at something between .50¢ per square foot to somewhere in the neighborhood of .75¢ or \$1.00. It depended on the commercial rate. An assessment of local commercial rates was being done at that time, and the Auxiliary was getting information from local businesses. In addition, previous contracts did not include statements of revenue, for whatever reason.



Ms. Putnam-Smith said she would ask for a motion to meet in executive session. It was so moved and seconded by Ms. Davis and Mr. Dally. The motion to meet in executive session passed unanimously by voice-vote. Ms. Putnam-Smith said asked Mr. Spivey to leave the room since he wasn't a Board member. This meeting entered into closed session.

Proposal to spend funds for Student Union improvements in 07-08 not to exceed \$35,000

Back in open session, Mr. Coley moved to approve the request for the motion submitted by Mr. Permaul. The motion was seconded by Mr. Dally.

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Begin motion submitted by Mr. Permaul

May 14, 2007

Request for a motion from the Store Operations Board: That the Store Operations Board approve spending by the ASUC Auxiliary not to exceed \$35,000.00 for improvements and studies associated with the seismic reinforcement projects, and with assessments of the ASUC commercial space described below.

1. Funds to estimate turning Tilden Room Storage into a pantry for food service on the 5th Floor of Martin Luther King, Jr. Student Union.
2. Funds to estimate the costs of, and installing, audio-visual equipment installed into the Tilden Room.
3. Funds to change lighting on the ceiling of the Tilden Room, sconces for the side illumination of the room, and doors for two storage closets created from dead space on both sides of the room's south end.
4. Funds to evaluate the condition of the Pauley Ballroom kitchen and equipment.
5. Funds to contribute to redesign of vendor space in the food court, and relocation of the CUBS Credit Union to a new location.

End motion submitted by Mr. Permaul  
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Ms. Davis said her only concern was having something in the motion about repaying the reserves, because the Auxiliary next year would not put anything in its reserves, or budget for that, to the extent they know what the seismic plans were, like they already know for Pauley. Mr. Permaul said he would accept that as a friendly amendment. Ms. Davis said that given the amount for planning, to return funds to the reserves or to be part of the regular budget process. Mr. Permaul said he would be happy to revise the proposal to reflect that.

**THE MOTION TO APPROVE MR. PERMAUL'S PROPOSAL ON SPENDING FOR IMPROVEMENTS AND STUDIES ASSOCIATED WITH SEISMIC REINFORCEMENT PROJECTS, WITH A FRIENDLY AMENDMENT, PASSED UNANIMOUSLY BY VOICE-VOTE.**

Ms. Davis said that at some point they needed to discuss the reserves and what would be a healthy amount would be for a safety net. Mr. Coley said that was correct. And now that they have Mr. Spivey on board, they could spend some time looking at what would be an appropriate reserve level for an organization like this, which was long overdue.

#### Presentation of Panda Express to the ASUC

Mr. Permaul said that Panda Express came to visit the Auxiliary and put together a very good presentation to the students. The students asked very thoughtful questions.

Ms. Davis asked if the students were from the ASUC Senate. Mr. Permaul said the group included members of the Senate, Executive staff, and members of the commercial assessment group. Seven students were there, from different backgrounds and parties. The new Executive VP joined them.

Mr. Permaul said that Panda was willing to bring an absolutely remarkable investment to Auxiliary facilities and revenues if something was worked out. Mr. Permaul said this item was just for the Board's information. Panda's presentation was successful. Students in general supported Panda. One student asked if there weren't other businesses that would be willing to bring in the kind of revenue Panda was willing to bring to the Auxiliary, and Mr. Permaul said he explained that to date, no other businesses have approached them in this manner. And Panda has come to the Auxiliary aggressively, and was also there three or four years ago. But the students at that time decided not to invite them. So Panda came back and made a very thoughtful presentation to the students. Mr. Permaul said he was very impressed. Mr. Spivey was there as well.

Ms. Davis asked if they brought food to the presentation. Mr. Permaul said they did, and cooked it on the spot and served it to the students. It was very good. This item was just for the Board's information. Panda provided copies of the presentation it made, which was provide to Board members to read. It was tailored for the Berkeley campus, which he thought was a very smart move on Panda's part.

Ms. Davis asked what would happen next with Panda. Mr. Permaul said there was nothing happening at that point and he wanted to wait until new Executive Officers took office so he could talk with them. He will also go to the Senate again.

Mr. Permaul said they'll go through a process of physically inspecting the sites to see if it would be possible to bring these new businesses into the ASUC. After they get all the information they'll make a presentation to the SOB. He will also present to the Senate, as he's done throughout the course of that year, his thoughts about their commercial development.

Ms. Davis asked if this was just an informational item, then. Mr. Permaul said it was.

Ms. Putnam-Smith asked about the issue the Board discussed previously about needing to go out for an RFP. Mr. Permaul he went to the campus Business Contracts Manager, who went to the Office of the President. He sent out an e-mail to SOB members stating the opinion of the General Counsel at the OP that the ASUC did not have to go out to bid.

Ms. Harrison said she would like to discuss this before moving into it because she thought the Commercial Activities Agreement actually required the Auxiliary to go out for an RFP.

Ms. Davis said that even if they weren't legally bound, there were still some issues involved.

Ms. Harrison said the Commercial Activities Agreement calls for an RFP for commercial space, to allow people to bid on the space. The SOB would evaluate the proposals and determine which one they felt was in the best interests of the campus and the students. Mr. Permaul said that when he went through the Store Operations agreement, the commercial space was specifically identified. The spaces they were looking at were not currently commercial spaces, so technically, didn't fall under the provisions of the Agreement for commercial space. These spaces were new and would become commercial space. But it was up to the druthers of the Board. He thought they could potentially lose some of these vendors, and there was a question as to whether they'd want to go through the hassle. Starbucks, for instance, specifically said it didn't like RFPs and wanted to go where people wanted them to come. So if the Auxiliary wanted Starbucks to go through an RFP, it was "Thanks, but no thanks." Panda Express probably would be willing because there were really no national competitors. But it would elongate the period of time. But if the Board felt this was something it would like to do, he was certainly open to that.

Ms. Davis asked if he was thinking of Panda somewhere else besides the food court. Mr. Permaul said he never thought Panda would be in the food court, as he's stated before and as the statement indicated. Several spaces were available. One was outdoors on the western deck, which he was having Capital Project assess. There was also the roof of the Bear's Lair Pub, which was also an open, deck area. Also, the Open Computing Facility location had the ability to be vented all the way to the roof and could be used. And if they relocate STA Travel, which was a commercial space and which interested Panda, that area could also be renovated. The campus has already given him a ruling that the staircase going between the mall and the roof was not something the campus cared about, and would be willing to remove that. Panda said it would like to include that in the space. They'd make that a glass wall where people could see the food being cooked. This would also bring more life and illumination to that alleyway. But that was only if Panda was interested in that space. What the Auxiliary was doing at that point was a physical assessment of potential spaces.

Ms. Putnam-Smith asked if STA Travel would move to where the Postal Annex used to be. Mr. Permaul said he's talked to STA Travel about the potential to relocate and they said they were interested in talking to him about that. They haven't gotten to the point where there was reason to have that conversation. In the case of Starbucks, it would not move into commercial space at all and would move into space that was operated by Follett.

Ms. Harrison said that was commercial space. Mr. Permaul said the Auxiliary already had an agreement for that space. There would be a contract between Follett and Starbucks, which was an agreement they had at many locations around the country. Ms. Harrison said she interpreted some of this differently. She thought some of this also had to do with the intent of the Agreement at the time.

Ms. Davis said the other issue concerned what was happening in the City, on Telegraph Ave., and Ms. Hegarty's e-mail. Even if the Auxiliary was not legally bound, she thought it would be good community relations to make apparent what they were doing.

Mr. Permaul said that he and Mr. Coley were going to the Telegraph Ave. guild and will share what they're planning. They certainly did not want to hide anything. Actually, what he tried to impress upon

Ms. Hegarty was that Starbucks would be one end of a major mall, with a large anchor business, Follett's. Follett now had to pick up its end and look for major improvement. And then Telegraph had to bring businesses that students were interested in. One thing the Director of Dining told him was that he felt there was a 40% shortfall in serving students on campus. His restaurants serve 90% percent of the students, who use points on their cards. As for where the rest of the students were going, it certainly wasn't to Telegraph Ave. since those businesses were closing. So students were basically voting with their feet about where they make their food choices. Nobody wanted to leave money and services for students on the table, so they're trying to encourage Telegraph Ave. to step up, and the Auxiliary will hopefully do the same by providing better quality choices for the students. This shouldn't be new, because he's been telling this to the Board all year long, that this was something the Auxiliary was trying to do, to bring better choices to the students.

Mr. Williamson said asked what the incentive was for Follett to bring in Starbucks. Mr. Permaul said it was for foot traffic. Mr. Williamson asked if that was all, or if there would be any compensation. Mr. Permaul said there was no compensation. If they were to bring into the Store The Scholar's Workstation, a printing service, and Starbucks, Follett would be interested in making an investment to improve the bottom of the Store, to match what Follett did at the top of the Store. As Mr. Coley has told him, Follett should be doing that anyway. So the Auxiliary will talk about that. But Follett put that on the table when he said the Auxiliary would look to bring some of these businesses in. Follett said that if the Auxiliary brought them in, Follett wouldn't take any revenue from them and money could go back to the students. Follett believed strongly in foot traffic. Follett knew its business and believed strongly in foot traffic, which would generate revenue for all the businesses and would bring business and life to the ASUC. Follett supported what the Auxiliary was attempting to do.

Mr. Coley said he would assure everyone that he had a major stake in not only this organization, but the whole piece, and that the Auxiliary will do things according to the rules and will follow those concerns. And he and Mr. Permaul have discussed that.

#### Club Satellite E-Flyer Project

Mr. Permaul said he told the Board at the beginning of the year that he and Mr. Coley discussed bringing electronic signage into to the ASUC. They've been looking into that and it would come in conjunction with their new Web page, which they were very excited about. The Auxiliary was going to put in new Web pages for both the ASUC Auxiliary and the Graduate Assembly. They hope to have it up and running by the time the students return. They're really excited about the Web page because it will have the potential to be the Web page of choice for students. They'll be able to create their own Web page on the Auxiliary's Web page, with a significant number of moveable items. It will be very much like the Google Web page. All the images from the Blue & Gold were being digitized at that time. They have a contract to do that and it's generated some modest revenue to the ASUC. Every one of those images belongs to the ASUC. So when someone went to the Web site, they'd see a different picture from the Blue & Gold, from the history of the campus from 1875 to the present. People would also be able to switch from a classic view of the ASUC and a modern view. And they'll have some very nice sponsors, like Recreational Sports has on its Web page.

This was in conjunction with electronic signage, "E-Fliering." ASUC E-Fliering had the ability to both generate revenue for the ASUC and also provide students with dramatically enhanced information.

They're partnering with the Daily Cal, Cal TV, and with a number of others, to bring these electronic images to students in various locations in a pilot program, and then they'd be part and parcel of what the Auxiliary was doing on its Web site as well.

Mr. Permaul said he just wanted to give the Board this information and to let them know that the Auxiliary was working on this. An e-fliering packet was distributed that people could read at their leisure. The Auxiliary will go forward with this. Pilot locations for plasma and other screens included Eshleman lobby, a 42" screen; the Bear's Lair food court, one 60" screen and one scrolling electronic sign; the Cal Student Store facing Sproul Plaza, two 60" screens; Wheeler Auditorium lobby, two 42" screens; MLK Union Lobby, two Campus Link screens; and the Dean of Students' office, 14". If people had any questions, he would ask them to please feel free to write him or ask him. He didn't want Board members to hear that the Auxiliary had concluded an agreement to bring electrical signage to the ASUC that they were not aware of, even though it wasn't a commercial business it.

Mr. Coley said that when he mentioned that sites had been selected to have electronic signage, and he asked what vetting took place for the approval of those sites. Mr. Permaul said they've been meeting as a group with students and with the parties who were negotiating this. The students were the ones who were actually leading this, the Berkeley Innovations student group, in conjunction with the ASUC, and they decided these were the sites they wanted to go after. Mr. Coley said the only sites he was particularly sensitive about were those ones that faced outward.

Ms. Davis asked if any of the signage would be external. Mr. Permaul said they were all internal, and would follow what the Auxiliary learned when they wrote to Capital Programs, which said that any signage in the inside of a building, even if it faced out, was the Auxiliary's purview.

Mr. Coley said he wanted to be sure that Mr. Permaul made it very clear to Capital Projects what the implications were in having 60-inch plasma screens facing outward, facing Sproul, through glass, and to make sure that that Capital Programs understood what that meant. Mr. Permaul said he would. He said they agreed that they would bring this forward and show everybody what it looked like before proceeding.

Ms. Davis asked if site No. 3 was at the upper level of the Union facing Sproul. Mr. Permaul said it was, in the northeast corner of the Student Union. There was a check-out stand with a wall. The screens would be behind that wall, one facing east and one facing north, providing students with information and updates. The Auxiliary was also working with Emergency Preparedness to use this system in case of a disaster, so they'd give the same information campus emergency systems was providing. It would basically be student information on five different screens. Information could include a meeting of the ASUC Senate being held that evening, a notice from Cal TV about the showing of a taped interview, e.g.

Ms. Davis asked if there would be sound. Mr. Permaul said there wouldn't be sound for the screens facing outward, and there would be closed captions. But the screens on the inside of non-academic buildings would have sound. So the Bear's Lair food court and Eshleman Hall, by the entrance, would have sound.

Ms. Davis asked about the site in the Wheeler lobby. Mr. Permaul said both showcases in that lobby were assigned to ASUC SUPERB, to post information. What the Auxiliary would do was to put screens inside the cases and project the information out.

Ms. Davis said that this system, then, wouldn't interfere with all the technology in Wheeler Auditorium or have any impact on the teaching part. Mr. Permaul said it wouldn't. They've already done a physical assessment of all the spaces the screens would be located.

Ms. Davis said the only other thing with Wheeler was to let the Chair of the English Department know that this was being planned, so they weren't surprised, and perhaps invite them to attend the demo. The English Department was an occupant of Wheeler and should know what was going on, so Department reps should attend the presentation demo. She'd assume there would be no sound. Mr. Permaul said that was correct, and it would be closed captioned.

Ms. Putnam-Smith if Mr. Permaul could potentially come back to the Board possibly asking for up to \$25,000. Mr. Permaul said he hoped not.

Mr. Coley said that Capital Projects was the keeper of the external appearance of the campus, and although the screens were on the inside of the buildings and looked outward, they might as well be hanging on the outside. They just need to make sure people were aware of what would be going in, because it would influence the outside appearance of the campus.

Ms. Davis asked if people really felt these screens would stop the fliering and said she didn't think it would. She asked if this has been done at other campuses. Mr. Permaul said it has. They put up a little 14-inch screen in the building, and students from 30 different groups approached them almost immediately to say they could stop putting fliers in the lobby if they could advertise on the screen. The Auxiliary couldn't do that because they didn't have the mechanism to do so. They're also taking information from the campus calendar, and one thing they'll do is meet with University Relations, which has a student campus calendar. Campus Relations has had it for two years but never released it, because no one would take ownership. The Auxiliary was discussing the prospect of taking ownership.

Mr. Dally said his experience with student groups was that they were always fliering and posting, and they'd be interested in anything they could do to decrease that.

Ms. Davis asked if there was some reason this wasn't being put in University housing. Mr. Permaul said they're starting in with a pilot program. If it's successful and people like these and feel they're useful, and most importantly, that the information was useful to students, they assume that people will be banging on the door. And then the Auxiliary would go out to bid and have the entire system installed by a private vendor. The Auxiliary would underwrite that and would control and manage the advertising, which would be vetted through an advisory group. The Auxiliary would be very cautious about what they do.

Ms. Putnam-Smith asked if there would be an accompanying Web site with similar information. Mr. Permaul said that was what they currently had. Students could get further information at the ASUC Web site.

Ms. Davis asked if they'd take down the kiosks by Telegraph and Bancroft, where Daily Cals were located. Mr. Permaul said he imagined that at some point, if they're successful with e-fliering, that would be something they could propose. But that would only be when they got to a point where everybody felt this was actually a comfortable system, which might take a couple of years. Ms. Putnam-Smith said that would occur when people felt their information was getting out enough through this vehicle. Mr. Permaul said every single student group they've talked to liked the idea of electronic information. This was brought to the Auxiliary by the students, and the Auxiliary was really excited about that.

Special rent rate for the Career Center in the former Postal Annex site

Mr. Permaul said the Career Center would like to put a satellite inside of what was currently the vacant Postal Annex site. But the Career Center would like a break on the commercial rate the Auxiliary previously charged the Postal Annex, \$3.93 per square foot for that space. This proposal was only to facilitate having this pilot project for one year with the Career Center going.

Ms. Harrison asked where he came up with those numbers. Mr. Permaul said he would offer a range of numbers. They were somewhere between \$3 and \$5 per square foot for the former Postal Annex space. He would like to propose a figure, in year 1, between \$3 and \$4 for the Career Center. Likely, it would be less than what the Auxiliary was charging the Postal Annex. And then they'd possibly bump it up in year 2; and if the Career Center would like to stay beyond that, then bump it up again, and extend the contract on a permanent basis. The Career Center felt strongly that it was a quote "Reg Fee" unit. Mr. Permaul said he didn't actually agree with that. The Career Center was just like the rest of the units, generating revenues.

Mr. Coley asked Ms. Davis about her view on that. Ms. Davis said thought the Career Center was a student service. She didn't think of the Career Center as an Auxiliary. It's a Reg Fee funded student service. Mr. Coley said that meant they should receive a discounted rate. Ms. Davis said she believed that was the case.

Ms. Harrison asked if they knew what services the Career Center intended to provide from the satellite location. Mr. Permaul said they would provide their regular services, with two full-time staff people there. Most of their drop-in interviews with vendors would be run out of that space. This arrangement would save the Center money from having to run occasional large events in Pauley, and would be a better arrangement for the Center. And it would also bring foot traffic to the ASUC, and to this area particularly, which he'd love to do. It was also a service to students.

Ms. Davis asked if this would be subsidizing a commercial enterprise, like Black Lightning. Mr. Permaul said they're not subsidizing Black Lightning for that year, and one item of good news he brought that day was that the Auxiliary will also no longer subsidize the Blue & Gold. Last year the Auxiliary subsidized the Blue & Gold to the tune of \$40,000, and this year it will not receive any money from the students; and he thought it would actually turn a profit in years to come. The goal of the Auxiliary and of BAS administration was to turn all of their commercial activities into revenue generating businesses that provide revenue to students, and not have students subsidize them.

Ms. Davis asked Ms. Harrison if she thought the Career Center shouldn't get a special cut. Ms. Harrison said she wasn't saying one way or the other, but believed that the Center charged certain employers to be able to come. Ms. Davis said that was correct, but they didn't charge the students. Ms. Harrison said she agreed, but it did have an opportunity to be able to generate some revenue from what employees were charged to come in.

Ms. Davis asked if the Career Center was interested in doing this. Mr. Permaul said they were.

Mr. Dally asked how it would impact STA Travel if a restaurant were to have that location. The Board has previously discussed STA Travel's area being in a bad spot. He asked if a move by the Career Center

would impact STA Travel. Mr. Permaul said he would actually try to move STA to a spot that would make them more commercial viable. He didn't think anybody knew where STA Travel was located, and he would like to make them much more visible, because STA Travel also had the potential to be regional as opposed to simply campus. So they could serve more than just the campus location. Its location at that point was not very effective. Mr. Dally said they also had a location on Telegraph.

Mr. Williamson asked if they would provide information about its revenues. Mr. Permaul said that the Auxiliary wouldn't look to re-write the contract simply to have an addendum simply to re-locate them. They had a contract that was already in place.

Mr. Williamson asked if they could represent anything they wanted, with the Auxiliary not having verification. Mr. Permaul said they will, as soon as they renegotiate the contracts. He wanted to be fair to their businesses. For those that have contracts in place, he could not just arbitrarily go and change the terms and conditions. Mr. Williamson said they were asking for a special deal, and asked if they couldn't supply that information. Mr. Permaul said he could put on the table the question of whether the Career Center generated revenue.

Ms. Davis asked if they were actually thinking of providing the whole array of services available at the Career Center at the proposed space. Mr. Permaul said he didn't know if they thought there would be the full array, and thought Center saw this as an opportunity to have day-to-day services available to students in a location that would be far more effective than what they have at that time. The Career Center actually came to him and gave him a test. He believed he mentioned this earlier in the year. The Career Center wanted the Auxiliary to put on three events, and to have those events work perfectly, because the Career Center didn't feel events run there before were run effectively. The Auxiliary put the three events on and the Career Center was extremely pleased with them. So the Career Center said it had a proposal. They first looked at the space at the southeast corner of the Student Union, where the green café was going to go. But they saw space downstairs that was vacant, and saw that it wouldn't cost as much money to develop that space, and the Career Center was much more interested in that.

Ms. Putnam-Smith asked if they would be interested in renting the kiosk just across from that location, and maybe connect those two somehow. Mr. Permaul said the location she was referring to was where they're trying to put the CUBS Credit Union. And then they could bring the Brazil Café into the space CUBS was currently located. He actually had a drawing for CUBS that he got three days ago that he was putting together. He could bring it to the next Board meeting. They're just in the preliminary stages. That space has apparently been vacant for ten years, and CUBS would turn it into a space that would actually be very viable, and bring another set of foot traffic into the mall. So on one side they'd have the Career Center with CUBS on the other side; and then, Naia's. And all three of those businesses would be operating. That's something that hasn't been in operation for over ten years and would be a good thing for the Auxiliary. Nobody has wanted that space. Ms. Putnam-Smith said they've been trying to come up with ideas for that space.

Ms. Davis asked why CUBS wanted to stay. Mr. Permaul said the manager was absolutely determined to make it a viable commercial enterprise. They had a horrible year that year, but they want to come back.

Mr. Permaul called for any other questions about the Career Center, and asked if there was any objection to him moving in this direction.



Ms. Harrison asked if he'd bring the agreement back for Board approval. Mr. Permaul said the Career Center wanted to be operating by the fall. So his goal was to get the Board's sense, and if there was no objection, to negotiate an agreement with the Center, a campus unit. But if the Board felt it would like to have this come back, that would delay the Career Center from opening up in time for the academic year.

Ms. Putnam-Smith said there will be a meeting during the summer. The Board was required to meet in either June or July. Mr. Permaul said he would be happy to bring this back in June or July.

Ms. Davis asked if this wouldn't cost the Auxiliary anything. Mr. Permaul said it wouldn't, and said the Career Center was going to invest the funds to do this. Ms. Davis asked what the length of time this would be, and if it was just a one-year pilot. Mr. Permaul said it would be for one year, to make sure it worked. If it was successful, the Career Center would want to extend it.

Mr. Williamson asked how they will determine whether it works unless the Career Center supplied information about it. Mr. Permaul said they could certainly talk to them about providing foot traffic information and the number of businesses they get to come. For people off the campus, the Career Center charges for its services, but they don't charge students. So the Auxiliary wouldn't be getting figures on revenue they'd pay the Auxiliary to be in that space. Mr. Williamson said he understood, but it wasn't known how much they were taking in. They could come in and say they need \$3.50 a square foot, and he asked how the Auxiliary would ascertain whether or not that was reasonable if the Auxiliary didn't have a history of their receipts, while the Center insisted on a need for special consideration. He asked how the Auxiliary would ascertain their representations were reasonable. Mr. Permaul said the Career Center did not charge the vast majority of its patrons, who were students. So the Center subsidizes that through their other revenues. Mr. Williamson said he understood, but he asked if those revenues weren't something the Auxiliary was interested in having disclosed. Mr. Permaul said the Center's budget was public knowledge. He actually asked Mr. Spivey to take a look at it. Mr. Permaul said he thought the Career Center generated two-thirds of its revenue through funds other than from the campus. And it had to, as the Career Center was in the same position as Recreational Sports, Parking, or Housing. They're forced to go out and generate revenue in order to provide its services to students. But as Ms. Harrison pointed out, it was not per patron revenue, but revenue from large employers who pay the Center to come to campus.

Ms. Putnam-Smith said she thought the question was whether the Auxiliary should subsidize a company that might not need subsidized help. The question was whether the Auxiliary had to give them a break if they were doing fine on their own, because the Auxiliary needed the help as well.

Ms. Davis said the balance, though, was that they'd provide a service to students so they wouldn't have to go all the way down Bancroft. Ms. Putnam-Smith said that was correct, but they needed this information to make that judgment.

Mr. Permaul said that's why he was suggesting that the Auxiliary do this incrementally, to give the Career Center a one-year trial period to see if they were successful, and then consider ramping up so that it was closer to the Auxiliary's market rate per square foot, the rate the Auxiliary would charge other businesses if they were to come in instead of going to Telegraph Ave. This would at least give the Career Center an incentive to come in and try this out. But he'd follow whatever direction the Board gave him.

Mr. Williamson said they had to have some criteria on how to evaluate whether or not this was working. And if it worked out in a year, they'd still need some kind of consideration. He asked what if they were the Career Center was suffering.

Ms. Harrison said she understood the Career Center would like to have a satellite location up here. She asked what they knew about the students wanting to have this service up there, and the value of that kind of activity going into that space versus some other activity going into the space, which might very well generate more revenue. Secondly, she asked if it was the intent of the Career Center that they may have some kind of interview room, that they would actually turn around and sublet or charge a fee to an employer to come in and hold interviews. Mr. Spivey said he'd assume they were doing that anyway. Ms. Harrison said they do that at the Durant Hotel when businesses come in and rent rooms at MLK. But that wasn't subletting. The Auxiliary charged them a fee. Mr. Spivey said the Career Center was contracting out to people. It provided some revenue, and that was their business.

Ms. Harrison said she'd like to know a little about that. Mr. Permaul said he'd be happy to ask that question. And by the way, the students were very excited about the Career Center coming in. The Center gave a presentation to the Senate, and also the Executives. The students felt that last year, the Career Center misunderstood the vote in the referendum on the Center. The vote was not against the Career Center, but against the financial plan that was assessed. The students were delighted that the Career Center would come to campus and felt that this was a way, again, to show the visibility of Lower Sproul and the importance of redeveloping the Student Union complex, and bring a key service that students want to the Student Union complex.

Ms. Harrison said that one thing she would suggest was that should he negotiate with the Career Center, that it come back to the Board. If they had students there, they could vote on whether they thought it was reasonable to try to charge more per square foot for something else versus what they'd charge the Career Center. It would give the students an opportunity to weigh in on whether or not that was the value they wanted to place on area. Mr. Permaul said he would be happy to do that.

Mr. Dally said the way he saw it at that point was that the Auxiliary didn't have an absolute plan for that space anyway, so he didn't think the Auxiliary would lose anything if they charged the Center a slightly lower rate. Ms. Putnam-Smith said it was also a pilot program.

Mr. Permaul said he couldn't put a restaurant in there because the building did not have that capacity at that location. The Brazil Café had been interested in that space and a physical assessment of the space was done.

Mr. Dally said that one way to determine success was if, after one year, the Career Center had a program and the Auxiliary negotiated a lease, raised the rent to a market rate. It would be a success if the Career Center wanted to stay there. Ms. Putnam-Smith said it would also be a success to not have the space vacant.

Mr. Permaul said he would ask the Career Center the criteria as to what "successful" meant to them, and he'd report that when he came back to the table.

### The Scholar's Workstation

Mr. Permaul said he wanted to let the Board know that the clock was ticking with regard to leaving the site The Scholar's Workstation was currently in. They were still trying to make their own internal

assessment of the business' viability. At some point, he and Ms. Roy, the manager, will sit down to talk again. But Mr. Permaul said he also had to hear back about the business assessment at some point.

Ms. Davis asked where The Scholar's Workstation might go. Mr. Permaul said they would go into space currently unused by Follett in the Bookstore. Follett had a tremendous amount of space, beyond their offices, that was not being used. Ms. Davis asked if they'd go on the bottom floor. Mr. Permaul said that was correct. There was a lot of space down there. His goal was to have every piece of commercial space occupied and earning revenue and services to students.

### University Health Services

Mr. Permaul said he will meet with AVC Lustig at the end of the month to talk about the new funds that the campus will receive for mental health. Mr. Lustig gave a presentation to the ASUC Senate, and Mr. Permaul said he suggested that the ASUC Auxiliary would be happy to work with UHS to find a way in which to bring mental health and other health services to the students at this location. Mr. Lustig thought that was an interesting idea, so they'll get together to talk about that.

### Visitors Center

Mr. Permaul said he and Mr. Coley hoped to meet with the Visitors Center at some point to see if there was any synergy to bring some of Visitors Center services back to the ASUC if, for no other reason, that this was where people wanted to come. The Visitors Center schlepped people all the way up to MLK, since that's where people want to come. So the Auxiliary wanted to start this conversation again. He met with them before, and with the Vice Chancellor for University Relations. They were going to come back to the Board with a proposal, but nothing happened, and the Auxiliary will try them again. There might have been a change of regime, as Vice Chancellor McCredie stepped down and Vice Chancellor Bidy was in office. So there might be an interest in this, and this was something they'll talk about.

### Renewal of the Cal Lodge Agreement for 07-08

Mr. Permaul said that above and beyond the \$30,000 that the students subsidized the Cal Lodge just to keep it operating and to make sure it met all requirements, to actually even have a facility there, they made about \$8,000 in revenue that year. But they had a late start to the season, and a very poor winter. But they're also looking at marketing during the summer. And with the Auxiliary's new Web site, they'll be able to do things like make reservations for the Cal Lodge, as well as the Student Union, and do other things, like offer classes from the Art Studio or sell lecture notes. They're even thinking of pre-selling lunches for the Bear's Lair online, with people coming to pick them lunch up so they didn't have to wait in line. So they'll have the capacity to do a lot of things they don't do at that time.

Mr. Permaul said he, Mr. Spivey, and the ASUC lawyer will go up to the Lodge in June and meet with the vendor, take a tour, and see the improvements he's made that year, and spend the night up there. When they return, they'll decide on whether or not they want to renew the contract with the vendor.

Possible Board membership of Prof. George Cluff

Mr. Permaul said Prof. George Cluff was in the Business School, and information about Prof. Cluff was distributed. A Board member, not Prof. Williamson, has considered stepping down from the Board, so Mr. Permaul said he wanted to see if they could recruit another faculty member. And Prof. Cluff has shown an interest in joining the SOB. Mr. Permaul said he just wanted to report this for their information.

Blue & Gold / Cal Lecture Notes Online

Mr. Permaul said that for whatever reason, for the last ten years or so, the Registrar hadn't been willing to give the Blue & Gold access to e-mail information of students on campus. Mr. Permaul said they finally successfully negotiated that, and the Blue & Gold has doubled its sales for that year, and expects to more than double them next year. So the Blue & Gold was extremely pleased with what happened will not ask the ASUC for any money this year, and hoped to start generating positive revenues in the future. The Auxiliary was very excited about that.

In addition, Black Lightning Notes, which was now "Cal Lecture Notes Online," will turn a small revenue this year for the first time in years. And once the Auxiliary got the new Web site up, they'd have the capacity to sell much, much more than they currently do. So the Auxiliary was very excited about that.

Art Studio

Mr. Permaul said the next target of opportunity he and Mr. Spivey had on their radar screen was the Art Studio. He's been given more than enough incentive to move on the Art Studio, and the Auxiliary will go forward to make sure it worked effectively. He thought it could, and thought there were lots of opportunities to make the Art Studio much more visible to Cal students and to the Cal community than it currently was, and the Auxiliary was looking forward to doing that.

NEW BUSINESS

New Board Member, Undergraduate Representative Jordan Smith

Ms. Putnam-Smith said that Mr. Gabriel was going to introduce the new undergraduate representative, Jordan Smith, but they were both out of town. Mr. Smith was at the last Board meeting and discussed a lot of the ideas about Panda Express and Starbucks, so people have met him informally. People will meet him at the next meeting, as he was approved by the Senate last week to be an undergrad representative on the Board.

Election of New Board Chair and Vice Chair

Ms. Putnam-Smith said she was looking into the Board's Charter as to the appropriate way to elect a new chair and vice chair, as this was her last meeting.

Mr. Coley asked where she was going. Ms. Putnam-Smith said it's been a year and a half and she's overstayed her welcome. She still had a year of school left, but this was the end of her two-year term.

Ms. Putnam-Smith said the Charter calls for the Board to elect its officers at its first regular meeting after July 1 of each year. In case of a vacancy, the Vice Chair, Mr. Dally, would be the Interim Chair. That meant there would be a meeting in either June or July. If the meeting was in July, the Board would have elections at that time to decide the new chair and vice chair. But until then, Mr. Dally would be in charge.

Ms. Putnam-Smith said she just wanted to say "thank you" for the two past years. They've been great.

Ms. Davis said they should put in the minutes the accolades for Ms. Putnam-Smith. (Applause)

Mr. Permaul said he wanted to particularly thank Ms. Putnam-Smith. He's been new that year and she really helped him. They've talked about agendas and he was extremely grateful for the support.

Mr. Coley said he would like to congratulate Ms. Putnam-Smith and said it's been a real joy watching her grow in the Chair's seat. Ms. Putnam-Smith said she was still pretty squeaky. Mr. Coley said she did an excellent job, and he wanted to congratulate her.

Mr. Permaul said that if people didn't mind, he would like to propose that the Board hold its meeting the first week of July. The reason he cut it that fine was because the second week he'd be gone. So it would either be the third week or the first week of July. That would allow the Board to hold an election for a new chair, he could bring back the information about the Career Center, and they could move forward with the approval of that agreement, if possible. He asked if people would prefer the first or the third week of July. Ms. Putnam-Smith said that perhaps he and Mr. Dally could talk about that and send out an e-mail.

Mr. Dally said it would be good to have a meeting in August, so he would prefer the first week of July.

Mr. Spivey said that for their information, July 2 was a Monday. Mr. Permaul said people would be away that week, so maybe they'd just have to meet the third week and then push the Store Operations Board for August a little later. So they'd be there the first two weeks of August.

Ms. Putnam-Smith said that in the time since the Charter came into effect, the school year has started later. So it was more like summer meetings would be held in June, July, and August. Perhaps the Charter should be changed to meet in one of those months. Perhaps they could meet in July, in the middle of the summer. That would take care of the summer meeting, and then just kick the schedule back up in September. Mr. Permaul said that sounded like a very good idea.

Ms. Davis asked if they had a full complement of Board members. Mr. Permaul said the ASUC President and the GA President would be there, and he'd assume the ASUC Executive Vice President would be there. He asked if Mr. Dally would be there. Mr. Dally said he would be.

Ms. Putnam-Smith said they needed to make sure the GA has elected its representatives, because that semester they've been lacking someone from the graduate side. Mr. Permaul said he talked to the President of the GA about that, and the Board needed to make sure both GA representatives were present.

Ms. Davis asked if people knew if the ASUC election results were certified. Mr. Permaul said they weren't, and there was still a pending case. He was waiting for that himself. Ms. Davis asked if they had any estimate of when that would be. Mr. Permaul said there was a lawsuit filed against the Attorney General that had implications for the elections, only because of the process. And when he said "lawsuit," he meant a lawsuit outside the University. He had to talk with both the Elections Council Chair and the Chair of the Judicial Council to find out where they stood.

Ms. Davis asked if Mr. Gabriel would continue until such time as the results were certified. Mr. Permaul said they were coming a point at which he could no longer continue, and he could no longer be President at the end of May. So they had to find interim measures if they didn't have a certified election. He hoped to have the results certified. The results of all the elections have already been announced, which was a very important change the students made in the By-laws. The courts were extremely reluctant to tamper with the results of published elections. The students did that specifically to prevent the kinds of things that happened for the last two years, when even the results, aside from certification, were not revealed until late. Ms. Davis said it was happening anyway. Mr. Permaul said it was happening in a slightly different way. As soon as he found out, he'd let the Board know. The new Executives really deserved an opportunity to start planning for their terms. Ms. Davis said it was problematic last year. Mr. Permaul said it was horrible.

Ms. Putnam-Smith said that seeing no further business, the meeting was adjourned.

This meeting adjourned at 6:43 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

## DECISIONS OF THE BOARD

### Procedures

- May '07**      **Mr. Smith's term as undergraduate representative Board member begins.**
- May '07**      **Mr. Spivey's first Board meeting as ASUC Auxiliary Associate Director**
- December '06    Amended the Commercial Activities Agreement, to list the Blue & Gold Yearbook under Exhibit A, Part B, Number 11, to allow the Yearbook to receive student addresses from the Registrar's Office.
- November '06    Elected Mr. Dally as Vice Chair of the Board and elected to have Ms. Putnam-Smith serve as Chair for the remainder of her term, ending at the conclusion of Spring Semester, '06-7
- July '06        Mr. Permaul's first Board meeting as Auxiliary Director.
- June '06        Unanimously endorsed the efforts of the Chancellor and the UC President to utilize programs such as the Designated Suppliers Program, or other means of preventing the use of sweatshops in the production of University apparel and goods.
- April '05        Mr. Dally joined the Board as undergrad representative.
- December '05    Asked the Finance Committee to discuss with Internal Audit the ASUC's use of the BFS accounting system.
- December '05    Elected Ms. Putnam-Smith as Chair of the Board.
- June '05        Voted to have committees, after the August meeting, agree upon meeting times, during normal business hours, and for the Finance Committee to meet at least quarterly, and for each committee to have representation of faculty, staff, and students.
- June '05        Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
- February '05    Mr. Miles and Mr. Williamson joined the Board.
- August '04      Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04        Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.
- April '04        Considered and amended ASUC Auxiliary Budget Principles.

Procedures (cont'd)

January '04	Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of a GA representation on the Board.
December '03	Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.
October '03	Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.
August '03	Heard a report on the establishment of the Space Assessment Committee for Eshleman and MLK.
June '03	Elected Ms. Quindel and Mr. Bucklin as Board Chair and Vice Chair, 2003-4.
June '03	Formed a Subcommittee on Committees to determine a committee structure for the Board.
June '03	Agreed to hold a Board member orientation by August 30.
May '03	Agreed on the need for a Board member orientation to be held before the start of the school year.
December '02	Enhanced Board minutes by adding "Decisions of the Board"

Vendors

June '06	Unanimously approved having Mr. Rolle look for someone to manage the Lodge, with the same relationship as with the previous manager, removing restrictions for a leaseholder.
March '06	Approved a five-year lease option exercised by the Jupiter Pub
Feb. '06	Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.
Sept. '05	Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.
Sept. '05	Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorized pursuing an agreement for the Alumni Association to manage the Lodge.
May '05	Approved the further exploration with Darryl Ross of placing a green café at the southeast corner of the Student Union.



Vendors (cont'd)

March '05	Heard a presentation by Darryl Ross and agreed to investigate the possibility of a "green" restaurant in the southeast corner of the Student Union.
Nov. '04	Approved the transfer of ownership of The Taqueria to the owner's nephew.
July '04	To advertise the Store, the ASUC worked to give Cal-SO counselors a \$5 gift certificate and RAs a 15% discount card.
June '04	Approved a five-year extension for the STA Travel lease.
June '04	Approved the Resolution In Support of Follett Contract Performance Review.
June '04	Approved changes to the terms of the Pub's lease.
April '04	Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations fail, and to issue an RFP.
March '04	Agreed to a four-week pilot project for the New York Times Readership Pilot Project.
March '04	Rejected contract proposals submitted by Pub management, called upon Commercial Operations to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.
March '04	Recommended signing the Follett contract, dated Feb. 26, '04.
January '04	Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.
January '04	Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.
December '03	Heard from John Martin, operator of the Pub.
November '03	The Daily Cal lease was signed, and printing of the ASUC government page began.
November '03	Heard a presentation on Coca-Cola business practices in Colombia.
August '03	Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus committee at-large.

Vendors (cont'd)

July '03	Approved a five-year lease with the Daily Cal.
July '03	Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.
Nov. '04	Approved a two-year lease extension, beginning Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
August '04	Decided to offer the Pub, after consulting with counsel, a reduction in rent, with conditions.
July '04	Heard a counter proposal from the Pub regarding a contract revision. Authorized the Director to seek legal counsel.
June '03	Formed a subcommittee to further consider the Daily Cal lease.
May '03	Heard a presentation by Coca-Cola representatives on the Company's business practices in Colombia.
December '02	Added a fair-trade coffee option into the lease of the Coffee Spot
December '02	Authorized a letter to Coca-Cola expressing the Board's concerns with allegations of human rights abuses in Colombian bottling plants, and requested a company representative speak to the Board.

Student Union / Pauley Ballroom

<b>June '07</b>	<b>Approved up to \$35,000 for Student Union improvements, estimates, and studies, including the Tilden Room, Pauley Ballroom, and the food court.</b>
May '05	Voted to approve the LoSpro lounge proposal for the space in the Student Union occupied by the Bearcade.
May '05	Voted to explore options for the expansion of the Art Studio.
April '04	Heard a presentation by Ms. Terman, Manager, Art Studio, on expanding the Art Studio into the area used by the Bearcade.
October '04	Authorized ASUC President Leybovich, with matching funds from H&D, to spend up to \$2,500 for a Student Union/food service survey.

Student Union / Pauley Ballroom (cont'd)

- May '03 Approved agreement with the Chancellor's proposal on the multicultural lounge; to enter into negotiations on costs and the Auxiliary's role in managing the facility; and to approve a negotiating committee. Current Officers will negotiate, with new Officers to shadow them until current Officers leave.
- May '03 Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June meeting.
- April '03 Received a proposal, as part of the 2003-2004 budget, to allocate \$20,000 for the Senate and the GA to use for Pauley Ballroom fee waivers.
- February '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.
- September '04 Approved a motion to state that the Board alone had authority to shift funding; to determine 03-04 residual profit at \$103,208; and to transfer \$50,000 from residual profit to the Auxiliary Contingency Fund, making up for a transfer of that amount to the ASUC to balance its 04-05 budget.
- May '04 Approved a motion to urge the future SOB, 04-05, to consider as a high priority, fully funding one position for the OSA and a half position OSA position for the GA.
- April '04 Approved the ASUC Auxiliary FY2004-2005 Budget, including a transfer to the ASUC of \$50,000 from the Auxiliary Contingency Reserves.
- February '03 Received "ASUC Auxiliary Revenue and Expense Report, July -December 2003."
- June '03 A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.
- May '03 Approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a

recommendation by August 30, agreed to staff the security desk in Eshleman starting at 6 p.m., rather than 8 a.m.

# STORE OPERATIONS BOARD MINUTES

June 27, 2007

Present: (Members and others)

Taylor Allbright  
Ron Coley  
Matt Dally

Barbara Davis  
Victoria Harrison  
Ray Miles

Nadesan Permaul  
Nish Rajan  
Jordan Smith  
Tom Spivey

## **SUMMARY OF THE MEETING**

This was the summer meeting of the Board. The meeting was called to order at 6:04 p.m.

### **REPORT FROM THE DIRECTOR**

#### **Introductions**

Board members introduced themselves.

#### **Status of funded Physical Resource Requisitions**

At its last meeting, the Board approved \$35,000, from Auxiliary reserves, to do some initiatives, Physical Resource Requisitions. Architectural drawings will be done for the CUBS' relocation to the old photo shop, \$1,500; signage in Student Union; drawings for a feasibility study for a Starbucks café, \$4,000; an estimate for audiovisual and acoustic equipment in the Tilden Room, \$4,500; an estimate for a pantry for the Tilden Room. Of the \$35,000 requested for PRRs, \$18,700 was committed.

#### **Request to go before the ECPC with business changes to the Student Union**

The Auxiliary received a request from to go before the Executive Campus Planning Committee to report on the business changes the Auxiliary was proposing. Student Officers will hopefully participate in the presentation. The presentation will start with the redevelopment of Lower Sproul, and about building the case for students to invest in its redevelopment.

#### **Status of ASUC Web page development**

Two new pages of the Web site were shown, showing what the site would look like.

#### **Collaboration with the Telegraph Business Improvement District and the Daily Californian on plasma screen messages**

Mr. Permaul met with the Telegraph Business Improvement District and talked about closer collaboration with the ASUC. They talked about marketing to students, and the group was very interested in the Auxiliary's plasma screen program about the program, loved it, and were willing to put up \$20,000 for a pilot program, if the group could get the funds to contribute. The merchants will work with Community

Affairs regarding funds the campus provides to the merchants. Recreational Sports was also interested in collaborating on this with the Auxiliary. The Daily Californian was the Auxiliary's principle collaborator. The paper believed revenue it would need for plasma screens would come from commercial sources. The Auxiliary might ask the Board to borrow money from operational reserves to fund this, to be paid back from revenue this earns. The Auxiliary was supposed to return \$35,000 for PRR projects to reserves, and actually returned \$40,000.

#### Proposed name change for the ASUC Auxiliary

Being called the "Auxiliary" did not identify all the services provided to the students, so it was proposed to call themselves "ASUC Services." The Commercial Activities Agreement would remain intact.

The GA would suggested a name like "student government services," to make it easier for the GA to advertise that the Auxiliary also served graduate students.

#### Status of vacant positions in the ASUC Auxiliary

There is a new Manager of ASUC Publications, Ann Marie Molosky. The position will no longer be responsible for the ASUC Library and the Multicultural Center, which will be under Operations, Mr. Spivey. Ms. Molosky will focus on ASUC archives, student publications, and marketing and communications.

The Operations Manager position was vacant. Another vacancy to be filled quickly was "Director of the Student Union." A Manager for the Art Studio was also being recruited. The Budget Officer position will also be filled. The position has been reclassified.

#### Introduction of Prof. George Cluff for the fall Board meeting

Prof. Miles has asked to be released from Board membership, and Prof. George Cluff, from the Business School, was interested in joining the Board.

#### Status of the ASUC budget at year-end

The Auxiliary was fully solvent. A transfer of \$50,000 has been made to the maintenance contingency. Reservations was ahead by \$80,000; Black Lightning, for the first time in many years, was up by \$25,000; the Art Studio, with an open full-time position, was more than breaking even.

A carry forward for next year was not projected, especially given positions being filled, salary increases, and flat revenues. Follett has had a steady increase of revenues, up to \$16 million, close to breaking through to the next level of funding. But a book contract to University Extension went to another bidder, a \$500,000 hit. And Athletics had bid out for Cal logo athletic gear. The concern was a vendor submitting a bid based on a willingness to take a loss, with the contract having other value to any vendor.

It was noted that the current contract with Athletics was with Follett's, not with the Cal Student Store. Sales from the Cal Student Store didn't include what Follett did at athletic events. They were separate contracts, although with the same vendor. It was important to note who actually put together the bid to Athletics and whether it was Follett's, the company, or the Cal Student Store.

Status of ASUC businesses

Naia's Gelateria has been financially struggling. The Auxiliary will talk with a major national vendor to possibly partner with Naia's and share that space. Naia's was committed to staying.

The Auxiliary was considering having food carts on campus. There were guidelines on this, but the campus has never adopted them.

At the Golden Bear, 95% of sales was with resident hall meal tickets, leading to the belief that 40% of the student population was not eating on Telegraph Ave. or on the campus. The GBC was crowded, not worth the wait, and was too expensive.

The Auxiliary wanted to encourage small businesses, and to see a blend of businesses. If the ASUC didn't have larger businesses to help draw in traffic and provide financial investment, the smaller businesses would be lost.

The Auxiliary was also talking to its food vendors about improving the look, feel, and products they have. Contracts were being renegotiated.

It was noted that many Coca-Cola vending machines were out of order for weeks on end. The Auxiliary will recruit a student marketing position to track snack vending and Coke machines.

Cal Lodge

Mr. Permaul and Mr. Spivey visited the Cal Lodge, with ASUC counsel Mark Himelstein. The Lodge was in really good condition. Use of the kitchen could be restored for less than \$10,000. That would make the Lodge a much more viable operation. They're also looking into a dish to provide, Internet, and cable service, and looking into some cosmetic improvements and some work on the dormers and the windows. A very aggressive marketing plan will be implemented. If this business wasn't working in two years, they'd need to seriously talk about what to do with this business.

It was noted that the Auxiliary should take the initiative for marketing the Lodge.

NEW BUSINESS

Creation of a bSpace for the SOB

It was determined that the Board was in favor of a bSpace, for the SOB to consolidate all the different far-flung materials, from the minutes to the Charter. This would be created by the Auxiliary.

Hopefully, they'll have the new Web site operating by August.

It was suggested that the Auxiliary Web site indicate when things on the site would be updated.

OLD BUSINESS

Status of GA representation on the Board

Mr. Daniels will probably continue to be the main GA representative, and there would be a back up. The GA realized that full representation on the Board was a problem that would be fixed.

Summer Meeting Schedule

The Board had one meeting for June and July, and would meet again in August

The meeting adjourned at 5:59 p.m.

**[End summary of the meeting.]**

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This regular meeting of the Store Operations Board, the summer meeting, was called to order by Matt Dally at 6:04 p.m. in the ASUC Senate Chamber.

APPROVAL OF THE MINUTES

Mr. Dally called for a motion to adopt the minutes from the May SOB meeting. It was so moved and seconded by Ms. Harrison and Mr. Miles. THE MOTION TO APPROVE THE MINUTES OF THE MAY 14, 2007 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

APPROVAL OF THE AGENDA

Mr. Dally said there were some changes to the agenda. Mr. Permaul said he wanted to add an update of the Cal Lodge. A motion to approve the agenda was made and seconded by Mr. Miles and Mr. Smith. THE MOTION TO APPROVE THE AGENDA, AS AMENDED, PASSED UNANIMOUSLY BY VOICE-VOTE.

REPORT FROM THE DIRECTOR

Introductions



Mr. Permaul said that for the benefit of new people who were there, he would ask people to introduce themselves. Introductions were held: Matt Dally, interim Chair, until a new chair was elected at the next meeting; Nad Permaul, ASUC; Tom Spivey, ASUC; Jordan Smith, undergraduate representative; Taylor Allbright, ASUC Executive Vice President; Vicky Harrison, Administration; Raymond Miles, faculty; Nish Rajan, GA representative; and Barbara Davis, Assistant Vice Provost for Undergrad Education.

Mr. Permaul said he'd try to get through the agenda by 6:50 since people had to leave.

#### Status of funded Physical Resource Requisitions

At the last meeting he requested the Board to approve \$35,000 from Auxiliary reserves to do some initiatives, and he asked Mr. Spivey to talk briefly about the status of the Physical Resource Requisitions.

Mr. Spivey said they had six PRRs open at that time. One was for H/VAC. In addition, there was a PRR for CUBS' relocation, \$1,500, which would include architectural services for drawings to relocate CUBS to the old photo shop. Another PRR was for signage creation for the MLK Student Union, including for meeting rooms. Signs were from 2 to 7 years old, and direct people to places that no longer exist. It was kind of a maze, and Mr. Spivey said he finds lost people on the landings all the time. They're also reviewing drawings for the space for the Starbucks café, \$4,000. Mr. Permaul said that was just a feasibility study. Mr. Spivey said it wasn't a build-up, and was just for planning.

There was also a PRR for an estimate to install audiovisual and acoustic equipment in the Tilden Room, \$4,500. It currently wasn't really accommodating for guests. For the 5th floor, they'll get an estimate to install a pantry, off the men's room, to create space where vendors could bring in food. Food service was limited in that area. This change wouldn't be for cooking, but would allow for a staging area for the Tilden Room. Food now had to come from a very long distance away, through part of the building. This improvement would make the room more sellable. The change would be very limited, and they're working to get that design. Of the \$35,000 Mr. Permaul has asked for, \$18,700 was committed.

#### Request to go before the ECPC with business changes to the Student Union

Mr. Permaul said the Auxiliary received a request from Assistant Vice Chancellor Marthinsen and Vice Chancellor Denton to go before the Executive Campus Planning Committee with a summary of the business changes the Auxiliary was proposing for the ASUC. That afternoon he sent a summary of the draft proposal to Mr. Coley, Ms. Allbright, and to ASUC President Nguyen. Mr. Permaul said he just wanted to let the Board know this. The meeting was scheduled for the 24th of July, and he hoped to bring student Officers to make the presentation with them. If anybody was interested in what he'll present, after it gets approved by Ms. Marthinsen and Mr. Coley, he'd send it out to Board members so they knew what was being discussed.

Ms. Davis asked if the Planning Committee indicated why it wanted the Auxiliary to attend. Mr. Permaul said he asked that question. For one thing, Adagio proposed a \$450,000 renovation to the building, and he asked whether that had to go to the UCPC. He hasn't gotten an answer yet. He thought there was

some concern that things were being done in the ASUC that people didn't know about. So the Committee wanted to learn about them. He thought that was the reason. Ms. Marthinsen thought this would be a routine, informational session. But he's never been to a UCPC meeting that was routine, so they'd see what happens.

Ms. Davis asked if this would be an opportunity to let the UCPC know about the seismic condition of the buildings, so the Committee didn't forget that. Mr. Permaul said he'd be happy to do that.

The presentation will start with the redevelopment of Lower Sproul, because everything the Auxiliary was doing was about building the case for students to invest in the redevelopment of a Student Union complex. That was the exact strategy Recreational Sports used in the 1970s to build the Rec Sports Facility. Prior to the construction of the RSF, Rec Sports over-programmed its existing facilities so students could see what it would be like to have access, even if that access was at 3 a.m., if that was the only time they could get in to use the facilities. And by the time the question got to a vote, the students decided they definitely wanted a new facility. So things worked out very effectively.

#### Status of ASUC Web page development

Mr. Permaul said that regarding Web page development, he wanted to show the latest boards, two new pages of the Web site that were delivered that day. These were the concepts they'd have. One was for the Art Studio and the other was for Auxiliary Reservations. There were some red on the boards, for which he would apologize, and in spite of the fact that he worked very hard to keep it out. Mr. Spivey said it was almost maroon. Ms. Harrison suggested that they try orange.

Mr. Permaul said this was from the consultant that was hired to do the front-end development of the Auxiliary's Web page, not the back end. It was coming along very nicely, and he just wanted to share it with the Board. The GA has already done its page. There was a review of it recently, which was for Mr. Daniels to present. They're doing a wonderful job and it fit in very nicely with the ASUC's site, although the GA's site was independent. He noted that the GA has commandeered the color green.

Ms. Davis asked if there would be a "donate now" button on the Auxiliary's Web site. Mr. Permaul said there will be a place for people to donate to the ASUC. There will also be financial sponsors on the Web pages as well, as there was at Rec Sports.

Ms. Allbright asked if donations would go to the Auxiliary. Mr. Permaul said donations would go to the ASUC's Berkeley Foundation, into the Boston Trust account. It would depend on what the donation was for. If it was for capital development of the facilities, that would be a different matter.

#### Collaboration with the Telegraph Business Improvement District and the Daily Californian on plasma screen messages

Mr. Permaul said he wanted to let the Board know that he met with the Telegraph Business Improvement District, and pitched the idea of closer collaboration with the ASUC. This group did not think of the

corridor on Telegraph as a merchant's corridor, with the ASUC as an anchor at one end, and at one time, Cody's as an anchor at the other end. But as he talked to them, he thought they understood that they were all in a symbiotic relationship, and that they needed to bring regional traffic to this location in order to take advantage of all of their businesses and services. They had to win back the students, so one thing they talked about was better marketing. He talked about plasma screens he's mentioned to the Board previously, and people at the meeting were absolutely excited about the program, and loved it, and were willing to put up \$20,000 for a pilot program, if the group could get the funds together to contribute. So these merchants were now working with Community Affairs and various funds the campus provides to the merchants to see if they could bring \$20,000 to the table to run the pilot program from Auxiliary plasma screens. Mike Weinberger, Director of Rec Sports, has also shown an interest in collaborating on this with the Auxiliary, and Mr. Permaul said they'll have a meeting about that. He will ask Rec Sports to contribute.

The Daily Californian was the Auxiliary's principle collaborator. Because the Auxiliary didn't want to hurt the paper financially, and because plasma screens could be such a powerful form of communication, the Auxiliary was working with the paper to put together a joint package for marketing for the Daily Californian and for the ASUC. The paper seemed to believe that it could generate all the revenue it would need for the plasma screen program from commercial sources. Mr. Permaul said he had no reason to doubt that since Diane Rames, the paper's General Manager, has been there a long time and was an expert. But that would be incremental revenue that would come in over time and on a monthly basis, not as a lump sum. Mr. Permaul said he just wanted to let them know that he may come back to the Board about this again. They've already spoken to Mr. Coley about this, who was aware of it, and Mr. Permaul said he might come and ask to be allowed to, in essence, borrow the money from operational reserves of the ASUC to go ahead and fund the plasma screen program. The Auxiliary would pay back those funds from revenue this earned.

Mr. Permaul said the \$35,000 for this was to be returned, if possible, to Auxiliary reserves, and he actually returned \$40,000 from this year to the reserves. So he covered the \$35K and added an additional \$5,000. So the dollars the Board approved for PRR projects was already been paid back out of this year's resources. He would get to that when they get to the budget.

Mr. Permaul said he just wanted to let the Board know that this collaboration for the plasma screens was moving ahead. Diane Rames was in charge of this and they were looking for other partners. Mr. Permaul said he might come back to the Board if he needed to generate up-front funds to get the system in place. If that was the case, he'd ask the Board to allow him to borrow against the reserves and pay it back across time. He called for any questions about this.

#### Proposed name change for the ASUC Auxiliary

Mr. Permaul said he didn't send out an e-mail to the students yet, which was his first course of action, but if they read the 1998 Commercial Activities Agreement, it says that the University established an entity, "the Auxiliary," to oversee the business operations of the ASUC. But the name did not identify all the other services the Auxiliary provided to the students, or its operations or facilities. In looking at the structure of the ASUC, he, Mr. Coley, and Mr. Brostrom, did not believe that "Auxiliary" was a reflective name for their organization. In fact, administrators on campus don't understand what an "Auxiliary"

means. So they proposed to call themselves "ASUC Services," and the component that was created by the Commercial Activities Agreement would stay intact. That is, the Auxiliary would oversee the business operations of the ASUC and would be answerable to the Store Operations Board. But the Auxiliary's student services, facilities, and operations parts would also be identified. He thought there were probably some questions about this that would be raised.

Mr. Rajan said that as a comment from the GA, while the GA was definitely part of the ASUC, it often came up in GA communications with grad students that the ASUC was usually correlated with, or was seen to be well connected to the undergraduate government. This was not a big deal, but if this was an opportunity for a name change, if they go ahead with that, the GA would suggest maybe making it something more along the lines of "student government services." The GA didn't have a specific suggestion, but not necessarily having "ASUC" in the name would make it easier for the GA to advertise that the Auxiliary also served graduate students.

Mr. Permaul said he understood, and he and Mr. Daniels that morning talked about this. Mr. Daniels mentioned that that Mr. Rajan would bring this up. So Mr. Permaul said he sent out a commentary for the ASUC government and the GA to review before he and Mr. Coley took it to Mr. Brostrom for final disposition. They would like to get people's input. Mr. Permaul said he just wanted to let the Board know that this name change was being considered. This wasn't entirely out of order since they might have noticed that the Office of Student Life has just changed its name, and was now "CLL," "Campus Life and Leadership." The Dean of Students felt that would be a better way of capturing the function of his organization. The Auxiliary certainly felt that it would be better to capture what the ASUC did by having as a name something other than "Auxiliary."

#### Status of vacant positions in the ASUC Auxiliary

Mr. Permaul said they just made an offer to a fabulous person to be the new Manager of ASUC Publications, Ann Marie Molosky. She had an undergraduate degree from UC Davis, a Masters degree from San Diego, and has been in student counseling. She was very enthusiastic and wonderful, and began that week. Lyman Mower was an undergrad there and after he graduated, he took a permanent position for the past two years to be the Manager of Publications. Mr. Mower has accepted a full-ride scholarship to Syracuse to get a PhD in Religious Studies. Mr. Permaul said he would bring Ms. Molosky to a Board meeting at some point so they could meet her. The role has been changed somewhat, and they've removed from the position responsibility for the ASUC Library and the Multicultural Center, and managing the hiring of student employees who work there. Those functions will be put under Operations and Mr. Spivey, and they'll ask Ms. Molosky to focus entirely on the ASUC archives, student publications, and marketing and communications, along with corollary work for Cal Lecture Notes, since they want to put more emphasis on communications and in creating a much greater capacity for student advising. They have a great many student groups, and so little time to develop student advising. So almost 50% of Ms. Molosky's job will be student advising for ASUC student groups. She'll be great at that.

Ms. Allbright said that to clarify a couple of things about the Multicultural Center MOU, there were two Auxiliary positions on the Auxiliary Oversight Board. One was supposed to be the Staff Director of the MCC, which used to be Mr. Mower. She asked if that would now be done by Mr. Spivey. Mr. Permaul

said that was correct. Ms. Allbright said the other was the Operations Manager. Mr. Permaul said that position, in essence, was vacant, although the acting person was Richard Watson, who handled Auxiliary scheduling and reservations.

Mr. Permaul said the last vacancy they'll fill immediately was the position he was calling the "Director of the Student Union." It hasn't been filled since Peggy Perkins was there in the 1990s. Berkeley was the only student union complex probably in both the UC System and the Pac-10 that didn't have a student union director. The programs and operations of the Student Union would be consolidated under this individual. But Mr. Permaul said he was giving Mr. Spivey time to assess this and decide what exactly he needed, and to look at the whole operation and see if the right people were in the right places and if they were using their resources properly. So the position wouldn't be filled right away.

Ms. Allbright asked if they were looking, though, to fill the Operations Manager right away. Mr. Permaul said they weren't. Mr. Spivey would sit in on the MCC. Mr. Spivey said they'll fill one position. They have an employee already. Mr. Permaul asked if he meant the vacant position. Mr. Spivey said the Student Union Director position wouldn't be filled right away. Mr. Permaul said that position will ultimately oversee operations. Mr. Spivey said they'd be in charge of the complex.

Mr. Permaul said they're also in the midst of hiring a Manager for the Art Studio. They have three outstanding candidates. His goal was to have the Art Studio as one of the most interesting programs on the campus. There were lots of great ideas, and they're looking for someone to match up to those ideas. The Art Studio was already successful, but it's kind of a hidden jewel on campus. By the time they're done, it wouldn't be hidden.

The only other vacant position was the Budget Officer position. They've gone through two searches. For the first, Mr. Brostrom outbid him for the candidate and asked if the candidate could be released, so he could work for Mr. Brostrom. The second person wouldn't accept the salary. The position was reclassified, which took three months, and they were now searching again to fill the position. They hope to get someone very good. Mr. Spivey they've been screening that past week.

#### Introduction of Prof. George Cluff for the fall Board meeting

Mr. Permaul said that Prof. Miles has been asking for some time to please give him his walking papers. Mr. Permaul said the Auxiliary has been reluctant, but he understood Prof. Miles had other things to do. Mr. Permaul said he's talked to a faculty member from the Business School, George Cluff, who was very interested in joining the Board. He was a continuing lecturer in the Economic Analysis and Policy Group and has been on campus for quite a while. Mr. Permaul said they met during the Chancellor's Emerging Scholarship interviews in Los Angeles, and Mr. Cluff expressed an interest in becoming part of the Store Operations Board. Mr. Permaul said he sent out an e-mail that afternoon indicating that with the approval of the Board, he would ask Prof. Cluff to attend the next Board meeting and they could talk to him at that time.

Ms. Davis asked if Mr. Miles knew him. Mr. Miles said he did, and said Prof. Cluff has been a long-term lecturer, has worked well with students in the past, and has been a good citizen. He had a lot of ideas.

Ms. Davis asked about his specific expertise. Mr. Miles said he'd learn quickly. Mr. Dally said it was strategic planning. He heard Mr. Cluff speak once and he was really good. Mr. Permaul said he was a dynamic individual.

#### Status of the ASUC budget at year-end

Mr. Permaul said he just wanted to let the Board know that the Auxiliary was fully solvent. They transferred \$40,000, as he mentioned, to the operational contingency, and transferred \$50,000 to the maintenance contingency. Reservations was ahead by \$80,000; Black Lightning, for the first time in the last 10 or 15 years was to the good, by \$25,000; the Art Studio, because they didn't have a full-time position there, was more than breaking even. But as Mr. Spivey knew, the Auxiliary's goal was to make it successful.

Mr. Permaul said they've already talked to the students conceptually about the carry forward for that year and how the Auxiliary would like to deal with it. People have become a lot more conversant with the Commercial Activities Holding Fund than they had been, and they're looking at it and working on it very closely. He has not projected next year either a carry forward or funds that would go into capital. With the continued fill-in of vacancies, and with increased salaries, if revenues of the ASUC stay relatively the same, he couldn't be assured that they'd have funds to transfer next year. Students were aware of this. They had a two-hour dinner conversation two weeks ago about this and other matters. Mr. Permaul said he'll come back to the Board during the budget process to let the Board know what they think about it. Part of this was contingent on whether Follett continued to do as well as they have. They've seen a steady increase of revenues and were up to \$16 million in total revenue, very close to breaking through to the next level of funding. But the Auxiliary lost a contract to University Extension, which will be a \$500,000 hit to them next year. And they didn't know what would happen with Athletics when they go out to bid with its agreement. So the Auxiliary was just hedging its bets and moving very conservatively about the budget until such time as he could see what they could do next year.

Ms. Davis asked about the Extension agreement. Mr. Permaul said the Store used to provide all the books for University Extension. They went out to bid and accepted another vendor. He thought the Extension would be clamoring to get back to the Bookstore in a year, but they decided they'd take a risk and go out. He didn't think the Extension realized the number of services the Cal Student Store provided to them that private vendors would not provide without charge. But they'd see where that went. There were also agreements with the Law School and possibly at the Business School that he will follow-up on during the coming year. And they'll wait to see what Athletics will do with its commercial bid. He was going to play the budget very conservatively until such time as they know they actually have resources available.

Ms. Davis asked if about the Athletics bid. Mr. Permaul said it was bidding out the contract for Cal logo athletic gear. The Student Store currently provided athletic gear, but the Department wanted to make more revenue because of financial concerns it had. So it's gone out to bid. The concern the Auxiliary had was that Athletics would get somebody who would be willing to take a loss. That's what they had with Follett, which has not broken through and made money on this operation. However, this contract would have other value to any vendor, although until they get to about \$17-20 million, they wouldn't make money on this concession. The Auxiliary believed that would probably be the case with Athletics. There will be a vendor who will want Cal's name and would be willing to do something the Store couldn't. The

Store also provided Athletics with a host of services that it wouldn't get from a private bidder, one of which was the Store itself. There was also the fact that a vendor could sell at the Stadium six times a year, but the Store was open year-round. The Store also sold tickets for Athletics, distributed things for them, and did publicity for them. So it will be very interesting to see which way Athletics goes.

Ms. Harrison said that what would bring up the bid was sales at Haas and at events such as basketball or softball. Obviously the big driver was football. For clarity, the current contract with Athletics was with Follett's, not with the Cal Student Store. Mr. Permaul said that was correct. Ms. Harrison said that when they look at sales from the Cal Student Store, it didn't include what Follett did at those events. They were totally separate contracts, and they just happened to be two contracts with the same vendor. Mr. Permaul said he thought that all of those sales at football games were done by the Student Store. Ms. Harrison said that was not correct. Mr. Smith said it was like the Cal Bears Web site. Anything purchased there didn't go to the Student Store, but straight to Athletics. Ms. Harrison said that was not the case and said it was a separate agreement, not with the Student Store, but with Follett. So one thing the Auxiliary might want to consider was whether they want the Cal Student Store to bid on the RFP that Athletics put out, as opposed to Follett's bidding on it. She was sure about this and had great confidence in what she was saying, and had at least one person who seemed to be nodding in agreement.

Mr. Smith said that in talking with Greg Kiryakakis, from the Bookstore, the Store was sort of hinging its offer on some of the things Mr. Permaul said about the other services the Store provided, hoping the intangibles of being the Student Store and being on campus would make their offer more appealing.

Ms. Harrison said that again, they had to be very clear on whom they'd enter an agreement with and who would actually put together a bid. In response to Athletics' RFP, it would be whether it was Follett's, the company, or the Cal Student Store.

Ms. Davis asked if Follett would let the Cal Student Store. Ms. Harrison said she didn't know, but when the agreement was entered into many years ago, it was Follett, independent of their contract with the Student Store, and it was Follett that bid directly with Athletics to provide the service. Those sales did not go through the Student Store.

Mr. Permaul asked if the sales were part of the baseline in the agreement with the students. Ms. Harrison said they weren't, and were separate. Mr. Permaul said he still thought there was a question, because they sell all that gear at the Store. Ms. Harrison said that counted towards the money that went towards Trademarks and Licensing and towards the original agreement. That was what was worked out as to what money would go to Athletics. Mr. Permaul said they also get everything that was sold on the Web site. Ms. Harrison said Athletics gets everything sold through the Athletics' Web site and the Cal Student Store gets everything sold through its Web site.

Ms. Davis said the Alumni Association also received everything that was sold through its Web site. Ms. Harrison said that was correct.

Mr. Permaul said he would like to thank Ms. Harrison. He said that was where they stood budgetarily for the year.

#### Status of ASUC businesses

In terms of the businesses of the ASUC, Mr. Permaul said they have been talking to Naia's Gelateria, which has been struggling financially. They're looking to bring in a partner with them, and starting next week they will have conversations with possibly a major national vendor that might want to partner with Naia's. They hope it will be something students like very much. If they get to that next step, he'd come back to the Board and let everybody know what was going on.

Ms. Davis asked what he meant by "partnering" with them. Mr. Permaul said they would share the space with Naia's, with another food vendor in the same location. Ms. Davis asked if it would be ice cream. Mr. Permaul said it would be something that would hopefully bring students in. Ms. Davis asked if it would be something that was good with ice cream. Mr. Permaul said it would. The Auxiliary wanted to help Naia's because the vendor wanted to stay and was committed to staying.

Mr. Permaul said he'll come back to the Board to talk about the ASUC possibly having food carts on campus. There was already a food cart, not on the central campus, but at University Health Services. The campus had guidelines for food carts that have never been adopted. He's already talked to Mr. Coley about this. At some point, the ASUC will want to take some of its foods out. So, e.g., with the right kind of cart, on a nice day, the Gelateria could sell Popsicles and ice cream bars and go around the campus; or coffee vendors might go to certain areas of campus that weren't served; and the Taqueria, which was very popular, in spite of the new restaurant on Telegraph, might want to take its business out to the campus as well.

Mr. Miles said there were a great many cafés in various campus buildings run by various entities, such as in the Business School, the College of Environmental Design, and the Law School. He asked if that would require coordination. Mr. Permaul said they've talked to their counterparts in Housing and Dining and met with the Director of Food Services, who pointed out that 95% of their sales at the Golden Bear were with the resident hall meal tickets which led the Director to believe that about 40% of the student population was not eating on Telegraph Ave. or on the campus, raising the question of where they were going.

Mr. Smith said he thought the figure was even higher than that. Mr. Spivey said there was a huge population that wasn't being served. Mr. Permaul said that was one reason, when he first came to the ASUC, that the Food Services Director told him he needed to open up more food service in the ASUC. Students want food that wasn't being provided. Mr. Spivey said Telegraph has quotas and can't add more businesses of certain types. Mr. Permaul said the Auxiliary was therefore looking to bring foods that students would like, and name brands students would be attracted to.

Mr. Smith said that as a student, he'd never go to the GBC because it was too crowded and wasn't worth the wait. It was a big issue. Ms. Allbright said it was also too expensive. The quality of the food was not worth the cost if a student didn't have a meal plan. Mr. Smith said that in deciding whether to get a meal plan, he knew that he could get something faster, cheaper, and better from across the street.

Mr. Permaul said he's spoken to the student leaders about this. The Auxiliary was not trying to drive their small businesses away, and on the contrary, they want to encourage small businesses to be there. They want to see a blend of them. But in this financial market, if the ASUC didn't have larger businesses to help draw in traffic and provide financial investment, then the ASUC would end up losing their smaller businesses. That's what was happening to Naia's and what happened to the Postal Annex.



There were other issues in the Bear's Lair food court itself, even now. So the Auxiliary was trying to look for ways to improve these circumstances. Part of that would be talk to each vendor, when they renegotiate contracts, which was forthcoming, about improving the look, feel, and products they have for students. The Auxiliary will do a better job on that. Now that they had Mr. Spivey, who had 21 years of experience in food services on the campus, they'll do a lot more in terms of evaluating the quality of food the ASUC had and its variety, and how they measure whether students were interested in what the Auxiliary was offering.

Ms. Harrison said regarding the contract with Coca-Cola, she didn't remember if the Auxiliary got a flat amount from that, regardless of sales. Mr. Permaul said that was correct. They have a guarantee and a marketing budget as well. Mr. Smith said it was \$250,000. Mr. Permaul said that was divided within the campus. The GA got \$50,000 and the rest came to the ASUC, Housing, and Athletics.

Ms. Harrison asked who managed the Coca-Cola contract. Mr. Permaul said there's a consortium that oversees it, chaired by Housing and Dining, and all the recipients were members. Ms. Harrison said she's consistently hearing, and saw from personal experience, that more and more machines were out of order but were plugged in and drew power. And that situation could continue for weeks on end. She was hearing that consistently around the campus. Mr. Permaul said that will be one task Mr. Spivey will have, and when he arrived, they met with the machine vendors. They'll establish a program, such as at the University of Washington, and elsewhere, to have someone go and check all the machines bimonthly. They'll be in communication with a number of vendors who had machines that weren't operating to make sure they're functioning and clean. Mr. Permaul a vendor took him on the tour in January, thinking everything was okay. But they found five machines that weren't working, which was not acceptable to him.

Ms. Harrison said the machines in Sproul and in Hearst Annex have not been functioning for weeks and weeks.

Mr. Spivey said he was shocked that truck drivers who come to stock the machines and probably drive by every week could not know for six weeks that machines weren't functioning. Ms. Harrison said she saw a truck parked by Barrows and was chitchatting with the driver and she almost said something. Mr. Permaul said she should have pulled out her badge. Ms. Harrison said she wouldn't tell him how to do his job. Mr. Permaul said the Auxiliary will tell them. If Board members saw anything like that on campus, he would ask them to please let them know, because it wasn't acceptable. Ms. Harrison said that at least it didn't impact them on the bottom line. Mr. Permaul said the vendors complain bitterly that the campus wasn't meeting their targets. Ms. Harrison said she could understand why that was the case.

Mr. Spivey said they were recruiting for a student marketing position whose sole job would be to track snack vending and Coke machines, and walk the site, and make sure they work.

### Cal Lodge

Mr. Permaul said that past weekend, he and Mr. Spivey went up to the Cal Lodge, with ASUC counsel, Mark Himmelstein. Mr. Himmelstein lives in Soda Springs and had a weekend house about three miles away from the Cal Lodge. So they had dinner with him and spent the night, and then went over to the Cal

Lodge and met with the vendor. The Cal Lodge has never looked better and was really in good condition. But if they want it to be a financial success, so students didn't have to keep subsidizing it, then they had to make some changes there. The vendor did an excellent job of going out and doing research for some physical improvements and found that they could restore the operation of the kitchen for less than \$10,000. Restoring the service of the kitchen would make the Lodge a much, much more viable business operation. The kitchen has been out of operation for ten years. They'll do some plumbing and replace the fire protection system in the kitchen. They've been told that they would be grandfathered for this and would receive a certificate to allow them to use the kitchen.

Mr. Permaul said that students went up that year, including Mr. Nguyen and his group, and they wanted access to the Internet. Students from Berkeley were strange and didn't want to ski, but wanted to study, to work, to be connected. They need an Internet connection, so they're looking into a dish that would provide a wide variety of services, including telephone, Internet, and cable service for the Lodge, at a reasonable price. They're also looking at some cosmetic improvements and some work on the dormers and the windows. That would be it. And then they have a very aggressive marketing plan that they want to implement that coming year. They believe that in the next two years, if they can't make this business work, then they'd need to sit down with the students and have a serious talk about what to do with this business. But at this point, the Auxiliary's goal was to make it a success. They think it's a beautiful facility and had a lot of potential.

Mr. Spivey said he fell in love with it. The walk-in cooler was totally made out of wood and was beautiful, immaculate.

Mr. Smith said that based on his experience, he thought it was really important that the Auxiliary have all the initiative on the marketing, because the vendor wasn't really doing too good of a job with that. Mr. Permaul said they talked to the vendor about that and told him the Auxiliary wanted to take over a substantial portion of the marketing. Mr. Smith said that was good. Mr. Permaul said the Auxiliary's Web site was being built to do that. They want people to be able to go to the Web site and book a reservation. Mr. Spivey said they have a connection with OSD and RSP they're always running out on a bus to go somewhere.

Ms. Allbright asked if the Cal Lodge wasn't near the fires at Lake Tahoe. Mr. Permaul said it wasn't, and said it was the other side of the Lake. Ms. Allbright said she thought that was the case.

Ms. Allbright said that regarding the money for the improvements, and it was mentioned that costs for the kitchen would be \$10,000. She asked how much it would cost to do the rest, and where the money would come from. Mr. Permaul said they're going to lay all those costs out and then sit down and show them to the Board. They still have to get some estimates from the contractors, and that would be part of the discussion. Mr. Permaul said he mentioned to Ms. Allbright and Mr. Nguyen that he wanted to have a budget for expenditures for the coming year, and he'd give them a full outline of what those will be.

## NEW BUSINESS

### Creation of a bSpace for the SOB

Mr. Dally said they discussed creating a bSpace for the SOB to consolidate all the different far-flung materials, such as minutes and the Charter. He asked if that was something that would be worthwhile for everyone, and said people indicated that would be useful.

Ms. Allbright said they just improved the Web site and the minutes and the Charter were public information. Mr. Dally said they currently weren't in the same place, and people had to dig through the Auxiliary Web site to get to the SOB page and the minutes. He wasn't sure who puts them on the ASUC Web site.

Mr. Permaul said that they're going to improve the Web site and create an appropriate SOB Web page. He thought the idea of bSpace was to have other types of conversation and transact Board business, e.g., space strictly for committees, and not public. They could do both.

Mr. Dally said he thought they should continue to do both and thought it would be a good place to consolidate communications.

Ms. Allbright asked if the Charter that was posted was up to date. Mr. Dally said he didn't know if it's been updated or amended. Mr. Permaul said he had no idea if it was changed. They made one change that year, to share the responsibility for the Cal Lodge between the students and the Auxiliary, to qualify for certain kinds of benefits. Ms. Allbright said that wasn't on the Web site. Mr. Permaul said it hasn't been changed because they don't have the page. He didn't know of any other changes. Ms. Allbright said she was preparing for the Board meeting and was reading the Charter, wondering it was correct.

Mr. Dally asked if Mr. Permaul wanted to create the bSpace. Mr. Permaul said he would do.

Mr. Coley asked if that was better than the Cal Share function they talked about. Mr. Permaul said he didn't know if students had access to the Cal Share space. Ms. Allbright said she never heard of it. Mr. Coley asked if students had access to bSpace. Mr. Permaul said they did. Mr. Coley said that if students were more familiar with that, it might be better to locate such a function there.

Ms. Davis asked if the bSpace would be open to anybody who wasn't Cal net authenticated. If it was on the general Web site, it would be available to people beyond Berkeley. Mr. Dally said it would be closed to non-members of the group. Mr. Permaul said that if he requested something considered through e-mail, he thought that would be a mechanism. He thought Mr. Coley was right, and Cal Share, from what he understood, was much more versatile for presentations he's had than bSpace, but students were very familiar with bSpace, which was very easy to access and use. So maybe they'd start there and then, at some point, perhaps migrate.

Ms. Davis said the press had access to bSpace, people from the Daily Cal who might not be students. So they'd want to make sure they were transparent and open. Mr. Permaul said that's what Ms. Allbright was talking about, their Web page. They'll put everything that should be public on the public page.

Mr. Smith said they also had to make sure it was updated.

Ms. Allbright said she believed Mr. Permaul said the new Web site would be up by December. Mr. Permaul said he was hoping for the fall. Mr. Spivey said they're shooting for an August rollout.

Ms. Allbright asked when they thought the new SOB page would be up, and if it wouldn't be up for a while, if they could update the current site in the meantime. Mr. Permaul said he was loath to spend money to update the current site since they're about to roll out the new one. And it's not the first few pages they're unveiling, the ones he passed around, and it would be there by the end of the fall. So it was a question of whether to spend the resources. If people felt that it was important to do that, they could consider it.

Ms. Allbright asked if it cost money to do text editing. Mr. Permaul said it did. It was completely proprietary with the individual who maintained their site, and they had to pay that individual to do any updates. That's one reason to go to the new Web site, which could be maintained from a variety of locations.

Ms. Davis asked if they could at least indicate on the new ASUC Auxiliary Web pages the order in which everything will be updated, so people don't get annoyed when they go to the old stuff. Mr. Permaul said there will be a date on every page that says the last time it was updated.

Ms. Davis said that Mr. Permaul mentioned that some things will come out in August and other things wouldn't be updated until December. She asked if there was a way to say they were going through a process and to please bear with them and be patient, that they were under construction, so people wouldn't get frustrated and think things weren't being addressed, and knew when things would be coming.

## OLD BUSINESS

### Status of GA representation on the Board

Mr. Dally said that at the last meeting they discussed getting two representatives from the GA. He asked if Mr. Daniels has been able to work on that. Mr. Rajan said he's been told to offer the usual excuse of bad timing. Mr. Daniels was aware of the situation. Mr. Daniels will probably continue to be the main representative, but there will be a back up. So someone will be at Board meetings from the GA.

Ms. Davis asked if Mr. Rajan would be the other GA rep. Mr. Rajan said it might be. The GA's Executive Board will consider it in two weeks. The SOB was fun and he might definitely do it.

Ms. Allbright said the ASUC By-laws and the Charter on the Web site state that the grad representatives were sort of like students at large, the same as undergrads. But it sounded like the GA has been picking them. She asked if that was preferable, or if that should be changed. Mr. Rajan said he was also the Organization and Rules Committee Chair that year, and the By-laws, while they were just changed, contained nothing that particularly stated how representation to the SOB might be done. Ms. Allbright said it was in the ASUC By-laws, Title I. Mr. Rajan said that would be the way the GA made its selection. Ms. Allbright said that if people didn't like doing it that way, it could be changed. Mr. Rajan asked if the By-laws call for an election of the rep. Ms. Allbright said it would have to be changed in the Senate By-laws and in the SOB Charter. Mr. Permaul said that perhaps Mr. Rajan and Ms. Allbright could talk about this offline, and then have something go to the Senate and come back to the SOB. Ms. Allbright said she didn't think it would be a big deal. Mr. Rajan said they realize this was a problem and said it would be fixed.

Summer Meeting Schedule

Ms. Davis asked about the Board's meeting schedule for the summer. Mr. Dally said this was the summer meeting. The Board has one meeting for the months of June and July, and wouldn't meet again until August, at that time when they could get as many people as possible, hopefully including Mr. Nguyen and Mr. Daniels. Ms. Allbright said their rules state that meetings were the second Tuesday of the month. For their next meeting she asked if they would change it, and if so, if the Board should vote on it at that time. Mr. Dally said that meetings were set for Tuesdays, but that last year they actually met on Mondays. It was up to the Board as to what schedule worked best for Board members. Since the Charter was originally written, the school year has been pushed back later and later, so August was still the summer, for the most part. So it would be best to have a special meeting date in August that would work for as many people as possible, and to then create a routine schedule.

Mr. Permaul said that was another procedural rule the Board needed to address and change. He was delighted Ms. Allbright was looking at this.

Mr. Dally said he would send out an e-mail in a couple of weeks and try for a good date in August.

Ms. Davis asked if this was Mr. Miles last meeting. Mr. Permaul said he wasn't letting Prof. Miles go until Prof. Cluff walked in. Ms. Davis said they would therefore wait to go through the accolades until it was official.

Mr. Dally said that with no objection, the meeting was adjourned.

This meeting adjourned at 5:59 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

# STORE OPERATIONS BOARD MINUTES

August 27, 2007

Present: (Members and others)

Taylor Allbright  
Ron Coley  
Matt Dally  
Barbara Davis

Victoria Harrison  
Van Nguyen  
Nadesan Permaul  
Nish Rajan

Jordan Smith  
Tom Spivey  
Roxanne Winston

## **SUMMARY OF THE MEETING**

This was the first meeting of the Fall Semester. It was called to order at 6:05 p.m.

### **REPORT FROM THE DIRECTOR**

#### **ECPC meeting on conceptual plans for the ASUC Student Union**

During the summer, the ASUC attended a meeting of the Executive Campus Planning Committee and presented the concept for redevelopment of Student Union facilities. There was general report for the direction the Auxiliary was going and the Chancellor seemed very supportive. The Auxiliary will go back to the ECPC with a unified vision of the plans.

Renderings of how improvements might look were passed around, general concepts the Auxiliary was developing.

No funds in the campus' budget have been approved to continue planning for Lower Sproul, as the students did not vote for the referendum to support funding for that planning. But students only had a month to consider it, already had Ed Fees increased by \$600, and hadn't even seen the plan.

The Auxiliary has asked to revisit planning for Lower Sproul.

The mechanism by which the Rec Sports Facility referendum was considered was by letting students see the potential for such a facility. The Auxiliary's goal was to bring life to Lower Sproul and the Student Union such that students would be inspired to support development of the complex.

It was suggested that the Board have Lower Sproul as an agenda item at a future meeting to discuss what they needed to do.

#### **Status of the Naia Lounge Contract**

Naia's told the Auxiliary that summer that it would have to leave if it didn't get help. It's looking at other businesses to share the site. The Auxiliary suggested The Brazil Café and Intermezzo, and Naia asked permission to speak to Panda Express. The lounge in the area would remain. A coffee area was sparsely used, and that space would be turned over to another vendor. Naia's was aggressively pursuing this. Naia has already asked the Auxiliary to defer its payments and didn't believe it could make it the through

the full year under the current model. They want another vendor in during the spring of 2008. Naia thought it needed a food partner to compliment it. The Auxiliary had to follow the campus contracting process, but had a lot of flexibility.

#### Status of the CUBS Relocation

The Auxiliary has been waiting for months for the campus to relocate an electrical a panel for the relocation. When real estate confirms the move, CUBS will fund the cost, potentially \$5,000, to get an estimate to relocate the electrical panel. Both CUBS and Naia have expressed frustration in the time it took to get things done.

#### Status of the STA Travel Relocation

The Auxiliary was proposing that STA Travel relocate to the Postal Annex area. STA would like the Auxiliary to propose a new contract if the move occurs. Space where STA and CUBS was now located would make an extremely attractive venue for a restaurant, which could vent to the roof. The Auxiliary was working with a vendor that would remain nameless for this area, whose business would be spectacular.

#### “The Local” Natural Produce considering the ASUC for relocation

“The Local” a student group, sells natural foods at Kroeber Plaza. The Auxiliary suggested selling on the steps of the Student Union, and would provide storage space and refrigerators. The group had the okay of EH&S to sell and was considering the offer. The group is a non-profit, staffed by volunteers. It would like funding to pay to staff it its hours of operation increased. It would like to be at the Student Union on Tuesdays and Thursdays, and would continue to be at Kroeber on Wednesdays. It could barely find enough volunteers for Wednesday, and it was suggested that they look into a TGIF grant.

Cal Dining also has a produce stand, but most people who shop there swipe meal cards. The Local had better produce that was also a lot cheaper. The Auxiliary will inform Cal Dining about these plans. The Auxiliary believes having The Local at the Union would be very successful. It would be the southeast corner of the Union.

Questions were raised as to the ability of The Local to engage in commercial activity. But this was a student group and its activities were probably assessed by the campus as a fundraiser.

#### Status of the Web site, Electronic Signage, and Telephone System Replacement

The Web site was up and was being expanded slowly but surely. Cal Lecture Notes will probably be the first site that will go live with ePay. The Auxiliary will also do fundraising for the ASUC's 120th Anniversary. They want to get the campus student calendar and myASUC up as soon possible.

A question was raised about an ASUC PayPal for donations from the ASUC Web site. The Auxiliary would be the agency for that and would set up the account.

Regarding the status of electronic signage, it was conceptually approved by the ECPC. It would be done in partnership with the Daily Cal, which had agreements with the Regents to do advertising. The Auxiliary will consult with the ASUC about content.

Regarding the status of the telephone system, this was on hiatus over the summer but has not been forgotten. Their phones were awful.

#### Cal Student Store and Intercollegiate Athletics

The Cal Student Store used to have the contract to do online marketing for logo clothing, but that spring the contract was awarded to another bidder. But that revenue was separate from the bottom line for the Cal Student Store's revenue and did not count towards the Auxiliary contract.

The Student Store on game days wanted to sell at satellite locations around campus. Athletics objected, and the Vice Chancellor asked the Auxiliary to not sell on the Tennessee game day. The Auxiliary has asked for hearing to sell at satellite locations for future games.

It was noted that the contract with Follett was to run the Cal Student Store, not to sell merchandise on the campus. However, the campus, the Auxiliary, with proper approval, could ask Follett's to do that.

Actual game-day sales from these locations would not be that great, but would get the ASUC's name out there and promote online sales. Sales at the Store on game days were unbelievable, and promotions would also urge people to go there on game days. They had a strategy to draw people to the Store location, in an effort among the Alumni Association, the Bear's Lair Pub, and the Student Store.

It was noted that the Store's Web site was poor, and was run through Follett nationally. Follett's President will meet with the Vice Chancellor in the middle of September, and this will be an item.

If Follett's made \$17.5 million, that would increase student revenue by about \$500,000, and up to \$1 million for Store sales of \$20 million. The Auxiliary currently received a flat payment a base of \$1.75 million. At \$17.5 million in sales, they'd get 12.5%, and at \$20 million, 13%. Previous spring Administrations have been extraordinarily aggressive in turning the Bookstore into the campus' bookstore and increasing sales dramatically. Sales were currently at just under \$17 million.

#### Status of the Seismic Renovations to the Tilden Room and Pauley Ballroom

The Tilden Room was to have been renovated that summer, and Pauley next summer. But the Planning Office felt these projects were different than what they were originally construed to be. The seismic rating of the Union would not improve. As a result, Planning and went back to the OP to see if the funds should be expended. OP has not yet responded. There was a four-month lead-time for ordering the steel. At this point they would have to do both projects at the same time, or defer one to 2009.

#### Status of the Cal Lodge and the ASUC Art Studio

The Cal Lodge was in as good a condition as it's been in decades. They will also open up the kitchen there, which was an important element to drive business there. The Auxiliary feels they're on the cusp of moving in the in the right direction with the Lodge.

The ASUC Art Studio just barely broke even that year. A new Manager has been hired, and the hope was to make it a successful business venture, like Cal Lecture Notes, and have it turn the corner. They hope to see dramatic changes over the coming year.



One issue was that the Union representing technical employees on the campus was insisting that the Auxiliary hire employees working as instructors as career status employees with benefits. But that would close the Art Studio since the Auxiliary could not possibly meet that financial model. Another meeting with the Union rep was scheduled in December and the Auxiliary will continue to look at this. These were career-status, but less than one-half an FTE, which didn't provide benefits.

NEW BUSINESS

Election of Board Chair and Vice Chair

The Board had a full complement of members. By unanimous voice-vote, Mr. Dally was elected Board Chair for 2007-8 and Mr. Nguyen was elected Vice Chair.

Meeting Schedule

The Board will meet this year on Tuesdays at 6:00.

The meeting adjourned at 7:15 p.m.

**[End summary of the meeting.]**



This regular meeting of the Store Operations Board, commencing the Fall Semester, was called to order by Matt Dally at 6:05 p.m. in the ASUC Senate Chamber.

APPROVAL OF THE MINUTES

Mr. Dally said called for a motion to adopt the minutes from the summer meeting. It was so moved and seconded by Mr. Nguyen and Mr. Smith. THE MOTION TO APPROVE THE MINUTES OF THE JUNE 27, 2007 BOARD MEETING PASSED WITH NO OBJECTION.

APPROVAL OF THE AGENDA

Mr. Dally called for a motion to approve the agenda for the meeting that evening. It was so moved and seconded by Mr. Nguyen and Mr. Smith. THE MOTION TO APPROVE THE AGENDA PASSED UNANIMOUSLY BY VOICE-VOTE.

REPORT FROM THE DIRECTOR

Executive Campus Planning Committee meeting regarding conceptual plans for development of the current ASUC Student Union building

Mr. Permaul said that during the summer, Capital Programming invited the ASUC to go to the Executive Campus Planning Committee. Mr. Permaul said he, Mr. Daniels, Mr. Coley, and Mr. Spivey went and presented the concept for redevelopment of the current Student Union facilities. The Chancellor was there, the only ECPC meeting he was able to attend in four or five months. They wanted the Chancellor to specifically be there to hear what the plans were. Mr. Permaul said he thought there was general support for the direction in which the Auxiliary was going, and the Chancellor seemed very supportive. All questions posed about what the Auxiliary was doing were addressed.

Mr. Permaul said the ECPC asked the Auxiliary to come back with a unified vision of the plans. These were all discrete projects that the Auxiliary was working on, with vendors, time schedules, and with Capital Projects. At some point the Auxiliary needed to come back with a holistic vision of what the Student Union will look like.

Mr. Permaul said the Auxiliary has developed renderings of some things they'd like to do. The drawings he'd pass around were pretty simple. They showed improvements inside the Bear's Lair Pub; the goal of having plasma screens up in the facility; the relocation of CUBS into the area that used to be the Photo Cell, which has been vacant for almost a decade, a project that was moving forward; a very bold concept proposed by the Bear's Lair Pub to develop a restaurant on the top of the deck west of the Student Union; a concept for a coffee shop, a café, that was being assessed in the space currently occupied by the Follett Convenience Store; a concept for the ASUC mall, showing the Scholar's Work Station on one side, a copy center, CUBS, and other venues they hope will fill out the entire mall as time passes. He'd get into more specifics of these ideas as they go through the agenda items that evening. The drawings were in digital form as well.

Mr. Permaul said he thought it was important to show the ASUC Senate and students in general the concepts the Auxiliary was developing. So at some point he'll ask the Executive VP to let him have a Special Order at a Senate meeting to speak to the Senate about the development of the Student Union complex, so everyone was on the same page and they could agree on what would be presented to go forward.

Ms. Davis asked if Lower Sproul came up at all in the discussion at the ECPC. Mr. Permaul said he and Jonathan Poullard wrote a note to Mr. Coley and Mr. LeGrande indicating their concern over the fact that no funds in the campus' budget have been approved to date to continue the planning for Lower Sproul. The reason he was given for that, third-hand, through Dean Poullard, was that it was because the students did not vote for the referendum to support funding for that planning. Mr. Permaul said he and Mr. Poullard responded that such a rationale to deny funding was unfair, because the students had one month to look at the referendum, and secondly, because it was on top of a \$600 fee increase in their Education Fees that students were being asked to pay for. It was unfair to then turn around to the students and say there would be no funding from the campus because they didn't vote to tax themselves more to do this planning, when they hadn't even seen the plan.

Mr. Permaul said the Auxiliary hasn't even seen the plan that was being worked on by the campus, and was supposed to have been done back in April. The Auxiliary has not yet received the final version of that plan. He thought it was very hard to put the onus on the students. They have asked Mr. Coley and

Mr. LeGrande to please bump this up to a conversation where this could be revisited at the appropriate level and at the appropriate venue, the failure to continue planning to develop Lower Sproul.

At the meeting, they did say that this was the mechanism by which Lower Sproul could be tested by the students. It's the same way the campus basically approached the Recreational Sports Facility: "If you invite them, they will come." In the case of Rec Sports, they scheduled recreational facilities until 3 a.m. Students would leave the library at 2 and 3 a.m. to play intramural sports. So when the time came for the referendum, students voted overwhelmingly for the facility because they saw the potential to do that. The goal of the Auxiliary was to bring life back to Lower Sproul and to the Student Union complex in a way that would inspire students to vote and support the development of that complex. But as of now, students have not been given a reason to support it. He thought it was unfair.

Ms. Davis asked about the seismic condition being a reason to plan. Mr. Permaul said that was kind of esoteric, and these students will be gone by the time construction would take place. Ms. Davis asked about concerns the campus had over the seismic condition of Lower Sproul. Mr. Permaul said that was a good point. Eshleman was clearly seismically "poor," and something had to be done.

Ms. Davis suggested having Lower Sproul as an agenda item at a future Board meeting, to discuss where they were and what they needed to do. She noted that the Lower Sproul Planning Committee was canceled. Mr. Permaul said he didn't know the reason for that, but was probably due to the fact that there were no funds and no one wanted to hold a meeting in the absence of funding. That goes back to hoping that they could bump this question up.

#### Status of the Naia Lounge Contract

Mr. Permaul said that Naia's came to Auxiliary that summer and said it would have to leave if it didn't get help. And the Auxiliary wanted to help them. The Auxiliary initially looked at California Pizza Kitchen to join Naia's space, but the business model for CPK did not include independent subcontractors working discreetly in locations. It worked through very large business entities where they were part of a campus' complete food vending operation. Naia's has asked permission to go and discuss having other vendors also use the space. The Auxiliary suggested The Brazil Café and Intermezzo, on Telegraph, as possible vendors. They would bring a food style that the Auxiliary didn't currently have, would be a complementary business to Naia's, and wouldn't necessarily require the construction of a hood, for fumes. But Naia's was also looking at other, bigger vendors that could help them weather these financial circumstances and would be willing to invest in that location.

Ms. Allbright asked what businesses they've been looking at. Mr. Permaul said they called and asked him to be able to speak to Panda Express. Ms. Allbright said she understood that would require a hood, and that it was actually a big concern for them. Mr. Permaul said they could invest money to do that, which would be a tremendous help to the Auxiliary since that site currently didn't have that flexibility.

Ms. Davis asked if they were talking about a joint, shared arrangement, so Naia's would remain, with part of the lounge to into something else. Mr. Permaul said the lounge would remain. Naia's would share the site with another vendor.

Mr. Smith said people wouldn't get ice cream through Panda Express, but it would be like a food court, with two different items near each other. Naia would probably have to reallocate its space to make it fit and still have lounge space. Mr. Permaul said there's a coffee area there that was sparsely used, and they'd turn that section over. Naia's was aggressively pursuing this. It's already written requesting some concessions. Mr. Permaul said that Chris Tan, the owner of Naia's, wanted him to express to the Board that evening Mr. Tan hoped that if a suitable partner for the space was found, the Store Operations Board, will support, as expeditiously as possible, a contracting process. Naia's has already asked the Auxiliary to defer its payments and the business didn't believe it could make it through the full year under the current model. Their goal was to have somebody in there during the spring of 2008. Mr. Permaul said he told Naia's that he would bring these concerns to the Board, and told them that the Auxiliary had to follow the campus contracting process. But the Auxiliary did have a lot of flexibility. Decisions usually depended on administrators' decisions, something the Auxiliary didn't control. He'd bring this back to the Board and would speak to the students if a partner was found that Naia's would like to bring in. The Auxiliary's two recommendations were the Intermezzo and the Brazil Café.

Ms. Davis asked if either of those were interested. Mr. Permaul said the Brazil Café calls him every two weeks and wants to be on campus. He didn't know about Intermezzo, although the business has people hanging out at the doors every day. He'd think that faculty and staff on campus would love it. The business had a venue of soup, sandwiches, and salads, not hot food. He thought that would be a perfect compliment to the lounge and would attract people. It was a question of whether or not Intermezzo was interested.

Ms. Allbright said it was part of Raleigh's, and they were owned by the same people. Mr. Permaul said the two businesses share a kitchen.

Mr. Smith said Cheese 'N Stuff's was a couple of blocks away, and it wasn't doing as well as hoped. They might look at that and want to do that. Mr. Permaul said he didn't think their business model and product were really aimed at the student market and a broader market, and they could do a lot to enhance their business.

Mr. Rajan asked if food was the only partnership Naia's was interested in building. When he was there in '02 as a graduate, the BearArcade was actually popular. He didn't know if arcade games were coming back, and asked if that would help out Naia. Mr. Permaul said he didn't think so. The Naia lounge was an attempt to create an environment, and they often have performances there, music and stand-up comedy, and people come for those events. The problem was that they weren't spending money on gelato. Naia's thought it needed a food partner to compliment them and bring people in to buy something to eat, and buy dessert as well. The Auxiliary was willing to support Naia because it's a small business and was brought in by ASUC Officers, and the Auxiliary was trying to make sure it survived.

Mr. Dally asked if there was any contingency plan if Naia's closed, so there wouldn't be another empty spot for a year or two. Mr. Permaul said the Board could be assured that he wouldn't sit around waiting, and the Auxiliary would go out and aggressively look for someone. That was a prime location. Naia's was actually working with a consultant to help them find the right food partner.

#### Status of the CUBS Relocation

Mr. Permaul said the Auxiliary has been struggling for months to get the campus to help relocate an electrical closet, a panel; and they found a new approach. They've gone to CUBS, and as soon as the Auxiliary got confirmation from campus real estate folks that CUBS could relocate, because permission was needed to relocate, then CUBS was willing to fund the money it would cost, potentially \$5,000, just to get an estimate from the campus for the relocation of the electrical closet. Mr. Permaul said that would have eaten up too much of the money he got from the Board to deal with some of the Auxiliary's business activities. CUBS was willing to take on that cost.

Mr. Permaul said he and Mr. Spivey were working to get approval from real estate services so they could get the electrical panel moved. One frustration CUBS expressed, as did Mr. Tan, of Naia, was the difficulty they had in working with the Auxiliary and trying to get something done. Things could take months. The Auxiliary started this relocation process in the spring and it took four months to get an electrician to come out. So things move very slowly; but they're moving along. CUBS was interested in operating at the new location.

#### Status of the STA Travel Relocation

Mr. Permaul said that STA Travel would like the Auxiliary to propose a new contract for the business if STA relocates. The Auxiliary wanted to relocate them to what had been the location of the Postal Annex. The reason for the move was that current STA Travel space, in conjunction with CUBS' space, and a portion of the restroom facilities behind this area, would make an extremely attractive venue for a restaurant or a food business. A restaurant there would be able to go straight up to the roof and could vent appropriately. The Auxiliary's goal was to free that space to potentially have a more marketable business there, a larger one. That certainly was the area that Panda Express was initially interested in. But the Auxiliary had another vendor that shall remain nameless that they were trying to work with, whose business would be spectacular if they were willing to come to the campus. This business has at least sat down to talk with the Auxiliary. Mr. Permaul said they spoke about this briefly before, and they'll continue to keep it under wraps. It's a business students would love to have. Mr. Permaul said he'll talk more about it with ASUC Officers, but right now, there's no sense in putting the idea out there if it didn't come to pass. The Auxiliary was still in negotiations, and if the vendor was interested, there would be another conversation with the Board.

#### "The Local" Natural Produce considering the ASUC for relocation

Mr. Permaul said "The Local" sells natural foods at Kroeber Plaza. He and Mr. Spivey met with them a week and a half ago and suggested they would be much more effective if they were on the steps of the Student Union, and the group agreed. The Auxiliary would be willing to provide them with storage space and refrigerators. The group already has an agreement to sell on campus, through EH&S, as long as it met campus requirements. The Auxiliary was very interested in having The Local come to the steps of the Student Union.

The Auxiliary has also suggested to University Health Services that it have peer student health dietary advisors join The Local so students, faculty, and staff could get one-stop shopping on dietary information

as well as buy natural produce. The Auxiliary believed this would be overwhelmingly successful. The Auxiliary was waiting to hear from the group and will follow-up with this. He would recommend that Ms. Allbright give them a call as well, and encourage them, and get together all of the local groups whose students have been volunteering. The group was concerned about the political correctness of this as well, and whether this was the right place to come to. Mr. Permaul said he really thought that the students' house was the right place to come, and that the group would be really successful. So anything Ms. Allbright could do to encourage them would be appreciated.

Ms. Allbright said she had a relationship with The Local and has talked with them about different things. The group didn't make a profit. Everything sold was at cost and it was staffed by volunteers. The group would like funding to be able to pay someone to be there if its hours of operation increased. They told her they would like to be at the Student Union on Tuesday and Thursday, and would continue to be at Kroeber on Wednesdays. The group needed to pay for someone to staff it because they could barely find enough volunteers for Wednesday. She told them to look into Green Initiative Fund grant, and the group was asking for ASUC money. She was a little confused because she thought the group would be bringing in money, and it was now asking for money.

Mr. Permaul said it's a trade-off. They want this viable student group to be there to bring more students there. So the Auxiliary would give access, for free, and provide refrigerators and carts. The Auxiliary would help them set up and would even provide signage for the group. And when it came to staffing, the Auxiliary also suggested going to TGIF. That Fund gives out grants for such things, and this was certainly a sustainable project. He thought it would be wonderful.

Mr. Spivey said the group's business might increase, and if they have a tremendous increase, they might be able to support paying staff. Mr. Permaul said he thought it would be hugely popular.

Ms. Davis asked about the group and the Kroeber location. Ms. Allbright said The Local sold locally grown produce. Ms. Davis asked if something like that was already there. Mr. Spivey said Cal Dining had a produce stand. Ms. Davis asked if they would still do that. Mr. Spivey said he believed they would.

Ms. Allbright said that most people who shop at the Cal Dining stand swipe meal cards. Ms. Davis asked if the produce was the same at The Local. Ms. Allbright said she thought The Local had better produce. Mr. Smith said it was also a lot cheaper. Ms. Allbright said it was cheaper than the farmer's market.

Ms. Davis asked if the Auxiliary let Housing know it was going to do this, as a good neighbor. Mr. Spivey said they haven't, not yet. He did inquire about Housing's produce stand. They used to set up shop Monday and Wednesday. The Auxiliary would do it Tuesday and Thursday. Mr. Permaul said they would certainly let Shawn LaPean know the Auxiliary was doing this. The reason the Auxiliary was looking at this was because it's overwhelmingly popular, not only with students, but with faculty and staff as well. He went there twice, to watch it. A staffperson told him they loved it and said the ASUC had to support it, that it was high quality, people shop there every Wednesday. If they look at Dwinelle, Wheeler, Barrows, and Sproul, heavily invested with staff, who probably eat food on the Avenue and at the ASUC. The option of healthy food at reasonable cost would be, he thought, very attractive to them. Students will be constantly walking by the stand.

Ms. Allbright asked where exactly he was thinking of putting the stand. Mr. Permaul said they showed The Local the southeast corner of the Union, the crossroads of Hollywood and Vine, Bancroft and Telegraph.

Ms. Allbright said a lot of student organizations have gatherings there, and it's kind of a meeting place for a lot of people. So perhaps they could move it over a little bit closer to the Student Store. Mr. Permaul said they could do that. The Local was looking at having enough room to be able to stage itself properly. The Auxiliary will certainly discuss this further.

Mr. Rajan asked if The Local indicated why they chose the Kroeber area to set up shop. Mr. Permaul said there basically was just a tree there, and the ground wasn't even particularly level. Ms. Allbright said it was the high traffic.

Ms. Davis asked if they were allowed to do commercial sales at that part of the campus. Mr. Spivey said they received an EH&S permit. Mr. Permaul said he was assuming they went through CLL to get access to the space. The group has been there for the last six months. Ms. Allbright said people could get a fundraising permit for that location, but this wasn't fundraising, or for-profit.

Ms. Harrison said she was curious under what campus rule, regulation, and policy The Local was operating, because they can't just engage in commercial enterprise on the campus without going through a process. It may be assessed as a fundraiser. She asked if The Local was a student group. Mr. Permaul said it was. Ms. Harrison said the activity was probably a fundraiser, and the only reason EH&S would be involved was whether or not there were proper health measures. But EH&S would not be involved in permitting the group to engage in a commercial enterprise. She thought there was a question as to where the activity would fit in regarding its activity.

Mr. Permaul said the Auxiliary could certainly permit the group. Ms. Harrison that might be possible. Mr. Permaul said the Auxiliary could bring them in as a student group. But he would ask these questions.

#### Status of the Web site, Electronic Signage, and Telephone System Replacement

Mr. Permaul said the Web site was up and was being expanded slowly but surely. Cal Lecture Notes will probably be the first site that will go live with ePay. The Auxiliary will also do fundraising for the ASUC's 120th Anniversary. They'll open up other sites very specifically. They're working to get the campus student calendar up and they also want to get myASUC up as soon as they could. So the Web site was up.

Ms. Allbright asked if the donate button that was being used on the Web site went to the Boston Trust account. Mr. Permaul said they're asking people to donate, and on the invitation, it says that money will go to the ASUC endowment, which was the Boston Trust. There has been some question whether the Auxiliary would also identify other places to which people could donate, such as the Art Studio, the GA, or other activities. But on the invitation, people are asked to donate to the ASUC endowment.

Ms. Allbright said her question was about the ASUC Web site. They wanted to put a donate button in, and they were trying to set up a PayPal account, but she's been having trouble. She talked to Ms. Crowder who sent her to Mr. Fullmer, who sent her to the GA, who sent her back to Mr. Fullmer. Mr. Permaul asked what she was trying to do. Ms. Allbright said it was for a PayPal account for the ASUC, for donations from the Web site. Mr. Permaul said they would do that through the Auxiliary. The ASUC couldn't set up a PayPal account, and that was something the Auxiliary could do. Ms. Allbright said

that's why she's been asking. Mr. Permaul said the Auxiliary had to be the agency, and they now have that approval. They have a certificate that would allow them to set up and enable people to make donations on the page that had anniversary information.

Ms. Allbright asked how a donation would be made. Mr. Permaul said it would be done electronically. Ms. Allbright asked if it would be done through PayPal. Mr. Spivey said it would be through ePay, a campus system. Ms. Allbright asked who would be the best person to call about that. Mr. Permaul said that would be Mr. Fullmer, so he would ask Ms. Allbright to work with Mr. Spivey to get the answers she needed. He didn't want people sending her all over the place, and the Auxiliary should answer her questions directly. Ms. Allbright said it wasn't anybody's fault, and it was just that people didn't know.

Regarding electric signage, Mr. Permaul said this was one of the projects that was conceptually approved by the Executive Campus Planning Committee. They were doing this in partnership with the Daily Californian. The paper was currently in a much better position than the Auxiliary to pursue this because it had agreements with the Regents that allow the paper to do advertising. And they're very strict and very careful about this. They were going out to see if they could get the funds for the Auxiliary to underwrite the installation of the equipment as well as take care of the marketing side. And they also told ECPC that the Auxiliary would come back to it when they had a plan together. They'll also run it by the ASUC, to make sure there was the right balance of student information, student activities, events, and campus information, along with appropriate and very specifically targeted advertising.

Regarding the status of the telephone system, Mr. Permaul said this went on hiatus over the summer, but they have not forgotten about it. All their phones were awful. They get calls like the one he got that day, someone asking for answers to questions about campus human resources. They'll eventually get that system up.

#### Cal Student Store and Intercollegiate Athletics

Mr. Permaul said that during the spring, Intercollegiate Athletics let out a contract to do online marketing of Athletics' authorized logo clothing. The Cal Student Store used to hold that contract, and it provided almost \$200,000 worth of revenue to the bottom line of the contract the Auxiliary had with Follett.

Mr. Coley said that just for the record, the contract produced \$200,000 worth of revenue to Athletics. It was separate from the bottom line of the Cal Student Store's revenue.

Mr. Smith said that from what he sort of heard, it was almost like a loss leader for them. They did it for the sake of having it, but it wasn't too profitable.

Mr. Permaul asked if the \$200,000 from online marketing did not count towards the Auxiliary contract. Mr. Coley said it didn't. Ms. Harrison said it was a separate contract. In the contract between Follett and the Cal Student Store, "gross sales" was defined as sales out of the Cal Student Store and anything through the Cal Student Web site. About a year after the Auxiliary entered into the agreement with Follett's, Athletics went out with its merchandising contract. Follett's bid for the contract, and Athletics



entered into a contract with Follett's to run its merchandising. That \$200,000 went to Athletics. It was not, by definition, "gross sales" for purposes of the contract between the campus, the ASUC, and Follett, for the Cal Student Store. Mr. Coley said it goes to Athletics and did not go through the Auxiliary's contract. The only reason it may look like that to the Auxiliary was because in Follett's books, they show University of California, Berkeley, X number of dollars. And then they'll have a net in terms of distributing it, \$200,000 to Athletics, or whatever the figure might be. Follett nets that against the students' total with respect to achieving the next incremental increase.

Mr. Permaul asked how it worked when Follett's nets that against the students' total and if Follett's took the total amount of revenue and subtracted that \$200K. Mr. Coley said that was correct. Ms. Davis said that the Auxiliary, then, never made any money. Mr. Permaul said they never made any money directly, and the money always went to Athletics. He would have cared if that \$200K went through the contract to ensure that the students got to the next level. But Ms. Harrison was saying it didn't. Ms. Harrison said it wouldn't, because it didn't fit into the definition of total gross sales in the lease with Follett's for the Cal Student Store. At one time, administrators were somewhat concerned about overhead expenses for the Auxiliary by keeping inventory at the ASUC and use of employees. Some of expense might have rested with the ASUC, so it was actually cleaner not to have that agreement.

Ms. Davis asked if the Auxiliary was now happy. Mr. Permaul said they weren't necessarily. The Cal Student Store on game days wanted to sell at satellite locations around campus. One location was proximate to Memorial Stadium, near the I-House. Athletics has objected to that. That day, at the request of the Vice Chancellor, the Auxiliary agreed not to sell on the Tennessee game day. At that point, the Auxiliary asked to have a hearing on the ability to proceed with these sales locations afterwards. The comment that was made to him on the telephone by Athletics was that they thought it was unethical for the Auxiliary to sell near to the Stadium. First, the Auxiliary had a contract to sell clothing on the campus. But of more interest to him was that there was a store closer to the Cal Student Store in Haas Pavilion than the Auxiliary would be to Memorial Stadium. So it seemed strange to hear that it would be unethical to sell when Athletics intended to sell at that store during basketball season. He didn't bring that up in the conversation, but it seemed odd. But the notion that it would be unethical for the students to sell their products anywhere on the campus, which to generate revenue for their student programs, just seemed to him strange. And it wasn't as if averaging 64,000 per game that there wasn't enough room to sell, and to have three or four vendors. In fact, student groups that were licensed to sell Cal logo clothing sell all around the Stadium. A man sells buttons right next to the location where the Auxiliary would be selling. So it was odd to him that somehow the Auxiliary, with one stand, would be excluded from selling.

Mr. Permaul said he's talked to Follett and asked them if they would please consider the request of the campus not to sell for the Tennessee game at this location. He's asked Mr. Coley if they could have a hearing.

Ms. Harrison said that for clarification, it's for Follett to run the Cal Student Store, not to sell merchandise on the campus. The contract with Follett's was very clear. Follett's was entitled to sell at and manage the Student Store, which included the sale of merchandise within the premises, and directly located around the premises.

Mr. Permaul asked if that meant they couldn't open satellites on the campus. Ms. Harrison said that by contract, Follett's was not entitled to do that. If the campus wanted to ask Follett's to do that, then they could do it. There was a section of the contract that allowed for the campus to ask them Follett to expand

the services they had the contract for. But technically, Follett's contracted with the campus to manage the Student Store out of MLK. And that was very clear in the contract.

Mr. Permaul said what was interesting was that he had a proposal to open up a store at the Library, which proceeded all the way through the process. The only thing that stopped was the Library ultimately getting cold feet about doing this. He asked Ms. Harrison if "the campus" could be any entity. Ms. Harrison said that at the time the contract was entered into, there were two other locations that were basically running little, mini-bookstores. One was the Haas School of Business and the other was the Boalt School of Law. The contract said that when the contract for those two vendors came due, Follett's would have an opportunity to bid on those locations. She thought the contract was somewhat silent on whether or not there was a new location for a satellite bookstore. All she was trying to clarify was that Follett's was not entitled to go out and open up satellites. Mr. Permaul said they could, however, ask Follett's to do so. Ms. Harrison said that was correct.

Mr. Nguyen asked who the entity was when it was said that the campus could ask Follett's if they want to sell near the Stadium. Ms. Harrison said the way she looked at it, any change in the commercial activities being done on behalf of the ASUC fell under the purview of the SOB. So if the Board wanted to entertain something like that, then there was a process to engage in and move forward with it. But the campus always had the authority to say it didn't want that to happen. Mr. Permaul said he would propose that the SOB consider allowing the Cal Student Store to sell, for game days, in locations other than the Student Store at MLK, because they were going to want to generate more revenue for a variety of reasons. One reason was that they lost the contract for book sales at University Extension, a \$500,000 contract. And most importantly, the Board would want to advertise online sales. Actual game day sales from these locations was not that great. But the notion of getting the ASUC's name out there among the clientele was very important, along with online sales.

Mr. Coley asked if he was saying that the actual game day sales at the Cal Student Store was not significant. Mr. Smith said sales at the Store were unbelievable, but for sales outside the Stadium, in talking with Greg Kiryakakis, the reason their bid wasn't as high as another firm was that it just wasn't worth it. Mr. Permaul said it was a difficult venue to sell at. Mr. Smith said the reason Athletics was in a position where it was sort of threatening the Auxiliary was that Athletics was afraid that whoever got the bid would realize it wasn't as valuable as what the successful bidder paid for.

Ms. Harrison said there was no question that sales in the Store go up dramatically based on who the opponent was on game day and what the attendance was. But just setting up cash sales and setting up for charge cards for satellite locations, the same revenue would not be derived as they'd get out of the ASUC. She would almost think that they'd try to figure out ways to encourage people to come to the ASUC to buy, versus, quite frankly, crossing the street and going to Bancroft Clothing. That perhaps would net a greater increase in revenue.

Mr. Permaul said they were going to do that as well. They have a strategy to draw people dramatically to the Store location on game day, an effort among the Alumni Association, the Bear's Lair Pub, and the Student Store. But the other element of this was that the areas where the Auxiliary was looking to sell from were much easier for traffic and to sell than areas in the Stadium. So the Auxiliary believed it will be, ironically, more successful selling outside the Stadium than they would be selling inside.

Mr. Coley said that he really appreciated the comments that Mr. Permaul just made, which reminded him of a conversation he had with Maria Rubinshteyn, of Trademarks and Licensing. He really wanted the

Auxiliary to talk to Ms. Rubinshteyn. She talked about selling logo ware at the bowl game, and that what seemed to have been an excellent opportunity was essentially a loss leader. In fact he believed the only reason they authorized her to go to the following ball games was because there was a general expectation that the school would be there, but not because it was going to be a big money maker.

Mr. Permaul said the other element of this was that it was a huge marketing tool. In line with what Ms. Harrison was saying, a business went where the people were, and they would be encouraged to go online and purchase from the ASUC, as well as to stop at the ASUC the next time they were on campus.

Mr. Coley said there might be additional ways to satisfy that marketing piece. There were a lot of things that could be done to make sure people were aware of the Store and were reminded of it. He thought they should consider all these options.

Mr. Smith said he thought the biggest opportunity for improvement was the Web site, which was horrible. He's talked to Mr. Kiryakakis about it multiple times. He thought it was run through Follett. Maybe a quarter of the items on the Web site were actually in the Store. None of it was new. There's nothing that was really selling. If there was a fresh look, it could be a premier site. The only time he'll ever look at a Cal Web site is if he was on calbears.com and he'd see a link. That link doesn't have as much stuff either, but at least it was a clean looking site. But it's just impossible to get through.

Mr. Coley that was a very good comment, and he really appreciated it. He asked if Mr. Permaul could include those comments in the point paper that was being put together for the meeting they'll have. Also, people should be aware that Follett's President will meet with the Vice Chancellor in the middle of September. They're going to talk, and this will be one item. Mr. Coley said this wasn't the first time he's heard people complain about Follett's Web site, and not just at Board meetings.

Mr. Permaul said he'll talk to Mr. Kiryakakis. Mr. Smith said from what he heard, the site was not really under Mr. Kiryakakis' control, and that was kind of the issue.

Mr. Nguyen said that at a certain point, when the Student Store generated enough revenue, it returned money back to the students. He asked at what point that was and how close they were to that. Mr. Permaul said they had get beyond \$17.5 million for the next trigger. And the next trigger after that was after \$20 million.

Mr. Smith asked if the Auxiliary got above the first trigger for that year. Mr. Permaul said they didn't, and were just below it.

Mr. Nguyen asked what happened if Follett's made \$17.5 million. Mr. Permaul said that would increase revenue to the students by approximately \$500,000. When they get to \$20 million, they'd get up to \$1 million, in total revenue. Mr. Smith said that currently, the Auxiliary received a flat payment. If they're below \$17.5 million, they get a base of \$1.75 million. But once they get to \$17.5 million, they'd get 12.5% of that, or so. And then when they get to that next \$20 million, they get 13%. So as they keep on getting higher sales, not only were they getting a percentage of those increased sales, but the percentage was going up as they go above each trigger.

Mr. Coley said it was very important that people be aware that this was really the heart of what Mr. Permaul was talking about. Two or three classes that preceded the current class, the ASUC was

extraordinarily aggressive about turning the Bookstore into the campus' bookstore, and in that year alone, they upped the ante almost \$1.5 to \$2 million. Last year, the revenue went up an additional million dollars. And of course with football sales and games going well, that also contributes an awful lot. But this was a big deal. That was Mr. Permaul was being so sensitive about the \$200,000 he assumed came from the sales from Athletics, and trying to get as close as they could to the next threshold, because it was a big deal.

Ms. Allbright asked how far they were from the threshold that was mentioned. Mr. Permaul said they made just under \$17 million that year.

Ms. Davis asked if they have special game day T-shirts. Mr. Permaul said there was a Tennessee T-shirt and other special T-shirts. Ms. Davis asked if they weren't available online. Mr. Smith said that sometimes they were. Traditionally, he thought they were very slow sellers, with 50% markdowns the next week. Mr. Permaul said Tennessee fans will buy them.

Ms. Davis said she read that Tennessee will be at the Claremont Hotel. She asked if the Auxiliary had a contract with them. Mr. Permaul said they'll all be coming to Pauley for Tennessee alumni's tailgate party. Ms. Davis asked if they could sell there. Mr. Permaul they'll be right upstairs from the Store. Only a team like Tennessee, with its crazy fans, would buy game day T-shirts. That wouldn't happen with USC.

#### Status of the Seismic Renovations to the Tilden Room and Pauley Ballroom

Mr. Permaul said the Tilden Room was supposed to have been renovated that summer and Pauley was scheduled to be renovated next summer. He finally got an explanation that day from Capital Projects of why the work was not done. When the campus pitched the projects to the Office of the President, they said that the seismic rating of the building would be improved to "fair." Mr. Coley said it was to "good." Mr. Permaul said that's not what these projects would do. This renovation would improve the Tilden Room and Pauley Ballroom, but the overall rating of the building wouldn't improve. The Planning Office felt that there was a breach of faith with the OP and went back to the OP to ask whether or not the Auxiliary could be allowed to expend those funds, given that the project was different than what it had originally been construed to be; and the OP has not responded. It's been since May and they still have not responded.

Ms. Davis asked about the seismic rating of MLK. Mr. Permaul said Eshleman was "poor" and MLK was "fair." But there were certain elements of MLK that were "poor." So one goal was the Tilden Room and the other was Pauley Ballroom. Those were specifically targeted to improve conditions. Conditions would not have been improved to the level that the campus construed to the OP.

Ms. Davis said this made no sense because Banway was "poor," with parts that were "very poor." Safety money was used to improve the parts that were "poor," and the building was still "poor." Mr. Permaul said he would forward to the SOB Chair the e-mail from the Project Coordinator from Capital Projects, who's been working on this for a year, trying to get this project off the ground.

Ms. Davis asked what the Auxiliary was seeking. Mr. Permaul said they want approval from the OP so that next summer these projects can be completed. Otherwise, the money was growing smaller in value,

and the steel had to be ordered in a timely way in order to get the project done at a certain time. That's why Tilden has taken a year, because they passed the threshold of when the steel could be ordered. Mr. Spivey said there was a four-month lead-time on steel.

Ms. Davis asked if both could be done next summer if they had approval. Mr. Permaul said originally, the plan was to do them together. They have asked to stage the work so both rooms would not be lost, since they're both so heavily used by students and other groups. At this point they would have to do both at the same time, or one project would have to be deferred to 2009.

#### Status of the Cal Lodge and the ASUC Art Studio

Mr. Permaul said the Officers and their Executives went up to the Cal Lodge. The Cal Lodge was in as good a condition as it's been in decades, and the Auxiliary was really pleased with its condition. Mr. Spivey said the ASUC attorney said it's the best condition it's been in. Mr. Permaul said they've also found a way to get open the kitchen there, by doing a very minimal investment. They found a work-around for the County rules that would allow the kitchen to be opened. That's a very important element of driving business there. Mr. Permaul said the manager of the Cal Lodge challenged student government to try and help them to fill a certain number of weekends in the coming year, and were committed to making sure the rest of them were filled. The Auxiliary felt they were on the cusp of moving in the in the right direction with the Cal Lodge.

The ASUC Art Studio just barely broke even that year. But the most important thing was that the Auxiliary has hired a new Manager, and they're extremely excited about this Manager. She comes with great credentials and the Auxiliary believed she had the ability to make the Art Studio the kind of place it was during the '70s and '80s. The goal was to make it a successful business venture, like Cal Lecture Notes, and have it turn the corner. They hope to see some pretty dramatic changes over the coming year.

Mr. Permaul said that one issue that was looming was that the Union that represents technical employees on the campus was insisting that the Auxiliary hire all of the employees who work as instructors at the Art Studio as career status employees with benefits. If the Auxiliary did that, it would close the Art Studio down because the Auxiliary could not possibly meet that financial model. Mr. Permaul said he met with the Union representative and persuaded him to give them time to hire a Manager, look at the financial model of the Art Studio, look at its staffing, and then to meet again in December. The Union has agreed to that. This is a looming issue for the Auxiliary because there's no way they could hire the current part-time instructors at the Art Studio as career-status employees, with complete benefits, and maintain the financial model that the Auxiliary needed at the Art Studio. Mr. Permaul said he'll discuss this with student government.

He and Mr. Spivey were working with the Manager of the Art Studio to do an assessment of this financial model to see what other forms of revenue they might approach. But Mr. Permaul said he still thought it was a lost cause to try and provide that level of employment. Part of the reason the Auxiliary was in this situation was because they had so many instructors who have been there from 15 to 20 years, working as part-time employees to supplement their income. They love the Art Studio and their support was appreciated. But the ASUC has always made sure those employees did not roll over into career status. Now that these employees were older and had families, they would very much like to be career-status employees.

The problem was, this was not the venue where that would take place. The Auxiliary will continue to look at this.

Mr. Spivey said the employees there were career-status, but less than one-half an FTE, which doesn't provide benefits. Mr. Permaul asked if they were on contract. Mr. Spivey said he didn't believe they were on contract, and he'd check. If they could make the Art Studio flourish, then they could meet the needs of the Union. Mr. Permaul asked if that would be possible. Mr. Spivey said the new Manager was exciting, and with alums, it was possible. But it would be tough. It had to be financially possible to support the infrastructure. Mr. Permaul said he'd be interested to see that model.

## NEW BUSINESS

### Election of Board Chair and Vice Chair

Mr. Dally said that according to the By-laws, they need to elect a new Chair and Vice Chair at the first meeting after July. For the past few years both positions have been held by undergrads. But they're supposed to be split between a faculty or staffmember and one of the student representatives. It would be nice to comply with the Charter if that was possible.

He called for any nominations. Mr. Nguyen asked if there were other positions they'd elect that evening. Mr. Dally said there was a position for a secretary to be elected, but he didn't know if that was necessary.

Ms. Davis asked if there was a full compliment of Board members. Mr. Permaul said that two faculty members were missing, but this was the first day of classes. Neither have expressed an interest in leaving. Ms. Davis said she thought Mr. Miles was going to leave. Mr. Permaul said that until they had a replacement, he was willing to stay on. They've approached Prof. George Cluff, of the Business School, who said he was interested. But the Board hasn't gotten in writing who he would replace.

Ms. Davis asked if all the students have been appointed. Ms. Allbright said they have been.

Mr. Rajan said he would attend Board meetings. He wasn't sure about the appointment procedure.

Mr. Dally asked if any faculty or staffmembers would want to be nominated for chair and vice chair. As there weren't, they would take nominations of students for the positions.

Mr. Dally called for nominations for the chair. Mr. Smith nominated Mr. Dally. Mr. Dally called for any objection nominations. Mr. Nguyen moved to confirm the nomination. The motion was seconded by Mr. Rajan. **THE MOTION TO APPROVE MATT DALLY AS 2007-8 CHAIRPERSON OF THE STORE OPERATIONS BOARD PASSED UNANIMOUSLY BY VOICE-VOTE.**

Mr. Dally called for nominations for Vice Chair. Ms. Allbright nominated Mr. Nguyen. Mr. Dally called for any other nominations. **THE MOTION TO APPROVE VAN NGUYEN AS 2007-0 VICE-CHAIRPERSON OF THE STORE OPERATIONS BOARD PASSED UNANIMOUSLY BY VOICE-VOTE.**

Meeting Schedule

Mr. Dally said the Charter suggests meeting the second Tuesday of every month at 4 p.m. After discussion, Mr. Dally said that Tuesdays at 6:00 seemed to work. He'd try to iron out any potential conflicts. They'll plan on holding their next meeting on September 11 at 6:00.

Mr. Dally asked if everybody got e-mails from the new mailing list, and said he was glad that worked.

Mr. Dally said he would entertain a motion to adjourn. It was so moved and seconded by Mr. Rajan and Mr. Nguyen and passed with no objection.

This meeting adjourned at 7:15 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

## DECISIONS OF THE BOARD

### Procedures

- September '07 Elected Mr. Dally and Mr. Nguyen as Chair and Vice Chair for 07-08.**
- May '07 Mr. Smith's term as undergraduate representative Board member begins.
- May '07 Mr. Spivey's first Board meeting as ASUC Auxiliary Associate Director
- December '06 Amended the Commercial Activities Agreement, to list the Blue & Gold Yearbook under Exhibit A, Part B, Number 11, to allow the Yearbook to receive student addresses from the Registrar's Office.
- November '06 Elected Mr. Dally as Vice Chair of the Board and elected to have Ms. Putnam-Smith serve as Chair for the remainder of her term, ending at the conclusion of Spring Semester, '06-7
- July '06 Mr. Permaul's first Board meeting as Auxiliary Director.
- June '06 Unanimously endorsed the efforts of the Chancellor and the UC President to utilize programs such as the Designated Suppliers Program, or other means of preventing the use of sweatshops in the production of University apparel and goods.
- April '05 Mr. Dally joined the Board as undergrad representative.
- December '05 Asked the Finance Committee to discuss with Internal Audit the ASUC's use of the BFS accounting system.
- December '05 Elected Ms. Putnam-Smith as Chair of the Board.
- June '05 Voted to have committees, after the August meeting, agree upon meeting times, during normal business hours, and for the Finance Committee to meet at least quarterly, and for each committee to have representation of faculty, staff, and students.
- June '05 Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
- February '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.



Procedures (cont'd)

April '04	Considered and amended ASUC Auxiliary Budget Principles.
January '04	Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of a GA representation on the Board.
December '03	Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.
October '03	Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.
August '03	Heard a report on the establishment of the Space Assessment Committee for Eshleman and MLK.
June '03	Elected Ms. Quindel and Mr. Bucklin as Board Chair and Vice Chair, 2003-4.
June '03	Formed a Subcommittee on Committees to determine a committee structure for the Board.
June '03	Agreed to hold a Board member orientation by August 30.
May '03	Agreed on the need for a Board member orientation to be held before the start of the school year.
December '02	Enhanced Board minutes by adding "Decisions of the Board"

Vendors

June '06	Unanimously approved having Mr. Rolle look for someone to manage the Lodge, with the same relationship as with the previous manager, removing restrictions for a leaseholder.
March '06	Approved a five-year lease option exercised by the Jupiter Pub
Feb. '06	Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.
Sept. '05	Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.
Sept. '05	Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorized pursuing an agreement for the Alumni Association to manage the Lodge.

Vendors (cont'd)

- May '05 Approved the further exploration with Darryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05 Heard a presentation by Darryl Ross and agreed to investigate the possibility of a "green" restaurant in the southeast corner of the Student Union.
- Nov. '04 Approved the transfer of ownership of The Taqueria to the owner's nephew.
- July '04 To advertise the Store, the ASUC worked to give Cal-SO counselors a \$5 gift certificate and RAs a 15% discount card.
- June '04 Approved a five-year extension for the STA Travel lease.
- June '04 Approved the Resolution In Support of Follett Contract Performance Review.
- June '04 Approved changes to the terms of the Pub's lease.
- April '04 Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations fail, and to issue an RFP.
- March '04 Agreed to a four-week pilot project for the New York Times Readership Pilot Project.
- March '04 Rejected contract proposals submitted by Pub management, called upon Commercial Operations to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.
- March '04 Recommended signing the Follett contract, dated Feb. 26, '04.
- January '04 Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.
- January '04 Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.
- December '03 Heard from John Martin, operator of the Pub.
- November '03 The Daily Cal lease was signed, and printing of the ASUC government page began.
- November '03 Heard a presentation on Coca-Cola business practices in Colombia.

Vendors (cont'd)

August '03	Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus committee at-large.
July '03	Approved a five-year lease with the Daily Cal.
July '03	Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.
Nov. '04	Approved a two-year lease extension, beginning Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
August '04	Decided to offer the Pub, after consulting with counsel, a reduction in rent, with conditions.
July '04	Heard a counter proposal from the Pub regarding a contract revision. Authorized the Director to seek legal counsel.
June '03	Formed a subcommittee to further consider the Daily Cal lease.
May '03	Heard a presentation by Coca-Cola representatives on the Company's business practices in Colombia.
December '02	Added a fair-trade coffee option into the lease of the Coffee Spot
December '02	Authorized a letter to Coca-Cola expressing the Board's concerns with allegations of human rights abuses in Colombian bottling plants, and requested a company representative speak to the Board.

Student Union / Pauley Ballroom

<b>June '07</b>	<b>Approved up to \$35,000 for Student Union improvements, estimates, and studies, including the Tilden Room, Pauley Ballroom, and the food court.</b>
May '05	Voted to approve the LoSpro lounge proposal for the space in the Student Union occupied by the Bearcade.
May '05	Voted to explore options for the expansion of the Art Studio.
April '04	Heard a presentation by Ms. Terman, Manager, Art Studio, on expanding the Art Studio into the area used by the Bearcade.

Student Union / Pauley Ballroom (cont'd)

- October '04 Authorized ASUC President Leybovich, with matching funds from H&D, to spend up to \$2,500 for a Student Union/food service survey.
- May '03 Approved agreement with the Chancellor's proposal on the multicultural lounge; to enter into negotiations on costs and the Auxiliary's role in managing the facility; and to approve a negotiating committee. Current Officers will negotiate, with new Officers to shadow them until current Officers leave.
- May '03 Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June meeting.
- April '03 Received a proposal, as part of the 2003-2004 budget, to allocate \$20,000 for the Senate and the GA to use for Pauley Ballroom fee waivers.
- February '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.
- September '04 Approved a motion to state that the Board alone had authority to shift funding; to determine 03-04 residual profit at \$103,208; and to transfer \$50,000 from residual profit to the Auxiliary Contingency Fund, making up for a transfer of that amount to the ASUC to balance its 04-05 budget.
- May '04 Approved a motion to urge the future SOB, 04-05, to consider as a high priority, fully funding one position for the OSA and a half position OSA position for the GA.
- April '04 Approved the ASUC Auxiliary FY2004-2005 Budget, including a transfer to the ASUC of \$50,000 from the Auxiliary Contingency Reserves.
- February '03 Received "ASUC Auxiliary Revenue and Expense Report, July -December 2003."
- June '03 A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.

Budget (cont'd)

May '03	Approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a recommendation by August 30, agreed to staff the security desk in Eshleman starting at 6 p.m., rather than 8 a.m.
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## STORE OPERATIONS BOARD MINUTES

September 11, 2007

Present: (Members and others)

Taylor Allbright  
George Cluff  
Ron Coley  
Matt Dally

Victoria Harrison  
Ray Miles  
Van Nguyen  
Arturo Ortega

Nadesan Permaul  
Nish Rajan  
Dave Rhoads  
Tom Spivey  
Roxanne Winston

### **SUMMARY OF THE MEETING**

This meeting commenced the Fall Semester. It was called to order 6:12 p.m.

Prof. George Cluff, of the Haas School of Business, was introduced. He will be a regular faculty member on the Board. Prof. Miles will be leaving. Alberto Ortega was introduced, a Board member who will serve as a GA rep.

### **REPORT FROM THE DIRECTOR**

#### **Presentation at BAS Leadership Team Meeting, to Vice Chancellor Brostrom:**

The ASUC Auxiliary made a presentation to Vice Chancellor Brostrom. The Commercial Activities Agreement states that ASUC commercial activities provide important services to all members of the campus community, that a primary purpose of ASUC activities was to provide financial support for the ASUC, and that the campus would support the ASUC in contracting. Vice Chancellor Brostrom was very supportive.

Issues come up: The apparent competition for business on game days between Intercollegiate Athletics and the ASUC; the opening of a new H&D coffee shop in Dwinelle, in direct competition with the FSM Café and Auxiliary services, which was simply announced, without giving the ASUC chance to bid; and an indication from the new food vendor for Athletics, Sysco, that student groups doing fundraising by having people work as concessionaires will now have to pay liability insurance. The problem was that the ASUC and other groups had no opportunity to present their cases. The Vice Chancellor will propose a committee to vet these commercial interests. One question, e.g., was whether the Cal Student Store could sell at locations other than the Store.

#### **Status of the Naia Lounge Contract**

The owner of Naia's, Mr. Tan sent the Auxiliary a list of 20 potential vendors for a potential partner for the lounge. Any partnership would come back to the Board and would need to be considered by student government, which was committed to fair wages and working conditions for employees.

#### **"The Local" and Natural Produce Coming to the ASUC**

The Local will start operating September 19, on the southeast steps of the Student Union, Bancroft and Telegraph, providing organic produce. The Auxiliary will help with food storage. A request was made to the ASUC logo to The Local's advertisement.

This has gone through the proper procedures, such as with EH&S. Cash handling procedures will be established.

#### The Cal Student Store and Intercollegiate Athletics

The Auxiliary supported Athletics, Rec Sports, H&D, and just wanted to ensure the ASUC and the students got a fair share.

#### The Auxiliary Year-End Budget and Residual to Student Government

The final books for 06-07 were reconciled and carryforward from the Auxiliary to the ASUC has been identified. Student government got funds from mandatory student fees and the Auxiliary's previous year's residual, and makes allocations for the year. Not all the allocations are spent, and the unspent money was returned to student government in the fall as carryforward. That amount has been identified to student government. For the last few years, student government also has received residual funds from the Auxiliary. Student government will receive \$319,000 from the Auxiliary.

The Senate made commitments for the Cal Lodge, \$30,000 a year, and for an audit, at \$15-18,000. Other expenses were also paid by these funds. But this was probably the last year there would be a residual since all vacancies in the Auxiliary have been filled. So generating new revenue was important.

The Auxiliary runs businesses that produce revenue. After expenses for the Auxiliary were paid, money that was left over was residual.

New Board members were encouraged to ask questions.

#### Walk-through by Peet's Coffee at the Convenience Store Site

Peet's Coffee looked at the Convenience Store as a potential site.

The Auxiliary needed a process from the Board and the students to vet issues as to what businesses they want. They couldn't arrive at the end of every academic year without having made business decisions.

Starbucks has expressed interest, but the idea was in stasis because there was no recommendation to the Auxiliary.

#### Concept for Bear's Lair Development

The Bear's Lair Pub would like to create a barbecue area on Lower Sproul and have a seating area on the roof of the Pub. A proposal was being developed. This would be brought to the students and the S Board.

#### Process for Student Recommendations to the Auxiliary on Commercial Options

A request was made to survey students who were other than people's immediate constituents, who weren't heard from on a regular basis. The Auxiliary needed to know who they were and what they were interested in.

It was noted that students would like a copy center on Lower Sproul.

Follett's was interested in having a café at the Convenience Store and had a regular partner it used at other unions. With a café, Follett would invest money to n redevelop the lower floor, and knew what foot traffic was at other locations.

It was noted that students were asking why things weren't happening faster, like the Brazil Café coming to campus. There was on contention to that, or expanding the Bear's Lair to the upper deck. Students also wanted to be selective on the kinds of businesses they'd bring in. Students wanted to be very forward thinking in picking the business models they'd use. It was also noted that Requests for Information and the bid process were ways to implement forward thinking ideas.

Mr. Miles was leaving the Board and wanted to emphasize that people understand the Auxiliary's budget. It was formatted by his predecessor, the late Jim Carman, and was easy to understand. He was pleased to see the Board progressed since the time he joined.

The Chair asked to meet with Execs and Senators to consider a survey to understand what students as a whole wanted in the Student Union.

The ASUC and the GA also needed to discuss how commercial enterprises would be spread between grads and undergrads.

It was noted that people support businesses that were found just at Berkeley. The problem was with having the cash flow to continue and not having money to invest in capital improvements. The "mall concept" had little stores between two big anchors. So balance was important; and the question was what "balance" meant, and which big businesses students would feel comfortable with. They'll need more than one large business to sustain the mall.

A concern was raised that people were being told they needed to have a big business, and the choice was then which one they wanted.

It was noted that this was a different environment for businesses to operate in than if those businesses were off campus.

#### Consideration of a Name Change for the ASUC Auxiliary

Calling the Auxiliary "ASUC Services" has been discussed. The GA would like to be reflected in the name. The Auxiliary has commercial services, student services, and an administrative side. People on the campus don't know what "Auxiliary" it is, or think of the Bear's Lair.

The idea of a name change would encapsulate all these elements.

It was noted that the two entities, the ASUC and the Auxiliary, should be kept separate, for the sake of autonomy. This should be considered by the ASUC and the GA, with a consensus to be arrived at.



The next meeting be their regular meeting time, October 9, at 6 p.m.

A question was raised about The Green Initiative Fund and the use plasma screens for messages. The Green Initiative Fund was approved by the student body last spring, creating funding for projects to green the campus. The Auxiliary asked to combine into one position a .5 employee to manage TGIF funds and .25 staffmember for e-fliering. Managing the images that would be presented to the campus community should be done by a professional staffperson, with an Advisory Committee.

Screens would be located on Sproul Plaza, facing out from the Student Union; Eshleman, facing the elevators; the Bear's Lair food court; the SUPERB showcase in Wheeler Auditorium; at the RSF atrium.

It was noted that standards for content on screens should be developed and maintained through students.

A concern was raised about the energy expense of the screens and whether this really was a green project. There was also concern about combining the two positions. In response, it was noted that these were like functions that could be done in one administrative position.

Awarding of TGIF grants was awaiting the resolution of issues and the go ahead from the grad student who was shepherding TGIF.

The meeting adjourned at 7:35 p.m.

**[End summary of the meeting.]**

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This regular meeting of the Store Operations Board, commencing the Fall Semester, was called to order by Matt Dally at 6:12 p.m. in the ASUC Senate Chamber.

APPROVAL OF THE MINUTES

Mr. Dally said he would entertain a motion to approve the minutes from the August meeting. It was so moved and was seconded by Mr. Miles and Mr. Nguyen. THE MOTION TO APPROVE THE MINUTES OF THE AUGUST 27, 2007 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

APPROVAL OF THE AGENDA

Mr. Dally said he would entertain a motion to adopt the agenda for the meeting that evening. It was so moved and seconded by Mr. Nguyen and Ms. Allbright. THE MOTION TO APPROVE THE AGENDA PASSED UNANIMOUSLY BY VOICE-VOTE.

INTRODUCTIONS

Mr. Permaul said that before starting the agenda, he thought they might want to introduce Prof. Cluff. Mr. Dally said he would like to welcome Prof. Cluff, of the Haas School of Business. He didn't know if he's been confirmed yet, but hopefully he will join them as a regular faculty member on the Board. Mr. Miles said Prof. Cluff was taking his place.

Mr. Rajan said he also wanted to introduce Alberto Ortega, the other representative from the GA on the Board, pending the nomination process. Mr. Dally asked if he would be the other regular GA member. Mr. Ortega said he would be.

Mr. Dally said he would request the new members' e-mail addresses.

REPORT FROM THE DIRECTORPresentation at BAS Leadership Team Meeting, to Vice Chancellor Brostrom:

Mr. Permaul said the ASUC Auxiliary that past week had the opportunity and privilege to make a presentation on his first year to Vice Chancellor Brostrom. In the course of the presentation, they discussed the Memorandum of Understanding and the Commercial Activities Agreement. One point that came up from the CAA was Section 3, he believed, which states that the University and the ASUC each believes that 1) ASUC commercial activities provide important services to all members of the University community, and 2) that a primary purpose of ASUC activities was to provide financial support for on-campus activities, services, and programs authorized by the ASUC.

Mr. Permaul said that statement and another which spoke specifically to the support the campus would give to the ASUC in contracting, were elements of a presentation. He thought Vice Chancellor Brostrom was very supportive. Mr. Brostrom asked what he could do to help the ASUC. Some issues have come up, one of which they talked about at the last Board meeting, the apparent competition for business on game days between Intercollegiate Athletics and the ASUC. Another issue had to do with the opening of a new restaurant in Dwinelle Hall, a coffee shop that would be in direct competition with the FSM Café and Auxiliary services. Coffee shops were proliferating around campus, but the shop in Dwinelle was simply announced, and it wasn't something the ASUC had a chance to bid on. There was just an announcement that Housing and Dining would open this coffee shop in Dwinelle.

Mr. Permaul said he learned of another issue that past week. He got a call from the new food vendor for Intercollegiate Athletics, Sysco, which indicated that student groups that currently work as concessionaires will suddenly have to pay for liability insurance, which was not the case before. That could potentially undermine the earnings these student groups make, which was the reason they work at the games.

Mr. Permaul said they all make very good sense, all these decisions that were being made. The problem was that there was no venue by which the ASUC and other groups had any opportunity to present their case. For the Auxiliary, the question was what the campus-wide impact these activities would have.

He thought Mr. Brostrom got the message, and the Vice Chancellor said he talked to the Chancellor and would propose a committee to create an environment in which their commercial interests could be vetted. The situation was moving rapidly into one where everyone was getting involved in commercial interests, sponsorships, and other things. If they're going to compete against each other in a way that was detrimental to one another, they'd really need to have a place to sit down and say what made sense, and how would this would work.

Mr. Permaul said the Auxiliary was still waiting to hear whether or not the Cal Student Store could sell at other locations, at the invitation of the ASUC Auxiliary, other than at the Store, where it's contracted to sell. There was a question as to where that decision would be made, who would make it, and how it would be vetted. Mr. Permaul said he thought those were the kinds of things Mr. Brostrom appreciated and understood. Hopefully, they'll have a way to bring those issues to the table.

Mr. Miles said he wouldn't worry about Dwinelle coffee since there was no way anybody could find anything in Dwinelle.

Mr. Permaul said he was really grateful that Mr. Brostrom was taking this under advisement. The Auxiliary may not be happy with the decisions that come out of this, but it would be best for the campus and done in a way that was more thoughtful.

#### Status of the Naia Lounge Contract

Mr. Permaul said he got an e-mail that week from Chris Tan, the owner of Naia's. Mr. Tan sent a list of 20 different vendors he was looking at as potential partners for the lounge. Mr. Permaul said he reminded Mr. Tan that they would need a buy-in of the students and that any recommendation for a partnership would have to come back to the SOB. He also told Mr. Tan that he had to be conscious of the fact that the ASUC and student government were looking to do something with the Student Union and that they would also expect there to be fair wages and working conditions for employees. That was something student government was committed to. Mr. Tan could negotiate with various vendors, but ultimately, he had to bring the agreements back to Mr. Spivey, and to student government and the SOB.

Ms. Allbright asked if a copy of the 20 vendors Naia was looking at could be made available to members of the Board. Mr. Permaul said he would ask them, as members of the SOB, to try and give Mr. Tan a little latitude. He'll need some room before something appeared in the Daily Cal that he was talking to these vendors, to be able to get them interested. So they're trying to give him some space to go ahead and negotiate. Mr. Permaul said he'd be happy to send those names to the Chair and to share with Board members. But it would be appreciated if they could keep this among members of the Board.

#### "The Local" and Natural Produce Coming to the ASUC

Mr. Permaul said he had copies of The Local's advertisement and press release. They will be coming to the ASUC starting September 19. He called Housing and Dining before making any agreement with The Local and asked whether it had any problem with the Auxiliary competing with them in the same business

in the proximate location. The Director of Dining very graciously said they should go to it, and that all business was good business.

Mr. Miles asked where The Local would operate. Mr. Permaul said it would be the southeast corner, on the steps of the Student Union, Bancroft and Telegraph. They had their paperwork from both CLL and EH&S. The Auxiliary was working with The Local to store its food. Hopefully, the Student Dietary Association, working out of University Health Services, will join them as well, to offer students, faculty, and staff who were interested advice about dietary issues as produce was sold. Wednesday, the 19th, will be The Local's first day there. He hoped people support them.

Mr. Nguyen asked if it was appropriate to add the ASUC logo to The Local's advertisement. Mr. Permaul he would be happy to do so, and he'd ask them to do that.

Ms. Allbright said she understood that The Local would remain at Kroeber on Wednesdays and be on Upper Sproul on Tuesdays and Thursdays. She asked why it was different. Mr. Permaul said The Local had so many people turn out to volunteer that they felt that they could do both, at Kroeber and at the Student Union. They want to do both on Wednesdays because it was logistically easier for them. Ms. Allbright asked if they'll have two stands on the same day rather than one stand three different days. Mr. Permaul said that was correct.

Mr. Rajan asked where on Bancroft The Local would be. Mr. Permaul said it would be on the corner of the Student Union, on the steps, under the overhead. There will be a sandwich board sign that the Auxiliary will produce so people know The Local was there. They will also have signage behind them in the Student Union windows. Mr. Rajan asked if it might be possible to relocate them somewhere closer to Lower Sproul, to increase traffic to that area. Mr. Permaul said their first consideration was visibility, so people see them and know they're available. If they thought they could get that same traffic and people were committed, and The Local would be willing to relocate to Lower Sproul, the Auxiliary would be happy to do that. But they'd also have to get the permission of CLL, which controls Lower Sproul space. The Auxiliary would have to make sure The Local met all campus requirements. He thought step one was to get a market for the group. Hopefully, they'll be very successful.

Ms. Harrison asked if this has gone through the proper procedures, such as with EH&S, and any others. Mr. Permaul it has been. He went to Marcia Riley and found out what kind of paperwork The Local filled out to do Kroeber, and the group filled out the same paperwork to come to the Student Union. The group has worked with Mr. Spivey and EH&S to get the paperwork in place as well.

Ms. Harrison said that putting on hat as Police Chief, she would like to chat about cash and how it would be handled. Mr. Permaul said he would, and said that was also an issue at Kroeber as well. Ms. Harrison said they had Housing and Dining at Kroeber. Her concern stemmed from an incident two or three years ago, when money was taken on Sproul Plaza, a serious loss of funds. It was easy is to just grab the money and take off. She just wanted make sure the proper precautions were being taken. Mr. Permaul said that was an absolutely appropriate question and the Auxiliary would do that. Mr. Coley has had them go back and look at a series of other cash handling items.

#### The Cal Student Store and Intercollegiate Athletics

Mr. Permaul said he's already talked about the Cal Student Store and Intercollegiate Athletics. He was hoping to have that worked out. He wanted to make sure that everybody understood that the Auxiliary supported Athletics, just like they support Recreational Sports, Housing and Dining, and all the other businesses on campus. The Auxiliary just wanted to make sure that the ASUC and the students got their fair share. So they're happy to see this being worked out thoughtfully.

#### The Auxiliary Year-End Budget and Residual to Student Government

Mr. Permaul said the Auxiliary has reconciled the final books and the carryforward from the Auxiliary to the ASUC has been identified. Student government receives allocations from mandatory student fees and from the Auxiliary's previous year's residual. Those funds are spread over student groups on the campus. If groups don't spend money, or budgeted allocations were not spent for whatever reason, that money is returned at the beginning of the next year to student government as the carryforward from the previous year. The Auxiliary identified carryforward to the ASUC Executives. Student government also, for the last few years, has received residual funds from the Auxiliary.

Mr. Permaul said the Senate passed a regulation four years ago, when the residual was very small, that called for the allocation of that money in a very odd way, with 15% for investment and 60% towards capital improvement, to be used however student government wished. Student government will decide whether or not to go to the Senate to consider how this money will be allocated. Otherwise, the \$319,000 that will go from the Auxiliary to the student government would be allocated according to those rules.

There was a problem in that the Senate has also made commitments to the Cal Lodge and an audit that costs \$15-18,000. And there were other expenses that must be accommodated from these funds. The matter was currently in the hands of student government, but Mr. Permaul said he wanted to let the Board know that this has been completed as far as the Auxiliary's requirements.

Mr. Permaul said there was another problem with residual, and this was probably the last year there will be a residual. The Auxiliary has filled all its vacancies and their growth in expenses for staffing has reached the point that next year, there will be no residual. That was problematic for student government as well as for those services that need to be funded, with funds from the residual. The Auxiliary would have to go back to student government and ask how it will pay for the Cal Lodge, the audit, and other expenses, that the residual previously covered. Student government is aware of this. That was one reason the Auxiliary was working as hard as they could to generate new revenue for the students from their commercial operations.

Mr. Rajan asked if would be possible, under the rules the Auxiliary followed, to maintain the surplus for such expenses. Mr. Permaul said the only way to do that was to cut the Auxiliary budget. The Board approves that budget. Mr. Rajan said he was thinking of augmenting the budget to give the Auxiliary a slush fund, if the residual was gone. Mr. Permaul said they've never discussed that. The term "slush fund" made him nervous. It was important to have transparency with the students, and one reason the Auxiliary was set up the way it was, in the MOU and the Commercial Activities Agreement, was to ensure that monies were spent appropriately by the Auxiliary and that appropriate funds were returned to the students to use at their discretion.

Mr. Rajan asked what the residual has been in the past. Mr. Permaul said the businesses that the ASUC Auxiliary runs for the students produce revenue every year. The Auxiliary had a budget. After revenue came in and expenses for the Auxiliary were paid, any money that was left over was residual. And according to the rules, the Auxiliary was supposed to turn that over to the students. Mr. Permaul said he would love to turn over millions to the students. His goal was to generate much more revenue for student government, to have more funds to apply to activities, programs, and services.

Mr. Coley said he really wanted to encourage the people who were new to the Board to ask these types of questions. Such questions were really at the core of why the Board existed. It was really important that they understand these matters, so they shouldn't be reticent about asking questions. It was really important that they have a collective understanding and could make informed decisions on the Board and what actions to take.

Mr. Nguyen said that 15% of the residual goes to the Boston Trust Fund, their savings for the future. Even though that particular year the residual might be small, they might consider moving more money to the Boston Trust Fund, given that they might be getting into difficult financial situations. It was basically a savings fund of the ASUC. Mr. Permaul said he thought it was a savings fund. He hoped they could find a way to manage those resources so they don't eat up all the interest and could continue to build principle and put additional dollars in there. He thought that would be very good business management.

Mr. Rhoads said that while paying some expenses through the residual, it hasn't always existed, and if they've always had this gap. Mr. Permaul said it hasn't always existed, and really came into play in the last four to five years. It started out very small and went from \$30 to \$60,000, and then jumped because the Auxiliary had a number of vacancies in its professional staff that weren't filled. So for two years, it produced over \$300,000. The Auxiliary has filled six vacancies that year. That's why he was concerned about next year. Student government used those funds so it wouldn't have to allocate funds from its budget. For example, the Cal Lodge took \$30,000 just to bare bones keep it open. Money for that has come out of this fund for the last three years. Also, last year, when he arrived at the Auxiliary, he discovered that the Auxiliary was not in compliance with California non-profit law, that had been adopted the year before, requiring that 501(c)3 companies be audited. The Auxiliary hadn't been audited since 1998. He's had an audit done for the last two years, and now, every year, they'll be audited, the students as well as the Auxiliary. That audit costs \$15,000 a year. Last year it cost \$18,400 because it was the first time it had been done for a while. That was the type of thing that was being expensed against residual funds and were not part of the permanent budget. One way or the other, they'd have to be addressed.

Mr. Nguyen said last year's Executive Officers decided to use residual money for the Spring Concert, and without that money, the ASUC would have been in the hole for \$100,000. They should probably consider amending the bill Mr. Permaul mentioned that determines how residual was spent.

Mr. Coley said they also had to keep in mind the other half of the equation, which was to significantly increase revenue by various means. Mr. Permaul said that's where he was going.

#### Walk-through by Peet's Coffee at the Convenience Store Site

Mr. Permaul said the Auxiliary was able to persuade Peet's Coffee to come in and take a look at Auxiliary space, the Convenience Store. That happened, and Peet's was very pleased with what they saw. Mr.

Permaul said he didn't know if that meant they'd be interested in coming here. Peet's also took the Auxiliary's rendering of what the location could look at, which was shown at the last Board meeting. Student government was interested in looking at more than just Starbucks, so Peet's has now entered into the discussion. The Auxiliary was very pleased with that. Once again, such a move would have go to the students and the Board.

Mr. Permaul said he would talk about what he talked about with Mr. Dally, at a meeting they had for an hour that past week, which Mr. Permaul said he really appreciated. Mr. Permaul said that what he needed from the Board and the students was a process to vet issues as to what businesses they want. It was not clear what the path was to ultimately have the students give a recommendation on how to proceed, other than student members of the Board. He couldn't get caught in a loop, where by the end of every academic year, they have not made a business decision and can't move forward. So they need a process, and Mr. Permaul said he asked Mr. Dally to get together with students on the Board and any others who might be interested, to sit down and talk about what would be a fair and effective process, to come back to the Board, with the Auxiliary, and make a recommendation that the Board could support.

Mr. Dally said Peet's had a contract with Cal Dining that precluded them from doing any other businesses on campus. Mr. Permaul said that Cal Dining had an exclusive contract with Peet's, but that was for Peet's. So for example, the new coffee shop in Dwinelle will be a Peet's franchises. There was also another Peet's Coffee four blocks away. But if that's what the students wanted, and Peet's was willing to pay, and the Board felt having another Peet's was the best choice, so be it. The reason the Auxiliary brought Starbucks in was that it was a product that was not ubiquitous in the student area, but was popular. When the student government did a survey last year, done in a statistically appropriate manner, the number one major vendor the students selected in that survey was actually Starbucks, 39% of them. But another business could come in. Housing had franchise rights, but Peet's would have a direct contract with the Store.

Mr. Rhoads asked if Starbucks has been approached. Mr. Permaul said they have been, and they've actually provided floor plans, which were being reviewed by Capital Programs. But the idea was in stasis because the Auxiliary didn't have a recommendation for them.

Mr. Dally said that after students indicate what they'd like, he asked how long Mr. Permaul would estimate that it would take to get something actual up and running, given the bureaucracy. Mr. Permaul said they'd have to go to the Board and the Executive Campus Planning Committee. If everything got approved, he would hope that by next summer they'd be under construction, so that by the fall of next year they'd have a new café.

Mr. Rajan asked if Peet's would be charged a flat rate to set up shop. Mr. Permaul said that Starbucks had a commercial formula and would only pay per square footage. So the Auxiliary would want to get a market rate that they felt would give them a tremendous return. Peet's was willing to talk about not only paying per square foot, but also paying a percentage of the business, which is how it was at most large student unions around the country. The Businesses the Auxiliary had were actually so small that they only paid by the square footage.

Mr. Rajan asked if there were any projections for one versus the other. Mr. Permaul said the Auxiliary would get money upfront, an amount per year per square foot and a percent of sales. And that likely would be indexed. Starbucks would be indexed for rent. Mr. Rajan asked if one method was more

profitable than the other. Mr. Permaul said he'd rather get all the facts on the table. There was also another partner in this, in that this café would be going into space of the Cal Student Store. So they'll have to bring all the parties to the table to get this worked out.

#### Concept for Bear's Lair Development

Mr. Permaul said the Auxiliary has been approached by the owners of the Bear's Lair Pub to move towards a Jupiter-type of operation there. They provided drawings showing what that would look like. It would involve creating a barbecue area on Lower Sproul, facing out to Lower Sproul. The Auxiliary was very excited about this. The Pub's proposal would also put a set of umbrellas outdoors, like Jupiter's in downtown Berkeley, on the roof of the Pub. The Auxiliary has already been given an analysis by Capital Projects that the roof would bear that weight. So there would be two different operations.

The Pub tried to do an operation like Jupiter in the Bear's Lair, but the students didn't like that because they wanted a relaxed pub. This proposal would create the opportunity for both. The Auxiliary would really like to bring some life to the western deck of the ASUC and out to Lower Sproul. The Auxiliary was working with the Pub to get a full-blown proposal. Again, this would be brought to the students and the Store Operations Board. It would also have to go to ECPC and perhaps other bodies.

#### Process for Student Recommendations to the Auxiliary on Commercial Options

Mr. Permaul said he discussed this topic earlier. But as for obtaining broader input, he would like the ASUC and the students to consider either using Survey Monkey or using some type of survey technique that would allow for the input of students who were further away from these decisions than just people's immediate constituents. He was worried that they were a market, and was trying to attract the 40% of the students who didn't go to Housing and Dining facilities and didn't go to Telegraph Ave. The Auxiliary needs to know who they were and what they're interested in.

Mr. Permaul said he hoped that as things moved forward in the assessment process, one thing student government will think about was how to get input from other groups of students who weren't heard from on a regular basis.

Mr. Coley asked if they had a sense from student government what the students would like with respect to these services. Mr. Rhoads said he could speak for himself. He definitely liked the idea of a coffee shop in the Convenience Store site. There were four large windows around the south wall, which would allow for a lot of good, natural lighting into a coffee shop environment. He thought this was a good option, and also very lucrative, leasing it to somebody who could bring in permanent revenue to the ASUC.

Mr. Permaul said both coffee shops said they would want to put tables and chairs outside. So bicycle parking would have to be moved. But the Auxiliary wanted to make that area more lively and open.

Mr. Nguyen said there hasn't been a formal survey of what students want. In many conversations about services that he's had with students, a copy center on Lower Sproul was brought up, for groups' fliers and



for readers. He thought that could be an option to look into. There was a market for coffee shops, but there were so many of them, including a number of Peet's on the Southside. They were looking to diversify the businesses on Lower Sproul.

Mr. Permaul said he mentioned that day that executives from Follett's were there and were interested in having a coffee operation. They would offer their own coffee operation a chance to bid on that, and others. Follett had a regular business partner it used around the country in student unions. There were certainly options for bringing in a copy service that would sell readers.

Mr. Nguyen asked if Follett would want to expand its business into the Convenience Store itself, to sell more items. Mr. Permaul said Follett was very excited about the coffee shop, which they believe would be incentive for Follett to invest more money in redevelopment of the lower floor. They know what the foot traffic is at other locations. They were opening a brand new Student Union complex at Cal State Sacramento. It will have a computer sales operation and a brand new coffee shop, which drive traffic into the store. Follett was also very interested in selling computers here. That was a separate matter, and they were still vetting the whole issue of The Scholar's Workstation versus possibly having Follett do what it did at Stanford and Cal State Sacramento, and run the campus computer sales operation. So there were other options out there for businesses, and the Auxiliary wanted to fill the entire set of commercial space it had in the Student Union.

Mr. Permaul said he went to the Telegraph Ave. Association that morning and he was very open to what they were doing. They wondered about coffee shops as well. But they also understand that the ASUC was the anchor tenant in this regional business market and that if the ASUC wasn't successful, then the merchants there weren't going to be successful. So the merchants were very supportive of what the Auxiliary was attempting to do. They were also still interested in plasma screens and will put together a proposal to work with them.

Ms. Allbright said that in response to Mr. Coley's question, what she felt from her discussions with students, and her own opinion, was that there were several areas of development where students were asking why things weren't happening faster. That would include the Brazil Café, a wonderful business that students love, with delicious food. No controversies have been raised about that so far. Also, she was wondering about the expansion of the Bear's Lair to utilize the upper deck. In neither of those areas has she heard any contention for that, and she's heard general consensus of support from the students.

Ms. Allbright said the other thing she's heard support for was to utilize the space they had to its maximum potential. But the issue was what kind of businesses they'd bring in, and how selective they'd be with those businesses. She would ask if they were bringing in big names because they're big names and were exciting, which she recognized. But she asked how much they were giving in to the values of the student community. This was also a business model. They want to use the most effective business model, but they also have the opportunity as students, as young people, to be very forward thinking in picking the business models they'll use. Ms. Allbright said she's heard a lot of students say they want to take advantage of the commercial opportunity and prioritizing and maximizing profits for students, but to also try to be innovative and move forward with the types of business models they utilize.

Mr. Spivey said that in support of that, when they hold a bid process, they could set standards for the companies who bid. That was something for the group to decide what they want. Requests for information were a way to drive that forward thinking, putting it into the bid process.

Mr. Miles said he had to bid the group adieu. He was delighted to see that there was a lot of informed interest, which was crucial. He also thought it was crucial that everyone there really understood that people needed to understand two things to run a business: where they were now and what it was costing them, and what the benefits were. So they need to understand the current budget, which was pretty easy. His predecessor, the late Jim Carman, helped put the Auxiliary budget together and make it really clear and easy to understand. And the budget was something Board members really needed to understand. It would only take five or ten minutes to work through it. And then they could use it to look out to the future and do some strategic planning that would take them to where they want to be in five years, and ten years. To do that, they need to think about what the next year will bring, and two or three years after that.

Mr. Miles said that when he first got on the Board, he didn't see the potential there to do this; and now he really did. Things were not dramatically bad at the moment and they had a chance to really lay a foundation. So he was leaving more pleased than the last time he said he was leaving. He's stayed on the Board since they were short of hands, but he thought developments were very good, and he was pleased.

Mr. Dally said that as far as he knew, there haven't been any formal surveys on student opinion except the one earlier that found students focus on Starbucks. But the survey was pretty much "yes or no" for various suggestions. It wasn't a broad question as to what students would like to have here. He thought that would be valuable, and he would like to meet with Executives and Senators to have a survey in place so they knew what the students as a whole would like to have in the Student Union. They have vacancies. He didn't think it was a matter of big versus small for businesses and thought they could have big and small. As they talked about with the residual, there was definitely an issue of being able to generate enough money to enjoy growth. At the same time, everyone really liked the Brazil Café. It was good, was local, and would add some distinction to the Berkeley campus. He would like to meet with Execs and Senators and perhaps make some guidelines as to what they would ask students in a survey.

Mr. Permaul said that would include grads, and he's already been told by the GA President that a viable subject for discussion was how commercial enterprises will be spread between graduates and undergraduates. That's a conversation the two student governments need to have. He thought students had to get together to brainstorm.

Mr. Ortega said people he's heard from support the Brazil Café and other businesses just found in Berkeley. Mr. Permaul said the problem was that some of them can't sustain themselves. Their cash flow wasn't strong enough. They also didn't have money to invest in capital improvements. The reason they didn't have a green café in the Student Union was because the vendor, who also owned the Free Speech Movement Café, Adagio, and Café Espresso, simply didn't have the capital. The problem they face with only small businesses was that they cannot sustain themselves and could not do the capital development. So they're looking for a balance between people who have the financial model that could sustain itself so the Auxiliary could also have small businesses. It was just like any large mall. The little stores between Macy's and Nordstrom's were sustained by the two anchors that drove foot traffic and capital investment. He didn't have a problem with building principles and values into the process, but he thought they had to be realistic enough to understand that at some point, they're talking about balance, not either-or. The question was what balance meant, and which big businesses students would feel comfortable with, and if that was Peet's, and not Starbucks. They will need more than one large business to sustain the mall. He was open to any ideas. If people have issues, they need to thrash them out. Mr. Spivey said they could require bids to have 17% of the coffee be fair trade, e.g.

Mr. Nguyen said he was still trying to feel things out, but he would like to know if the only way to frame this conversation was about bringing in big businesses for capital improvements. He asked how they've sustained themselves in the past without bringing in a huge business. He thought they could look at alternative models, so they weren't in a situation where the only choice they had was to have a big business, and to then ask which one they wanted. That's the conversation he was particularly uncomfortable with. In conversations he's had with students, people understand that the food services Berkeley had were special in that they're not like other campuses.

Mr. Permaul said the problem was that the ASUC hasn't sustained itself. They have not invested in their facilities and they were falling apart. If the ASUC was to green itself, they'd have to bring in a big business that would do that. Small businesses couldn't afford to take the necessary steps and would go out of business. That was the problem with Healthy Heavenly Foods. If they read the vendor's petition, her complaint was that the campus kept asking them to do this, pay for that, and change this. And they couldn't afford it. So the Auxiliary had to find ways to generate revenue to maintain the infrastructure. No money has been invested in it over the last decade. There are companies that would invest hundreds of thousands of dollars to completely re-do the Convenience Store and the mall. That was money the ASUC and the students didn't have, and that the campus wasn't willing to give. He would agree that they don't want to jump precipitously, but they also need to figure out how they're actually going to get to where they want. Mr. Nguyen said his question was where they want to go.

Mr. Spivey said they had to think of the business model they want, and decide who could get them there. If a decision was made not to proceed in a certain direction, they had to look at the impacts to student government and the ASUC. They need to see the impacts of both decisions, and then move to what the consensus was.

Mr. Permaul said that's why it was important for students to get together and figure out what the process would be to vet these things and make decisions. The Auxiliary couldn't do it and the Board wouldn't do it unless students came to a consensus. Mr. Spivey said that any proposal could not be sold to the campus if there was no consensus.

Mr. Dally said that if people want to take five minutes after that meeting, perhaps students could decide on a time to meet.

Mr. Ortega asked if there was a reason why local businesses seemed to be more successful off-campus than on campus. Smart Alec's, across the street, was very popular, and why it couldn't be popular on campus. Mr. Permaul said they had to take a look at the product, which was unique, and how the business operated. Private businesses run their business operations differently than Housing and Dining, which had to meet a tremendous number of burdens on the campus in terms of requirements, benefits, all kinds of things. But a private business basically set its own standards within a market place. Telegraph Ave. was struggling, with a lot of turnover. The businesses there that were successful found a model they could work with and be sustained by. Each business was different. Adagia was fabulous on Telegraph. But the owner knew what his limits were. When he came to the ASUC and considered establishing a green café, he realized he didn't have a sustainable model. In the case of the Free Speech Movement Café, the campus invested heavily in the renovation of that space. So the vendor didn't have to worry about that. So he was looking for the right model that would fit in with his business.

Mr. Dally said another answer might be foot traffic. If they look at a case study of Cheese 'N Stuff, there was one in the Durant Mall and one in the ASUC mall. If they compare them at lunchtime, there's a much

bigger line at the one off-campus than the one in the Bear's Lair. Another case was the Postal Annex. It closed up the shop it had in the mall, but he thought the other one was still open, on Telegraph. He thought part of the problem was that students just weren't very aware of the area in the mall, or maybe it was out of the way and they just didn't take the time to go down there to see what they could eat was there. Both stores were exactly the same, but one spot got a lot more business.

Mr. Coley said they've had numerous examples of really successful businesses on the outside of campus that have petitioned to come on campus because it was a very attractive target. A businessperson on the outside thinks they could do business with this captive audience. And he couldn't think of one that has come during the decade he's been there that has not cried uncle, including Follett's. It was a different environment in which to operate.

Mr. Rhoads said he thought something to keep in mind was that certain locations were prime locations for retail, STA and the Convenience Store. It would be hard to find a business that would be successful in the mall area without investing enough money into the space. And businesses would have to attract foot traffic on their own because nothing down there really attracted foot traffic. Mr. Permaul said they're looking at computer sales that would draw people deeper into mall and into that area. They were moving CUBS to fill up some of that dead space. They'll relocate STA Travel to free up that prime space and make it much more commercially viable at both ends of the Student Union.

Mr. Spivey said they also want something that attracted people in the evenings to help Sproul become more vibrant.

Mr. Rhoads said the Cal 1 Card office was in a really good location for a business and asked if the Auxiliary controlled that space. Mr. Permaul said that was Cesar Chavez, Housing and Dining space. Even now, there were still lines that form outside there in the afternoon. That operation couldn't be put in a building with the lines it got. People were working on a different model for the 1 Card.

Mr. Rajan said he and his wife, a Computer Science grad student who never goes to Lower Sproul, were down there at the Cal 1 Card office, so there were pluses and minuses for having the office there.

#### Consideration of a Name Change for the ASUC Auxiliary

Mr. Permaul said that over the summer, they discussed whether or not to call themselves "ASUC Services." Their colleagues in the GA said it wasn't just the ASUC, but graduate student services as well. He and Mr. Daniels considered "ASUC-GA Services." The Commercial Activities Agreement was with the legitimate student government of the campus, the ASUC. The Agreement says that student government on the campus was the Associated Students, and all student government fell under that umbrella.

Mr. Rajan said it wasn't so much that the GA was territorial or wanted recognition, but that sometimes it was confusing in interactions with administrators for them to realize that the ASUC Auxiliary also served the GA. That has become a point of contention. Often times grads on campus associate the ASUC with a student government that didn't speak to them, and they'd like to change that. So it would help to have the GA's name included to better reflect what the ASUC Auxiliary actually did.

Mr. Rhoads asked if they were required to have the ASUC in the name, and asked about just calling it "Student Services." Mr. Permaul said the Commercial Activities Agreement, which stemmed from the MOU, referred to the "ASUC Auxiliary" but it narrowly defined that as concerning commercial services. They also have a student services side, which supports the GA, and an administrative side. When he talks to people on the campus, they don't know what "Auxiliary" it is. And if they hear "Auxiliary," they think of the Bear's Lair. So the Auxiliary was trying to find a way to capture the notion that it was more than just that. They originally said "ASUC Services" because that was broad. After the GA brought up its perspective, the question was how to approach this. The Board didn't have to make a decision that day and he just wanted to bring this to the table.

Mr. Nguyen said that given that the GA was a part of the ASUC constitutionally, they'd have to talk about this issue with GA President Daniels. He thought "Auxiliary" explained the organization very well. It's an entity of the University and he didn't think it should be mixed up with the services that ASUC student government provided. He thought that would be a very complex nexus.

Mr. Permaul said "Auxiliary," however, didn't talk about student services. It was a problem that much of the campus had no idea there were student services inside the Auxiliary. They also have an administrative side. When they think of the word "Auxiliary," they think of business, because that's what it was by definition of the UC System.

Mr. Nguyen asked why he thought "ASUC Synthesis" was a more appropriate title.

Mr. Permaul said they weren't just businesses, and they couldn't lose sight of Student Affairs, which was a huge part of what they do, student advising, with over 400 student groups. They're also an administrative operation, with Human Resources, accounts receivable and payable. They're more than just an entity that overlooked vendor contracts, which was how they were defined in the CAA. So the idea was to encapsulate that. They are a series of services for the students, the ASUC, and the GA. Most graduate students had no idea the operation in Anthony Hall was run by the Auxiliary, and thought it was run by the GA and the Graduate Division. So the Auxiliary was just trying to find a way to give a presence to the operation that it didn't currently have. But he was more than happy to leave that up to the students to thresh out.

Mr. Nguyen said he thought it was separate the two entities, the ASUC and the Auxiliary, just for the sake of autonomy, even though they work together. He thought there could be another term they could look at, such as "ASUC Student Affairs," or something else. Mr. Permaul said he'd let the ASUC and the GA get together on this. He would suggest that they take this up and come to a consensus.

Mr. Dally said the problem with "ASUC Services" was that it could mean a lot of different things. The average student may not know what it meant. Mr. Permaul said he was delighted to let the students thresh this out.

Mr. Rajan said the status quo was unacceptable. Mr. Permaul said he would appreciate moving away from the status quo. That concluded his report.

Mr. Dally said he wanted to remind everyone that the meetings will now be held the second Tuesday of every month, and they'll next meet on October 9, at 6 p.m. This time seems to have worked fairly well.

Ms. Allbright said she didn't know if this was the place to bring up a question she had, but she was really confused about what was going on with The Green Initiative Fund, the employee, and the plasma screen situation. Mr. Permaul said TGIF has come back to him and they met. TGIF was told the Auxiliary would hire a .5 employee for the management of TGIF funds. They also would like to have a .25 staff-member associated with e-fliering. The Auxiliary asked TGIF to put those two things together in one body because it wouldn't make sense to have a .25 and a .5 employee. All the Auxiliary said was that it made sense to put those two together in one employee. TGIF hasn't gotten back to him.

Ms. Allbright asked if a .25 employee for the plasma screen was 10 hours a week. Mr. Permaul said that was correct. Ms. Allbright asked if he's thought about hiring a student from Work Study, because 10 hours was about what Work Study requirements were. Mr. Permaul said they couldn't do the campus calendar and the advertising with somebody who turned over, and they needed to do content management with the screens and look at them in terms of University policy and the images that would be presented to the campus community. He wouldn't feel comfortable putting that in the hands of somebody who turned over either every semester or every year. They'll have to watch content management very closely, and he felt a professional staffperson was needed to do this, someone who had the commitment to look at this over time, and not just temporarily.

Ms. Allbright said she thought trying to find someone to fill a .75 position would be more difficult, and thought most people were looking for either a full-time or a part-time position. Mr. Permaul said that's how they got their Manager for Cal Lecture Notes.

Mr. Ortega asked about TGIF and if there was any process to decide what images would be used on plasma screens. Mr. Permaul said The Green Initiative Fund was approved by the student body last spring, creating funding for a grant program to give funds to departments, student organizations, and others that would like try demonstration projects to green the campus. This Fund generated substantial amounts of money and was run through the Auxiliary. The e-fliering project came from a group, Berkeley Innovations, which wanted to get rid of paper fliers and move to an electronic screen system. The Auxiliary was working with the Daily Cal in the hopes of underwriting the cost of the plasma screens at Eshleman, the Student Union, the SUPERB showcase in Wheeler, and the Rec Sports Facility. They need content management for the fliers. They couldn't leave that up to a part-time, casual individual. There will also be an Advisory Committee to make sure they're doing the right thing.

Mr. Ortega asked if screens would really help with the fliers and capture everything people posted about. Mr. Permaul said he took some pictures in Wheeler, because he taught there. Not a single flier could be read on bulletin boards. Fliers were papered over each other. E-fliers would be on huge screens, 60-inches in the Student Union. Each image would last 10-15 seconds, and would repeat on a regular cycle. The students thought this was a much more effective way to advertise than putting something on a bulletin board.

Mr. Rhoads asked if they could get a copy of proposed locations for the screens. Screens should be at places where people were waiting and standing for half a minute. Mr. Permaul said the only two locations where people wouldn't be standing were the screens that would face out on Upper Sproul Plaza. Those were large screens that would have other content. Content on each screen could be controlled individually. They'll have screens in Eshleman, facing the elevators; in the Bear's Lair food court, where people sit; in the SUPERB showcase in Wheeler Auditorium, where people stand and wait for the next lecture; at the RSF atrium.

Ms. Harrison asked if the screens will be networked. Mr. Permaul said they would be, and could also be individually run. Ms. Harrison asked if information would be put on the Web. Mr. Permaul said it would be, and could actually be used for the Web. The Auxiliary approached the UCPD to have them serve as emergency screens in the case of an emergency.

Mr. Ortega asked if people who wanted to post a flier would e-mail it first. Mr. Permaul said the .5 individual would review material based on set standards and guidelines from the Advisory Committee and the campus. The campus already checked advertised material, and only three or four items a year does the campus refuse to carry a flier. The ASUC would probably have more due to all the student groups it had.

Ms. Allbright said she felt very, very strongly that standards for content on screens should be developed and maintained through the students more so than through the University. That might not apply to standards for everything, but at least for those standards developed for student groups, particularly ASUC-sponsored student groups. She thought those circumstance should be outlined through either ASUC Senate approval or some procedure that involved primarily students.

Regarding TGIF, one primary concern that was voiced by students who organized the Initiative was about combining the plasma screens and the TGIF employee, and the energy expenses of the screens, and whether or not this really was a green project. It seemed green in that it saved paper, but the question was of actual energy expenses, the electricity they would use. Mr. Permaul said the employee had nothing to do with TGIF. Ms. Allbright said that was one concern that was expressed, and why the members of TGIF were hesitant about moving forward with this hiring procedure. She thought the idea of combining these positions needed to be addressed. These were two completely separate jobs the individual would fulfill, although they were related. And there was a question whether documentation was available that the plasma screens were green. Mr. Permaul said that as he told the student representing TGIF, it had nothing to do with standards of green, but with like functions they could put together in one administrative position. It had nothing to do necessarily with conflating the standards of TGIF with the standards of the fliering. It was just tasks.

Ms. Allbright asked what the timeline was for when TGIF will give grants, and when applications will be made available. People ask her every day. Mr. Permaul said he was waiting for them to say that he could go ahead and that whatever the issues were have been resolved, so he could open the position. Ms. Allbright asked who "them" was. Mr. Permaul that was the graduate student who has been shepherding TGIF administratively during the summer and last spring. He actually wanted to sit on the Board and will ask to be nominated. He'll handle all this and has been doing an excellent job since the spring. Mr. Permaul said they have been talking since July about getting the position listed but Mr. Permaul said he hasn't heard from him lately. Mr. Permaul said he would have had the position filled by the end of August to be ready for the beginning of school, but no one has come back to him. Ms. Allbright asked if she could get his contact information. Mr. Permaul said he would send it to her.

Mr. Dally said that seeing no further discussion, the meeting was adjourned. A motion to adjourn was made by Mr. Nguyen and was seconded and passed with no objection.

This meeting adjourned at 7:35 p.m.

These minutes respectfully submitted by,

Steven I. Litwak, Recording Secretary

## DECISIONS OF THE BOARD

### Procedures

#### **September '07 Welcomed to the Board Prof. Cluff and Mr. Ortega, GA rep.**

- August '07 Elected Mr. Dally and Mr. Nguyen as Chair and Vice Chair for 07-08.
- May '07 Mr. Smith's term as undergraduate representative Board member begins.
- May '07 Mr. Spivey's first Board meeting as ASUC Auxiliary Associate Director
- December '06 Amended the Commercial Activities Agreement, to list the Blue & Gold Yearbook under Exhibit A, Part B, Number 11, to allow the Yearbook to receive student addresses from the Registrar's Office.
- November '06 Elected Mr. Dally as Vice Chair of the Board and elected to have Ms. Putnam-Smith serve as Chair for the remainder of her term, ending at the conclusion of Spring Semester, '06-7
- July '06 Mr. Permaul's first Board meeting as Auxiliary Director.
- June '06 Unanimously endorsed the efforts of the Chancellor and the UC President to utilize programs such as the Designated Suppliers Program, or other means of preventing the use of sweatshops in the production of University apparel and goods.
- April '05 Mr. Dally joined the Board as undergrad representative.
- December '05 Asked the Finance Committee to discuss with Internal Audit the ASUC's use of the BFS accounting system.
- December '05 Elected Ms. Putnam-Smith as Chair of the Board.
- June '05 Voted to have committees, after the August meeting, agree upon meeting times, during normal business hours, and for the Finance Committee to meet at least quarterly, and for each committee to have representation of faculty, staff, and students.
- June '05 Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
- February '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.



Procedures (cont'd)

April '04	Considered and amended ASUC Auxiliary Budget Principles.
January '04	Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of a GA representation on the Board.
December '03	Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.
October '03	Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.
August '03	Heard a report on the establishment of the Space Assessment Committee for Eshleman and MLK.
June '03	Elected Ms. Quindel and Mr. Bucklin as Board Chair and Vice Chair, 2003-4.
June '03	Formed a Subcommittee on Committees to determine a committee structure for the Board.
June '03	Agreed to hold a Board member orientation by August 30.
May '03	Agreed on the need for a Board member orientation to be held before the start of the school year.
December '02	Enhanced Board minutes by adding "Decisions of the Board"

Vendors

June '06	Unanimously approved having Mr. Rolle look for someone to manage the Lodge, with the same relationship as with the previous manager, removing restrictions for a leaseholder.
March '06	Approved a five-year lease option exercised by the Jupiter Pub
Feb. '06	Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.
Sept. '05	Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.
Sept. '05	Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorized pursuing an agreement for the Alumni Association to manage the Lodge.

Vendors (cont'd)

- May '05            Approved the further exploration with Darryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05        Heard a presentation by Darryl Ross and agreed to investigate the possibility of a "green" restaurant in the southeast corner of the Student Union.
- Nov. '04         Approved the transfer of ownership of The Taqueria to the owner's nephew.
- July '04         To advertise the Store, the ASUC worked to give Cal-SO counselors a \$5 gift certificate and RAs a 15% discount card.
- June '04         Approved a five-year extension for the STA Travel lease.
- June '04         Approved the Resolution In Support of Follett Contract Performance Review.
- June '04         Approved changes to the terms of the Pub's lease.
- April '04        Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations fail, and to issue an RFP.
- March '04        Agreed to a four-week pilot project for the New York Times Readership Pilot Project.
- March '04        Rejected contract proposals submitted by Pub management, called upon Commercial Operations to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.
- March '04        Recommended signing the Follett contract, dated Feb. 26, '04.
- January '04      Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.
- January '04      Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.
- December '03    Heard from John Martin, operator of the Pub.
- November '03    The Daily Cal lease was signed, and printing of the ASUC government page began.
- November '03    Heard a presentation on Coca-Cola business practices in Colombia.

Vendors (cont'd)

August '03	Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus committee at-large.
July '03	Approved a five-year lease with the Daily Cal.
July '03	Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.
Nov. '04	Approved a two-year lease extension, beginning Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
August '04	Decided to offer the Pub, after consulting with counsel, a reduction in rent, with conditions.
July '04	Heard a counter proposal from the Pub regarding a contract revision. Authorized the Director to seek legal counsel.
June '03	Formed a subcommittee to further consider the Daily Cal lease.
May '03	Heard a presentation by Coca-Cola representatives on the Company's business practices in Colombia.
December '02	Added a fair-trade coffee option into the lease of the Coffee Spot
December '02	Authorized a letter to Coca-Cola expressing the Board's concerns with allegations of human rights abuses in Colombian bottling plants, and requested a company representative speak to the Board.

Student Union / Pauley Ballroom

June '07	Approved up to \$35,000 for Student Union improvements, estimates, and studies, including the Tilden Room, Pauley Ballroom, and the food court.
May '05	Voted to approve the LoSpro lounge proposal for the space in the Student Union occupied by the Bearcade.
May '05	Voted to explore options for the expansion of the Art Studio.
April '04	Heard a presentation by Ms. Terman, Manager, Art Studio, on expanding the Art Studio into the area used by the Bearcade.

Student Union / Pauley Ballroom (cont'd)

- October '04 Authorized ASUC President Leybovich, with matching funds from H&D, to spend up to \$2,500 for a Student Union/food service survey.
- May '03 Approved agreement with the Chancellor's proposal on the multicultural lounge; to enter into negotiations on costs and the Auxiliary's role in managing the facility; and to approve a negotiating committee. Current Officers will negotiate, with new Officers to shadow them until current Officers leave.
- May '03 Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June meeting.
- April '03 Received a proposal, as part of the 2003-2004 budget, to allocate \$20,000 for the Senate and the GA to use for Pauley Ballroom fee waivers.
- February '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.
- September '04 Approved a motion to state that the Board alone had authority to shift funding; to determine 03-04 residual profit at \$103,208; and to transfer \$50,000 from residual profit to the Auxiliary Contingency Fund, making up for a transfer of that amount to the ASUC to balance its 04-05 budget.
- May '04 Approved a motion to urge the future SOB, 04-05, to consider as a high priority, fully funding one position for the OSA and a half position OSA position for the GA.
- April '04 Approved the ASUC Auxiliary FY2004-2005 Budget, including a transfer to the ASUC of \$50,000 from the Auxiliary Contingency Reserves.
- February '03 Received "ASUC Auxiliary Revenue and Expense Report, July -December 2003."
- June '03 A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.

Budget (cont'd)

May '03            Approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a recommendation by August 30, agreed to staff the security desk in Eshleman starting at 6 p.m., rather than 8 a.m.

## STORE OPERATIONS BOARD MINUTES

October 9, 2007

Present: (Members and others)

Taylor Allbright  
Ron Coley  
Matt Dally  
Barbara Davis

Jeff Doitch  
Victoria Harrison  
Van Nguyen  
Nadesan Permaul

Dave Rhoads  
Jordan Smith  
Tom Spivey  
Oliver Williamson

### **SUMMARY OF THE MEETING**

The meeting was called to order at 6:10 p.m.

#### Report from the Director

The Auxiliary made a presentation at the BASS Leadership Team with Vice Chancellor Brostrom. It dealt with the commitment the campus had to the ASUC and its financial means as well as the creation of a forum to review commercial development and principles on the campus. Mr. Brostrom will establish that forum and the ASUC will be represented. The forum will include business agencies on the campus involved in commercial development.

#### 1. Peet's Coffee Withdrawal from Interest in the Convenience Store

Peet's Coffee has withdrawn its interest in the Convenience Store. Starbucks Coffee was the only interested party, although there will be a meeting next week with reps from another entity that wanted a look at the space.

Peet's opened up at Dwight Way and Telegraph, and a site is the Convenience Store would have it compete against itself.

#### 2. Physical Plant Meeting with the Assistant Vice Chancellor, and Costs to the ASUC

"Auxiliaries," under OP rules, were self-supporting and are charged for services done on the campus, including a 4% surcharge for overhead, of all revenue. Services the campus provides to physical plant of the Auxiliary were extremely costly. The Director was trying to dialogue with the Assistant Vice Chancellor for Physical Plant about certain issues. One example was cleaning up feces or urine outside a building entrance. Anywhere else on campus it would be considered a health and safety issues. But the Auxiliary had to pay for the clean-up. Given the proximity to Telegraph Ave., and with the Plazas, this could be extremely costly.

Another issue raised with the Assistant Vice Chancellor was for work such as lighting around the complex.

### 3. Opening of New Coffee Shops In Dwinelle Hall, Stanley Hall

Housing and Dining will open up a coffee shop in Dwinelle Hall. There was no open bidding for this. The Auxiliary's coffee vendor would have liked to offer a bid. H&D will also open a coffee shop at Stanley Hall, for which there was also no bid process. Peet's Coffee will be served, as H&D had the campus franchise for Peet's.

### 4. Game Day T-shirt and Relationship with Athletics

Athletics was unable to bid out the shirt that people, particularly wear to football games, and the contract was given to Athletics' vendor, XP. The T-shirts advertise going to calbears.com. The Auxiliary didn't feel the T-shirts could be sold at the Store without advertising against itself. Athletics now controls the licensing of logo material on the campus and had approved the Store to sell the T-shirt, but reversed that decision, as Athletics' contract with XP was exclusive. After current inventory is sold, those shirts will not be allowed to be sold in the Store. If the Bears go to a major bowl game, the Student Store might not be able to sell T-shirts and logo material in the hotel if Athletics interpreted that space as an athletic venue. The Auxiliary couldn't keep losing markets and venues where the Store could sell. There was a possibility the Store could make its own game day shirts. But the Auxiliary and Athletics would rather work together.

### 5. Change In Online Sales between August 2006 and August 2007

August was usually a big month for the sale of logo material, online and in the Store. But the Store was down \$100,000 from last year in online sales, and was also down a substantial number of transactions, almost 2,000 transactions compared to last August. These numbers for September first had to be disaggregated from sales through University Extension. The Store was doing well in all other sales categories, with the numbers up.

### 7. Marketing Collaboration with Rec Sports

Rec Sports has provided the ASUC with the whole wall, coming from the locker room, to do marketing and post events and activities.

### 7. Marketing Collaboration with Summer Sessions on Plasma Screens

Summer Sessions asked to participate in the plasma screen project, if it goes forward, and would like a screen at its office on University Ave. The Auxiliary was still working on this in conjunction with the Daily Cal.

### 8. CUBS Relocation

The cost to relocate CUBS from its current location to the desk inside the mall was staggering: \$35,000 for renovations; \$24,000 for electrical; and \$25,000 for an ATM machine that CUBS wanted. The Auxiliary's model would have had CUBS relocate, save on its rent, and pay back the ASUC for investment in capital development. The idea was for the Brazil Café to locate at CUBS' location. But that didn't seem to be financially feasible. The next option was for CUBS remain at its current location and improve it, with the Brazil Café to go to the site that had been the Kodak desk.

9. Closed Session: Naia Partnership / RFP Discussion

The Board met in closed session to discuss a proposed Naia partnership and RFP.

10. Year-End Report

The Commercial Activities Agreement calls for the Board to produce a year-end report. The Chair has been asked to begin that process. The report would be given to students and the campus. A report was not done that past year. This was the SOB year-end report. The Chair will send out an e-mail about this and organize a subcommittee, with the goal to have a report by the December meeting.

The report was to examine the quality of the financial service of each provider of ASUC commercial services, how each one did for the year.

Requests were made for a financial breakdown of each the commercial business; the Naia contract; and a copy of last year' year-end budget.

No action has occurred on commercial development as they needed to find out what would happen with Naia. There were negotiations to move STA Travel where the Postal Annex was, and free up that larger space, which would be excellent commercially. The Auxiliary will probably do an RFI for space.

For the Convenience Store, Follett liked the option of a coffee shop. It does this at other schools, and Starbucks was its partner in that. But students said they wanted to look at a broader set of vendors.

The decrease in August online sales was directly attributed to marketing done at the Stadium. Online sales weren't down at other Folletts. There were also problems with the Web site. The Director and Chair will go through the site together and itemize points.

Students come up with guidelines in terms of values they would appreciate in vendors. Starbucks met all criteria except for having free-trade coffee. These were guidelines the Auxiliary would use when dealing with vendors. They were principles or guidelines to use in negotiations.

There were only two options at that time for the Convenience Store; and they may end up being only one. Follett would be asked to come to the Board to explain why they want the Auxiliary to go forward with that option. This was Follett's space, and Follett has seen the students' guidelines. Starbucks was the only vendor that has shown interest. Follett wants a business that would complement the Store, and to them, that was a coffee shop. They've also talked about having a computer store there.

The Director was requested for a roadmap going forward.

The meeting adjourned at 7:35.

**[End summary of the meeting.]**

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This regular meeting of the Store Operations Board, was called to order by Matt Dally at 6:10 p.m. in the ASUC Senate Chamber.

#### APPROVAL OF THE MINUTES

Mr. Dally said he would entertain a motion to approve the minutes from the September 11 meeting. It was so moved and was seconded by Mr. Smith and Ms. Allbright. THE MOTION TO APPROVE THE MINUTES OF THE SEPTEMBER 11, 2007 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

#### APPROVAL OF THE AGENDA

Mr. Dally called for any changes to the agenda, and seeing none, said he would entertain a motion to adopt the agenda for the meeting that evening. It was so moved and seconded by Mr. Dally and Mr. Smith. THE MOTION TO APPROVE THE AGENDA PASSED UNANIMOUSLY BY VOICE-VOTE.

#### REPORT FROM THE DIRECTOR

Mr. Permaul said he just wanted to recount for the Board a conversation that took place with Vice Chancellor Brostrom at the BASS Leadership Team meeting. A presentation was made by the ASUC at that meeting, and Mr. Permaul said he reiterated that the campus had a commitment to the ASUC and its financial means, and he also talked about speaking with the Chancellor to create a forum for review of commercial development and commercial principles on the campus. Mr. Permaul said he believed Mr. Brostrom was working to establish that forum. Mr. Permaul said he understood that the ASUC will be directly represented in this forum, and the ASUC will very likely have Associate Vice Chancellor Ron Coley represent the Auxiliary as well. It will be a group of the business agencies on the Berkeley campus that were involved in commercial development. They'd sit down together and look at how to pursue commercial development on the campus, and also set some principles for how that would take place. Mr. Permaul said he just wanted to let people know about this, and they learned more, he'd bring that back to the Store Operations Board, and would also share this with the Senate.

Mr. Permaul said people asked if there would be changes in the agenda, and while he didn't make one, for the discussion on the Naia contract, the Board would have to go into closed session, and people in the room who weren't members would have to leave. He asked if nobody would be willing to make a change to the agenda to put that discussion at the end. The ASUC President was also not there, and Mr. Permaul said he would prefer to have him present. Mr. Dally said it was currently #8 on the list. He said that with no objection, they'd hear that as the last item.

#### 1. Peet's Coffee Withdrawal from Interest in the Convenience Store

Mr. Permaul said he already told the ASUC Senate that Peet's Coffee has withdrawn its interest in the Convenience Store. So currently, the Auxiliary only had interest in the C.Store from Starbucks Coffee. But next week, Mr. Permaul said he and Mr. Spivey will meet with representatives of another private entity, which wanted to remain nameless at that point, to take a look at the Convenience Store site. Mr. Permaul said he has already shared this confidentially with operators of the Cal Student Store, and they have agreed to allow the Auxiliary to show the Convenience Store space to this other interested party. If they become a real party, he'd bring that information back to the table.

Mr. Williamson asked about Peet's lack of interest. Mr. Permaul said it was as the Auxiliary expected, in that Peet's would have been competing against itself, with another, new operation at Dwight Way and Telegraph. He wished the Auxiliary had this conversation about bringing in a commercial vendor about a year or two ago. Peet's might not have developed the store on Dwight, but that was water under the bridge.

## 2. Physical Plant Meeting with the Assistant Vice Chancellor, and Costs to the ASUC

Mr. Permaul said the ASUC is termed an "Auxiliary" under the rules of the Office of the President. That meant it was a self-supporting operation. And it meant that the Auxiliary was charged for many services done on the campus. For example, they're charged a 4% surcharge against overhead for all revenue the Auxiliary made. It used to be all expenses, but now was revenue. Being an Auxiliary also meant that when they have certain types of work were done on campus, the Auxiliary paid for that directly. Included in the work the Auxiliary had to pay for was capital development and also the physical plant they had.

Mr. Permaul said certain services the campus provides to the Auxiliary for its physical plant have proven to be extremely costly. He understood that, because Physical Plant had to support its own operation as well. But he was trying to have a dialogue with the Assistant Vice Chancellor for Physical Plant to talk to him about certain specific kinds of issues. For example, anywhere else on the campus, if there was feces or urine outside an entrance of a building, it would be considered a health and safety issues. But for the Auxiliary, it paid for that clean-up. And because the Auxiliary was disproportionately affected as a result of its proximity to Telegraph Ave., and because of the Plazas, that could turn out to be extremely costly expense the Auxiliary had. For such clean-up, the Auxiliary had to request Physical Plant to come in and had to pay Physical Plant for that clean-up.

Another issue he raised with the Assistant Vice Chancellor dealt with estimates for certain work being done, such as lighting around the complex. Mr. Permaul said he just wanted to bring these issues up and see if the Assistant Vice Chancellor couldn't help the Auxiliary think about ways to keep its costs down. He was hoping that the AVC will do so.

## 3. Opening of New Coffee Shops In Dwinelle Hall, Stanley Hall

Mr. Permaul said that Housing and Dining has been a successful recipient of an agreement to open up a coffee shop in Dwinelle Hall. There was no open bidding for that and it was simply an agreement made between occupants of the building and Housing and Dining. He approached the Auxiliary vendor at the Coffee Spot and asked if he would have been interested in bidding on that opportunity, and he said he would have been. But again, that was water under the bridge. It's the kind of issue they hope the new committee looking at commercial development will address.

Mr. Permaul said he has also learned the Housing and Dining will also open up a coffee shop at Stanley Hall as well. And again, the Auxiliary didn't have an opportunity to be considered for that. Hopefully, before more of these spring up on the campus, the Auxiliary will have a chance to be part of the conversation.

Mr. Smith asked if the new coffee shops were Peet's or just generic coffee shops. Mr. Permaul said they will serve Peet's Coffee, since H&D had the campus franchise for Peet's. Mr. Smith asked if it will be like the coffee shop at Crossroads. Mr. Permaul said that was correct, or the one at Rec Sports.

#### 4. Game Day T-shirt and Relationship with Athletics

Mr. Permaul said that because the contract with Athletics and XP, its new vendor, was executed so late, Athletics was not able to bid out the shirt that folks going to football games wear. It's a T-shirt that students wear in particular. As a result, the contract was given to XP. On those T-shirts, they'll probably notice that XP advertises going to calbears.com. The Auxiliary didn't feel it was possible to carry those T-shirts in the Cal Student Store without basically advertising against themselves. So the Cal Student Store submitted a proposal to Athletics, which now controls the licensing of logo material on the campus. Athletics approved the Student Store putting out a T-shirt that they've been selling at the Cal Student Store, but Athletics now took exception to that. He thought Athletics was correct in arguing that the Store was using Athletics' artwork, even though they approved the contract. Athletics made a mistake, acknowledged that, and said it should not have approved these sales. The Auxiliary was now paying them for the art work, but the complication went beyond that.

Mr. Permaul said the Auxiliary wanted to order more of those shirts, and offered to pay the same amount as XP would for the sale of those shirts in the Student Store. But Athletics' contract with XP was exclusive. So those shirts will not be allowed to be sold in the Store any more, after the 1,000 shirts they already have were sold.

Mr. Permaul said he's raised this as a concern with Mr. Coley and thought it was something the new committee needed to take up. The question was where the conflict of interests began and ended with Athletics, to both approve logo clothing and then sell it. For example, Mr. Permaul said he's said to Athletics that if the Bears go to a major bowl game, he would like the Student Store to be able to share the sales of T-shirts and logo material. But if Athletics interpreted the hotel where the team was staying as an athletic venue, then it was possible that the Cal Student Store would be precluded from being able to sell at that hotel. So he had some concerns. He'll talk to Athletics about these concerns. He wanted to have a collaborative relationship with them. That was perhaps one of the issues that will come up that he'll talk about with the committee that was looking at commercial development. The Auxiliary couldn't keep losing markets and venues at which the Cal Student Store could sell.

Mr. Williamson said that many years ago he was on a committee that looked at fundraising opportunities on the Berkeley campus, chaired by Dan Boggan. He had the impression at that time that students had claims over use of Athletics clothing, banners, and the like. He asked if that was not correct. Mr. Permaul said that for a long period of time the ASUC did have that. But it changed in the 1990s when the campus saw that there was a true value in merchandising the University's logo and name. They set up a licensing operation that, for a long period of time, was under the Administration, but under a different office. They recently reorganized and re-structured it, and that licensing was now handled under

Athletics since Athletics was, after all, a huge mechanism for marketing logo clothing. So in theory, Athletics had that right for the whole campus, and the Auxiliary was part of that. Hopefully the Auxiliary will be able to work out those kinds of issues with them.

Mr. Smith asked if the Student Store could make its own game day shirts. Mr. Permaul said they could, and that was a possibility. He talked to the person in Athletics who handled the marketing, and he thought they both agree that it would be unfortunate to have the Cal Student Store marketing against Athletics. They'd rather work together. But it really depended on how they view this. Athletics saw the shirts they were currently issuing as their product. That was the way it was explained to him. So maybe the only option the ASUC had was to create its own shirt and market it separately. They'll see how this played out. He's asked Mr. Dally to get together with him to sit down and talk about the bowl game. They've already resolved the issue with the current shirt. They can't sell that, other than the shirts they still had in stock, because Athletics gave the contract exclusively to XP.

Mr. Dally asked where they were selling their shirts, and if it was at the Stadium and online. Mr. Permaul said that was correct.

#### 5. Change In Online Sales between August 2006 and August 2007

Mr. Permaul said he sat down with Follett and very carefully looked at marketing. The month of August was a big month, when they sell much of the logo material, both online and in the Store, just prior to the athletic season. The Store was down \$100,000 from last year in those sales. They were also down a substantial number of transactions, down almost 2,000 transactions from last August. The month of September was conflated with sales that would come up normally from University Extension, which wasn't their partner this year, so he wasn't going to give any statistics for the month of September until the numbers were disaggregated. But they also anticipate September also having a significant drop in online sales as well, once they don't have sales from University Extension. He just wanted to make the Board aware of this. The Store was doing well in all other sales categories, with the numbers up for all of them, except for online sales.

#### 7. Marketing Collaboration with Rec Sports

Mr. Permaul in the entrance of the Rec Sports facility, going down the hallway to the locker rooms, there were beautiful posters on the wall. He approached Mike Weinberger and asked if the ASUC could market its operations and services there, and Rec Sports gave the ASUC a whole wall, coming from the locker room. He had an example of what was being prepared to go up on the wall. This will also allow the Auxiliary to post events and activities. It will be a very large area and will look very nice. Every person who walks from the locker room will walk by that. They're also going to put a similar display up in the Bear's Lair food court and let the students who come to the Bear's Lair know about the services provided by student government and the Auxiliary.

#### 7. Marketing Collaboration with Summer Sessions on Plasma Screens

Mr. Permaul said that as he's mentioned, the Auxiliary has been approached by Rec Sports, which made a financial commitment to the plasma screen project, if it goes forward. Mr. Permaul said he's been

approached by Summer Sessions, which has made a similar request, and would also like to be an ally in promoting the concept of plasma screens around campus. Mr. Permaul said he thanked the Summer Sessions rep, Rich Russo, but said they weren't there yet, since plasma screen development was still something the Auxiliary was working on in conjunction with the Daily Californian. The General Manager of the Daily Cal asked him and Mr. Spivey to wait until the end of October or the beginning of November to go back to the vendor that might underwrite the costs for this. Mr. Russo was very interested and wanted to invest into this and have a plasma screen down at Summer Sessions' office on University Ave. Mr. Permaul said he was delighted with that.

#### 8. CUBS Relocation

Mr. Permaul said he would ask for a motion to meet in closed session to talk about Naia. But first he would talk about one more subject.

Mr. Permaul said they now have estimates for what it would will cost to relocate CUBS from its current location over to the desk inside the mall. The amount was staggering: \$35,000 to do the renovations; \$24,000 to do the electrical; and another \$25,000 to put in an ATM machine, which CUBS wanted. This could be a deal breaker. This model the Auxiliary had come up with would have allowed CUBS to relocate and save on the rent CUBS paid, and pay back the investment to the ASUC on the capital development. The Auxiliary wanted to free the space CUBS now occupied for the Brazil Café. Unfortunately, it didn't look as if that was going to be financially feasible. So the next option would be to have CUBS remain in its current location and improve it, because the Auxiliary did expect CUBS to make improvements to its site. And the Brazil Café could go to the site that had been occupied by the Kodak desk and see if they would like to consider developing that area. Mr. Permaul said he regretted that they couldn't make this happen, but the cost of doing renovations on campus was considerable. CUBS was a small business and simply couldn't afford it.

#### 9. Closed Session: Naia Partnership / RFP Discussion

Mr. Permaul said he would request a motion to meet in closed session. A motion to meet in closed session was made and seconded by Mr. Dally and Mr. Smith passed unanimously by voice-vote. This meeting entered into closed session.

#### 10. Year-End Report

Back in open session, Mr. Permaul said that if they look at the Commercial Activities Agreement and the structure of the Board, the Board was supposed to produce a year-end report every year. In his naivety last year, he didn't realize the Auxiliary was supposed to produce that. So he asked the Chair if he would begin a process to ensure that the Board produced a year-end report, which they should give to the students and the campus. Their rules specifically say they're supposed to give it to the campus to make sure they were living up to their fiduciary obligations as a Board to protect the ASUC. Mr. Permaul said he just wanted to draw attention to that and apologize that they did not do a report that past year. But he has asked Mr. Dally to do for this year.

Mr. Dally said this was something he wasn't aware of either. So over the next couple of weeks he'll start to organize efforts to create a year-end report. It will probably require some other meetings outside of the normal Board meetings.

Mr. Nguyen asked if this was the SOB year-end report or the Auxiliary's. Mr. Permaul said it was the SOB year-end report.

Mr. Dally said he'll send out an e-mail about this and perhaps organize a subcommittee to work on it. Their goal would be to get a report out by the December Board meeting.

Mr. Nguyen asked if the Auxiliary had a year-end report that Mr. Permaul compiled with costs and expenses. Mr. Permaul said it was his obligation to bring the budget of the Auxiliary to the SOB, and he will do that when they do the budget proposal in the spring. He would just point out that in the Commercial Activities Agreement, under 2.2, it states that the Board shall at least annually prepare and submit to the ASUC, the Chancellor, and the director of the Auxiliary, a written report examining the quality of service and the financial service of each provider of ASUC commercial services. So this was in their rules as a Board, and that's why he gave this to Mr. Dally. Mr. Permaul said that's what he was referring to. The budget of the Auxiliary will come to the Board in the spring.

Mr. Nguyen asked about last year's budget. Mr. Permaul said he could bring a copy of the year-end budget if he'd like. Mr. Nguyen said that would be good.

Mr. Dally said it would probably be good to have the Naia contract as well. Mr. Permaul asked if he should send out a copy of that electronically to all members of the Board.

Ms. Harrison asked if the year-end numbers included a breakdown of each one of the commercial businesses. Mr. Permaul said they have that, and he'd put that together and see if he could get that out in a timely way.

Ms. Harrison said that it seemed that one thing the Board was supposed to do was to look at how they felt the Follett contract did last year; and how they felt that Healthy Heavenly Foods did, etc. She asked if the year-end report would be to that degree. Mr. Permaul said it would be. Ms. Harrison said they would then have to know the revenues. Mr. Permaul said that was correct.

Mr. Dally said that since they submitted the results of the student meeting that looked into commercial guidelines, he asked if Mr. Permaul has been able to get in contact with any other merchants. Mr. Permaul said he hasn't taken any action on commercial development. They needed to find out what they were going to do at Naia. They're also negotiating with STA Travel to free that larger space up, which would be an excellent space to go out commercially. The Auxiliary was working with them to relocate into the space where the Postal Annex used to be.

Mr. Dally said it might be a good time to start building up a pool of possible merchants that they could look at. Mr. Permaul said he thought what they'd probably do was an RFI for space. A Senator asked him that question recently, whether Senators could go out and seek vendors. But they need to have the space to show them, so he didn't think that was realistic. He didn't think vendors would want to come to the ASUC unless they could show them the space they'd occupy. The vendor who was coming next week specifically wanted to come and look at the space that they would be considering.

Mr. Rhoads asked what was holding the Auxiliary up from actively pursuing a new tenant for the Convenience Store area. Mr. Permaul said the students came to him and said they wanted him to look at a broader set of vendors than the one that had some interest, and the Store has said that it wasn't going to just bring any vendor in, but one that would definitely increase foot traffic. They do half a million dollars worth of business at that time. The question was what kind of vendor to have there. Follett liked the coffee shop option. They have that at Stanford and at Sacramento State, and at a number of Folletts, with Starbucks as their partner around the country. But the ASUC was looking at another vendor that would be one that they would hope students would like and would also bring in foot traffic, and one the Store would be willing to countenance. The Auxiliary didn't know if this vendor would come in, but if they did, the Auxiliary thought it would be a viable option. That was the vendor who was coming next week.

Mr. Dally said he spoke to Greg Kiryakakis, and the Store would like something in there as soon as possible. Obviously, given online sales, they're hurting. Mr. Permaul said they currently need to protect the revenue. They were well in all the other categories.

Ms. Davis asked if they knew why online sales were down. Mr. Permaul said the online sales in August were directly attributed to the marketing done at the Stadium. The online sales in September were conflated with sales associated with the University Extension. They were currently flat, but Mr. Permaul said he hasn't disaggregated them, and he told the Store he wanted to see them disaggregated. And October sales, after knew number from Extension business, will tell them about their online sales. The Store was anticipating another precipitous drop in October online sales. And that didn't match up with the football season.

Ms. Harrison asked if Follett has given their best assessment as to why they think their online sales were down. She asked if online sales were down at other stores. Mr. Permaul said they weren't. Mr. Smith said he thought it was a couple of things. It was very hard to find the Web site. The Athletics sites, calbears, work. One thing he mentioned was trying to set up a contract with Google so that when people typed in "Cal apparel," the Student Store was the number one thing that came up. Mr. Kiryakakis said they'd look into that. But more than anything else, it's a pain to go to that Web site. Nothing was on there. Mr. Smith said he keeps bringing that up, and it almost seemed as if it was out of the Store's control. Mr. Permaul said he thought that he and Mr. Smith should go through the Web site together and itemize each point, and Mr. Permaul said he would be aggressive in his approach to the corporate office.

Ms. Harrison asked if he's Googled "Cal gear" recently, and said she did it yesterday. Probably five of the six sites were all versions of the Cal Student Store. And one, the sixth was calbears.com. In her mind, when going to the Web site, particularly to find gear and apparel, it was kind of lost, in the way she looked at the site. Mr. Permaul said he and Mr. Smith would go through it line by line.

Mr. Coley said that Mr. Permaul received some information from the students in terms of values they would appreciate with respect to vendors. Mr. Permaul said that was correct. It was developed by the Chair in conjunction with a group of students that met. He passed out the findings to the ASUC Senate and he was using those as he talked to vendors. Mr. Coley asked if they knew which vendors fit the categories. Mr. Permaul said he didn't think they'd find that out with an RFP or RFI. Currently, for example, Starbucks would actually meet all the criteria arrived at, except for free trade coffee. They don't sell that coffee directly, and one of their subsidiaries did. But for most of the other categories, they would meet the criteria the students proposed. Mr. Coley asked if the Auxiliary was now prepared to move forward, using those guidelines, to start inviting vendors to see if they met the standards. Mr. Permaul said he

fully expected to use them when he was dealing with vendors. He thought Mr. Dally should bring them back and show them.

Mr. Dally said those guidelines were also e-mailed out. They need to come up with specific recommendations. They felt it would be better to do the usual process for getting bids and then apply the standards to vendors that actually showed interest in coming there.

Mr. Williamson said he hasn't seen those guidelines, and asked if he could get a copy. Mr. Dally said they were sent to the mailing list. He could double-check that, and could give Mr. Williamson a copy.

Mr. Nguyen said there was also a list that Ms. Allbright sent out. Mr. Dally said a lot of that was very close. He'd go over them again and see if he didn't leave out any key points. He believed he included mostly everything.

Mr. Rhoads said he thought the idea behind the list, when he was at the meeting, was that businesses didn't have to fit every single one, to at least look at. They wanted them to fit most of the categories and go from there. Mr. Permaul said he thought they were principles or guidelines to use in negotiations.

Mr. Coley asked what his understanding was about how he should proceed in this regard in terms of getting something that would provide some revenue and resources, and help overhaul the space. Mr. Permaul said that for the Convenience Store space, right now they only have two potential options. And that may end up being only one, in which case he'll have Follett come back to the Board and present why they would want the Auxiliary to go forward with that option.

Mr. Coley asked why there was only one potential option. Mr. Permaul said that was because it was Follett's space. Mr. Coley asked if Follett has seen the students' guidelines. Mr. Permaul said they have. Mr. Coley asked if they were of a mind that there was only one vendor that could meet those guidelines that they would be willing to accept. Mr. Permaul said that other than the vendors who have shown interest, they have tried to shop this to several vendors. They started out with Coffee Bean & Teahouse, and went to Peet's and Starbucks, with Starbucks the only one who has shown interest. They have not looked at other types of businesses because Follett wants a type of business that they thought would complement the Store, and to them, that was a coffee shop. Mr. Coley asked if it was only a coffee shop for them. Mr. Permaul said he could ask them. He's asked before, and that's what they said. He could go back to them and see if they'd be willing to look at other types of businesses. For example, they've talked about having a computer store, and they could conceivably put the computer store in that location. But they haven't gotten far enough to make sense of that. They've looked at putting a copy service there, but Follett didn't believe a copy service would be appropriate for that location. So they haven't looked at other types of businesses because they really don't have a lot of space to shop out. That's the one space they do have.

Mr. Coley said that one thing he would like to recommend that Mr. Permaul do on behalf of the Board was to have a roadmap to go forward. He needed to be able to see something that showed a straight line to their destination. In the absence of that, what he was sensing that they would do was to continue wandering and rebounding off the walls of various opportunities that come up and then were lost. If they could have a roadmap that everyone agreed was the path they ought to travel, they could travel that path in a much more expeditious manner. And currently, he was not sensing that they had that. They still seemed to be open to a lot of options, including options they didn't yet know about. They had some



principles, which he thought were extraordinarily helpful, and they have campus processes that they need to deal with. They need to start preparing some documents to start vetting this with the campus so they don't do these things in sequence and do some of them simultaneously, and get other buy-ins. He thought it was most critical to have principles that were sufficient in being able to get the students to buy in, and that they make a good step forward. Mr. Permaul said he would work on the roadmap for the November meeting. Mr. Coley said he didn't think it was that difficult. If he sent it out in advance, people could have a chance to comment on it, and see if there were things they would like to see incorporated in that as well.

Mr. Dally said that seeing no other business, the meeting was adjourned.

This meeting adjourned at 7:35.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary

## **DECISIONS OF THE BOARD**

### Procedures

- September '07 Welcomed to the Board Prof. Cluff and Mr. Ortega, GA rep.
- August '07 Elected Mr. Dally and Mr. Nguyen as Chair and Vice Chair for 07-08.
- May '07 Mr. Smith's term as undergraduate representative Board member begins.
- May '07 Mr. Spivey's first Board meeting as ASUC Auxiliary Associate Director
- December '06 Amended the Commercial Activities Agreement, to list the Blue & Gold Yearbook under Exhibit A, Part B, Number 11, to allow the Yearbook to receive student addresses from the Registrar's Office.
- November '06 Elected Mr. Dally as Vice Chair of the Board and elected to have Ms. Putnam-Smith serve as Chair for the remainder of her term, ending at the conclusion of Spring Semester, '06-7
- July '06 Mr. Permaul's first Board meeting as Auxiliary Director.
- June '06 Unanimously endorsed the efforts of the Chancellor and the UC President to utilize programs such as the Designated Suppliers Program, or other means of preventing the use of sweatshops in the production of University apparel and goods.
- April '05 Mr. Dally joined the Board as undergrad representative.
- December '05 Asked the Finance Committee to discuss with Internal Audit the ASUC's use of the BFS accounting system.
- December '05 Elected Ms. Putnam-Smith as Chair of the Board.
- June '05 Voted to have committees, after the August meeting, agree upon meeting times, during normal business hours, and for the Finance Committee to meet at least quarterly, and for each committee to have representation of faculty, staff, and students.
- June '05 Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
- February '05 Mr. Miles and Mr. Williamson joined the Board.
- August '04 Formed an ad hoc committee to study increasing efficiency in information technology.
- July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.

Procedures (cont'd)

April '04	Considered and amended ASUC Auxiliary Budget Principles.
January '04	Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of a GA representation on the Board.
December '03	Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.
October '03	Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.
August '03	Heard a report on the establishment of the Space Assessment Committee for Eshleman and MLK.
June '03	Elected Ms. Quindel and Mr. Bucklin as Board Chair and Vice Chair, 2003-4.
June '03	Formed a Subcommittee on Committees to determine a committee structure for the Board.
June '03	Agreed to hold a Board member orientation by August 30.
May '03	Agreed on the need for a Board member orientation to be held before the start of the school year.
December '02	Enhanced Board minutes by adding "Decisions of the Board"

Vendors

June '06	Unanimously approved having Mr. Rolle look for someone to manage the Lodge, with the same relationship as with the previous manager, removing restrictions for a leaseholder.
March '06	Approved a five-year lease option exercised by the Jupiter Pub
Feb. '06	Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.
Sept. '05	Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.
Sept. '05	Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorized pursuing an agreement for the Alumni Association to manage the Lodge.

Vendors (cont'd)

- May '05            Approved the further exploration with Darryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05        Heard a presentation by Darryl Ross and agreed to investigate the possibility of a "green" restaurant in the southeast corner of the Student Union.
- Nov. '04         Approved the transfer of ownership of The Taqueria to the owner's nephew.
- July '04         To advertise the Store, the ASUC worked to give Cal-SO counselors a \$5 gift certificate and RAs a 15% discount card.
- June '04         Approved a five-year extension for the STA Travel lease.
- June '04         Approved the Resolution In Support of Follett Contract Performance Review.
- June '04         Approved changes to the terms of the Pub's lease.
- April '04        Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations fail, and to issue an RFP.
- March '04        Agreed to a four-week pilot project for the New York Times Readership Pilot Project.
- March '04        Rejected contract proposals submitted by Pub management, called upon Commercial Operations to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.
- March '04        Recommended signing the Follett contract, dated Feb. 26, '04.
- January '04      Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.
- January '04      Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.
- December '03    Heard from John Martin, operator of the Pub.
- November '03    The Daily Cal lease was signed, and printing of the ASUC government page began.
- November '03    Heard a presentation on Coca-Cola business practices in Colombia.

Vendors (cont'd)

August '03	Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus committee at-large.
July '03	Approved a five-year lease with the Daily Cal.
July '03	Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.
Nov. '04	Approved a two-year lease extension, beginning Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.
August '04	Decided to offer the Pub, after consulting with counsel, a reduction in rent, with conditions.
July '04	Heard a counter proposal from the Pub regarding a contract revision. Authorized the Director to seek legal counsel.
June '03	Formed a subcommittee to further consider the Daily Cal lease.
May '03	Heard a presentation by Coca-Cola representatives on the Company's business practices in Colombia.
December '02	Added a fair-trade coffee option into the lease of the Coffee Spot
December '02	Authorized a letter to Coca-Cola expressing the Board's concerns with allegations of human rights abuses in Colombian bottling plants, and requested a company representative speak to the Board.

Student Union / Pauley Ballroom

June '07	Approved up to \$35,000 for Student Union improvements, estimates, and studies, including the Tilden Room, Pauley Ballroom, and the food court.
May '05	Voted to approve the LoSpro lounge proposal for the space in the Student Union occupied by the Bearcade.
May '05	Voted to explore options for the expansion of the Art Studio.
April '04	Heard a presentation by Ms. Terman, Manager, Art Studio, on expanding the Art Studio into the area used by the Bearcade.

Student Union / Pauley Ballroom (cont'd)

- October '04 Authorized ASUC President Leybovich, with matching funds from H&D, to spend up to \$2,500 for a Student Union/food service survey.
- May '03 Approved agreement with the Chancellor's proposal on the multicultural lounge; to enter into negotiations on costs and the Auxiliary's role in managing the facility; and to approve a negotiating committee. Current Officers will negotiate, with new Officers to shadow them until current Officers leave.
- May '03 Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June meeting.
- April '03 Received a proposal, as part of the 2003-2004 budget, to allocate \$20,000 for the Senate and the GA to use for Pauley Ballroom fee waivers.
- February '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

- April '06 Approved the 2006-7 Auxiliary budget.
- April '05 Approved the 2005-6 Auxiliary budget.
- September '04 Approved a motion to state that the Board alone had authority to shift funding; to determine 03-04 residual profit at \$103,208; and to transfer \$50,000 from residual profit to the Auxiliary Contingency Fund, making up for a transfer of that amount to the ASUC to balance its 04-05 budget.
- May '04 Approved a motion to urge the future SOB, 04-05, to consider as a high priority, fully funding one position for the OSA and a half position OSA position for the GA.
- April '04 Approved the ASUC Auxiliary FY2004-2005 Budget, including a transfer to the ASUC of \$50,000 from the Auxiliary Contingency Reserves.
- February '03 Received "ASUC Auxiliary Revenue and Expense Report, July -December 2003."
- June '03 A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.

Budget (cont'd)

May '03            Approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a recommendation by August 30, agreed to staff the security desk in Eshleman starting at 6 p.m., rather than 8 a.m.

# STORE OPERATIONS BOARD MINUTES

November 13, 2007

Present: (Members and others)

Taylor Allbright	Trevor Morris (Naia)	Nish Rajan
Ron Coley	Van Nguyen	Dave Rhoads
Matt Dally	Arturo Ortega	Marilyn Stager
Barbara Davis	Christian Osmeña	Jordan Smith
Victoria Harrison	Lisa Patel	Tom Spivey
Meghann Martindale (Terranomics)	Nadesan Permaul	Chris Tan (Naia)

## **SUMMARY OF THE MEETING**

The meeting was called to order at 6:10 p.m.

### **Report from the Director**

Due to items on the agenda, the Director gave a brief report. The Auxiliary met with the Business School, which was interested in moving an academic program from Haas to the Student Union. This was a preliminary discussion.

Mr. Permaul and Mr. Ron Coley will meet with the Task Force looking computer sales on campus.

### **Review of the Year-End ASUC Auxiliary Financials for 2006-7**

An advance report was sent out on the year-end financials for the ASUC Auxiliary, 2006-7. The Auxiliary returned over \$300,000 to the students, while requesting some of those funds. Per the financials that were sent out, the total amount was over \$400,000, although funds were also transferred to Auxiliary reserves, per the Commercial Activities Agreement. People were encouraged to ask any questions they might have in the future about the financials.

### **ASUC Auxiliary's Proposal for Contract Renewal for the Bear's Lair Food Court Vendors**

Five leases for food court vendors were up for renewal and were month-to-month. The CUBS lease was on hold, with changes in progress. A proposal to move CUBS to the Photo Cell turned out to be prohibitively expensive.

The spots with month-to-month leases were the Coffee Spot, Cheese 'N Stuff, the Taqueria Tacontenta, and Healthy Heavenly Foods. Mr. Spivey has been in discussion with the owners. The Coffee Spot wanted to buy out Cheese 'N Stuff, and the two vendors were in negotiations. The leases would be combined.

Research showed that rents on the street for food service vendors were between \$2.50 and \$5.00 a square foot. Current leases of the Coffee Spot and of Cheese 'N Stuff were close to the lower end and the



Taqueria and Healthy Heavenly Foods were slightly below it. Mr. Spivey will work with Real Estate Services to raise these rents. Suggested new clauses in the leases would have vendors provide confirmation that they've paid State franchise taxes and a dispute resolution clause.

A student group wanted to “green” the Bear's Lair and will conduct a “trash audit.” The group was also investigating the cost to go green, and could approach the Senate if it was expensive. Costs weren't known at that time. Vendors were very excited about going green. The Auxiliary was also working on the inspection process with campus entities. The name of the student group trying to green the Bear's Lair would be sent out. They were looking into a TGIF grant.

If the Coffee Spot bought Cheese 'N Stuff, both names would likely be kept.

The mounts reported for square footage were from the Telegraph Ave. area.

A question was asked as to why CUBS should remain, since few students use it and they could have the Brazil Café at that location. But CUBS was an important resource for groups that couldn't have or didn't want an ASUC account. Any registered Cal student could get a CUBS account. It was the source of financial accounting for many Greek organizations. It's a branch of the Co-op on Adeline Street.

It was the Board’s obligation to assess the performance of Auxiliary businesses.

New leases would be for 24 to 36 months.

A draft of the dispute resolution clause language will be sent out.

Marilyn Stager was introduced, the Business Services Officer for the Auxiliary. Ms. Stager was with the ASUC years ago, left to serve as Controller for the Cal State Hayward foundation, retired from CSH, and came back.

Closed Session Discussion on a Proposal By Naia

The meeting entered into closed session to discuss a presentation from Naia.

Back in open session, the date of the next meeting will be announced, as Panda Express will fly in its team to make a presentation.

Board members were encouraged to read “Roadmap to Redevelopment at the ASUC,” which was distributed, and get back to Mr. Permaul about it before the next meeting.

It was noted that after the discussion by Panda Express, it would be possible, and encouraged by some members, to have a motion and a vote on whether to continue discussions with Panda.

The meeting adjourned at 8:10 p.m.

**[End summary of the meeting.]**

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This regular meeting of the Store Operations Board was called to order by Matt Dally at 6:10 p.m. in the ASUC Senate Chamber.

APPROVAL OF THE MINUTES

Mr. Dally said he would entertain a motion to adopt the minutes from the October meeting. It was so moved and was seconded by Mr. Nguyen and Mr. Smith. THE MOTION TO APPROVE THE MINUTES OF THE OCTOBER 9, 2007 BOARD MEETING PASSED UNANIMOUSLY BY VOICE-VOTE.

APPROVAL OF THE AGENDA

Mr. Dally called for any changes to the agenda, and hearing none, said he would entertain a motion to adopt the agenda for the meeting that evening. It was so moved and seconded by Mr. Rajan and Ms. Allbright. THE MOTION TO APPROVE THE AGENDA PASSED UNANIMOUSLY BY VOICE-VOTE.

REPORT FROM THE DIRECTOR

Mr. Permaul said that he would forego the Director's report that evening since the Board had a full agenda of issues to deal with. There really was nothing immediate or pressing that he needed to report on. He would mention that Mr. Spivey that day met with folks from the Business School who were interested in moving one of their laboratories from the Business School to the ASUC. They just sat down to explore the prospects for such a move. Unlike the Career Center, the Business School would be willing to pay rent to the ASUC to relocate this academic program to the Student Union. As they learn more from these discussions, the Auxiliary will present them.

Mr. Permaul said that on Thursday, he and Associate Vice Chancellor Ron Coley will meet with the Task Force looking at the sale of computer services on the campus. While that would include The Scholar's Workstation, it went broader than that, and they filled out a matrix of information that they'll review on Wednesday, and report back on that later as well. He would stop there and let the Board move on to the first item on the agenda.

Review of the Year-End ASUC Auxiliary Financials for 2006-7

Mr. Permaul said that at the last Board meeting, the Auxiliary was requested to send out in advance the year-end financials for the ASUC Auxiliary for 2006-7. He asked if there were any questions from the material that was sent out that anyone wanted him to address. He thought the material was very straightforward, but there may well be questions that people wanted to ask.

Ms. Allbright said she hasn't had the time to review the document in depth in order to ask questions. So her silence was not because she didn't have any. Mr. Permaul said she should feel free to write him subsequently with any questions she might have. He thought that bottom line was that the Auxiliary had over \$300,000 that it returned to the students, with a request from the Auxiliary for some of those funds. The remainder would be transferred to the students. The total amount was actually over \$400,000 if they look at the financials he sent out. But there was also the annual transfer to Auxiliary reserves, which were part of the Commercial Services agreement. Those funds were transferred in advance of the ultimate transfer to students. This was all in the material that was distributed. If people look at the financials and find anything they'd like to ask questions about, he would ask them to please feel free to write him and ask about them.

If people wanted, he could take a quick look at the numbers. He would ask them to move on to Mr. Spivey's presentation for the contract renewal for the Bear's Lair food court vendors.

#### ASUC Auxiliary's Proposal for Contract Renewal for the Bear's Lair Food Court Vendors

Mr. Spivey said that when he arrived at the Auxiliary in May, Mr. Permaul asked him to study the leases of the food court. Currently, five of the leases were up for renewal and were on a month-to-month basis. One of the leases, CUBS, was on hold at that time, and changes to it were already in progress. They had been looking to relocate CUBS to a small place, the Photo Cell, but as they reported to the SOB at its last meeting, that move proved to be prohibitively expensive. So that project was currently on hold, and the CUBS lease was still month-to-month until they proceed and move in other directions, and know where CUBS would land. So CUBS was staying in place.

The four spots with month-to-month leases were the Coffee Spot, Cheese 'N Stuff, the Taqueria, and Healthy Heavenly Foods. Leases for all four of those were up for renewal. Mr. Spivey said he has been in discussion with all the owners. Cheese 'N Stuff and the Coffee Spot were both in negotiations at that time as one individual, Haitham Alloun, of the Coffee Spot, wanted to buy out the other and purchase Cheese 'N Stuff, combining them into one lease. When that sale occurred, Mr. Spivey said he'll talk to Real Estate Services and combine those leases into one. Mr. Permaul said that would be brought back to the SOB. Mr. Spivey said he hasn't received confirmation that the sale has actually happened. The leases were coming up for expiration, and he believed the Coffee Spot lease had expired and Cheese 'N Stuff's lease would expire in December.

Mr. Spivey said that based on his research, rents on the street for food service vendors go between \$2.50 and \$5.00 a square foot. He found that information through the City and a commercial board. The leases of the Coffee Spot and of Cheese 'N Stuff were currently close to the lower end of that range. The Taqueria and Healthy Heavenly Foods were slightly below it.

Mr. Spivey said his proposal would be to work with Real Estate Services to bring up rents to the Auxiliary. That would be discussed with the SOB when the draft was complete.

Mr. Spivey said he next wanted to discuss the clauses on contracts that they have. A question came to him during the last six months as to whether vendors were paying State franchise tax. He actually had to approach them to verify that. So his thought was to put in the new leases a clause that would have

vendors provide this information in confidence to the Auxiliary quarterly, so it could be verified that State franchise taxes have been paid. One vendor brought all their tax returns to verify this payment, although he didn't need all of that.

Lastly, Mr. Spivey said he would like to put in another clause in the leases up for negotiations, a dispute resolution clause. So if something came up, these discussions wouldn't necessarily be held in the pages of the Daily Cal, or in other venues, and disputes would actually go to a mediator to possibly discuss a resolution. That was another clause he'd like to put in, and he was working with Real Estate Services to do that.

Mr. Spivey said he has been approached by a student group that wanted to "green" the Bear's Lair, and he believed that on Friday, they will actually conduct a "trash audit." They'll bring colored bags to each vendor there. The vendors were very excited about going green, and realized such moves were coming. So they were being very supportive of the trash audit. The student group was actually investigating costs to go green in items what purchases would be needed, and will actually soon approach the Senate with that, he believed, if the costs were expensive. They were also working with campus entities to work on the inspection process. Mr. Spivey said he put them in touch with Patrick Kaulback, of EH&S, Lisa Bauer, with Real Estate Services, and Tim Pine, of EH&S, for wastewater resources. So these things were proceeding forward, and hopefully they can soon start to green the Bear's Lair, with the help of students who were very interested in doing that. They're exploring different things at that time. For instance, there are new corn silk bags that might be the answer to the plastic bag dilemma that was going around. That was something that was very exciting. Right now they have a source in Oakland they're talking to about that, EPS Packaging, which offers a lot of green material, such as "spudware."

Mr. Ortega asked which student group was trying to green the Bear's Lair. Mr. Permaul said they could send out that information. Ms. Allbright asked to have that sent out to the Board.

Mr. Dally asked if there were any additional costs for greening the Bear's Lair, and if the merchants would cover that themselves. Mr. Spivey said the merchants were interested in costs. They haven't stepped forward and said they'd pay, and they really didn't know what it cost at that time.

Ms. Allbright asked if they've entertained the possibility of applying for a TGIF grant. Mr. Spivey said they were looking into that. Mr. Permaul said the TGIF was The Green Initiative Fund, which students pay into.

Mr. Smith said that assuming that the Coffee Spot bought Cheese 'N Stuff, he asked if it would operate as the Coffee Spot or as Cheese 'N Stuff. Mr. Spivey said he thought the owner would keep the Cheese 'N Stuff name.

Mr. Smith said he kind of recalled previous amounts charged for square footage, and asked if the numbers that were reported were for all of Berkeley. As he recalled, merchants on Telegraph paid something like \$6 a square foot. Mr. Spivey said the numbers were from Telegraph, from the Board of Real Estate, from this area.

Mr. Smith said that with CUBS, he recalled that when they talked about the lease last year, he understood that very few new students got services from them, that it wasn't being used by many students. He asked what reason there was to keep it here, and asked if they would simply put the Brazil Café there if they

were to get rid of CUBS. Ms. Allbright said that CUBS was a really important resource for various reasons. If groups couldn't or didn't wish to have an account with the ASUC, then any registered student from the University could get a CUBS account. CUBS was the only source of financial accounting for a lot of Greek organizations or other groups that weren't registered non-profits, weren't incorporated, or didn't have an outside bank account, or for various reasons couldn't receive ASUC sponsorship.

Ms. Davis asked if this was the only CUBS in Berkeley. Mr. Spivey said it was a branch of the Co-op on Adeline Street. Ms. Allbright said it was part of the bigger Co-op Credit Union. In addition, it also provided student internships.

Mr. Permaul said that at the last meeting, he mentioned that part of their obligation with the Commercial Activities Agreement was to do an assessment of the performance of Auxiliary businesses. He thought all that information had to come to the table. Ms. Harrison also mentioned that they needed to have data to look at. So looking at that data and setting criteria would be the Board's obligation. It's charged with the responsibility to make sure the finances of the commercial services of the ASUC were viable. So he thought that part and parcel of the Board's responsibility that year would be to look at all of the commercial businesses.

Mr. Permaul called for any other questions, or any other questions about the Bear's Lair food court vendors.

Ms. Davis asked if the intent for businesses up for renewal was to renew. Mr. Spivey said the duration would be 24 to 36 months.

Ms. Allbright said that for the Senate Training, Cheese 'N Stuff catered one of the meals, and the food had Coffee Spot logos, and she made out the check to the Coffee Spot. So she assumed they were already bought out. Mr. Spivey said he has not seen any legal documents. Mr. Permaul said the Auxiliary was still getting checks from Cheese 'N Stuff. They've told the business very clearly that they could not move forward and were not authorized to make any agreements of this type without the approval of the Board. And the Auxiliary will keep reminding them of that. Mr. Spivey said he was requesting a document stating that Cheese 'N Stuff intended to sell. It wasn't so much from Haitham Alloun and the Coffee Spot, but from Sam Juhj, of Cheese 'N Stuff, who needed to put something in his hands, so Mr. Spivey could go through it, finish the lease, and bring it to the Board.

Mr. Dally said his understanding was that the lease could run into a franchise, and he asked if this was any different. But Mr. Juhj was giving permission to use the Cheese 'N Stuff name and sell sandwiches there. Mr. Spivey said he believed the lease was with IGHA Enterprises, which was Mr. Juhj's dba.

Ms. Allbright asked if they had a draft of the language of the dispute resolution clause. Mr. Spivey said he didn't have that with him. Mr. Permaul said they could send that out for the Board to review.

Mr. Dally said before would go into closed session, which was only for members of the Board and Senators.

Mr. Permaul said he wanted to introduce Marilyn Stager, the Business Services Officer for the ASUC. Ms. Stager was there years ago, under the students, and left to become Controller for the Cal State Hayward foundation. She recently retired from Cal State Hayward, came back to the ASUC, and they were delighted to have her.

Naia Presentation

Mr. Dally said the Board should be in closed session for about 45 minutes. If people wanted to hang around, they could re-enter at that time.

Ms. Allbright said she didn't recall seeing the Director as a member of the Board. Mr. Dally said he's not a voting member. Closed session was for discussion of arbitration and new business ventures and no action was taken in closed session. If Mr. Permaul was to contribute to their discussion, as he usually did, he would have to remain.

Mr. Permaul asked if Chief Harrison was concerned that he should not be a member of closed session. Ms. Harrison said she thought the Director of the ASUC was a member. Mr. Permaul said he was a member of the Board. Mr. Dally said he's never seen the Director leave for closed session.

Mr. Dally said that with that, he would entertain a motion to entered into closed session. It was so moved and seconded by Mr. Nguyen and Mr. Smith and passed unanimously by voice-vote.

This meeting entered into closed session to discuss a presentation from Naia.

Back in open session, Mr. Permaul said the "Roadmap to Redevelopment at the ASUC: A Conceptual Draft for Physical Improvements to ASUC Commercial Operations" was sent to everybody, he believed. It was precisely what they were attempting to get at in looking for a vision for the future. The listserv rejected it because it was 14 megabytes. Perhaps at the next Board meeting he'd have a chance to present it. He'd like Board members to take a look at it and tell them if they thought he should add anything.

Mr. Dally said the next meeting will be November 26. Ms. Martindale said it will require Panda flying in their team. She'll talk to them on Thursday. Mr. Dally said that if a Special Meeting was required, it would be announced. Right now it was still contingent.

Mr. Tan said that understanding there were a lot of other entities for capital projects, including legal and architects, he asked what else the SOB would require, and if the Board would be able to come to a decision after that meeting. He believed Panda Express was going to ask that question. Mr. Permaul said he thought the Board could make a recommendation on the businesses they bring to the ASUC, but the Board was not the only entity on the campus. Mr. Tan said he understood, and he was just asking about the Board. Mr. Permaul said he thought that was up to the Board. He would say once again to all the Board members that there was a financial obligation. If they look at the material that was presented, it was, "if not this, then what?" They need to come up with a sustainable financial model, and the SOB was responsible for that. So he was looking for direction from the Board.

Mr. Rajan said that along those lines of "if not this, then what?", he asked what the consequences would be to actually say "no" to Panda Express. Perhaps that could be addressed at the next meeting. Mr. Permaul said that if they closely read "Roadmap to Redevelopment at the ASUC: A Conceptual Draft for Physical Improvements to ASUC Commercial Operations," they'd see some of the consequences.

Mr. Coley said he also wanted to really encourage everyone to please not wait until the Board's next meeting to read the Roadmap. It was really very important. Hopefully they could read it and be as

critical as they could, and get back to Mr. Permaul as early as they could, hopefully before the end of the week, so he could incorporate their thoughts and considerations into this. When they have the next meeting, and have Panda Express there, they'll talk about this, and how these things will fit together. Both will need to be in concert if they're going to be able to take this to the central campus.

Mr. Osmeña asked if the presentation by Panda Express at the next Board meeting will be conducted in closed session. Mr. Dally said it would be. Mr. Permaul said that would be for privacy considerations of Panda Express, which would be bringing a business proposal to the table. And people should remember that closed session was confidential. So he'd ask people to please keep the information presented to them in confidence.

Mr. Tan asked the Board what result would come out of the next meeting. Mr. Permaul said he wasn't sure they could answer that question. Mr. Tan asked if they could provide him with a little sense of that. Mr. Rajan asked if he would like a straw poll. Mr. Dally said it was kind of a vague process that was flexible. He would say that if they do or do not like what Panda Express said, they will either give permission to go forward with the buyout, pending other campus issues, or the Board would have to consider another option, which they didn't currently have. Mr. Coley said that Mr. Tan, in two weeks, should not look for a final decision being made. Mr. Tan asked if there would be a decision by the SOB. Mr. Dally said that if the Board approved, they'd still have to deal with the campus. Mr. Tan said he understood. There were so many entities, he just wanted to make sure that there would be a buy-in from the SOB at that time.

Ms. Allbright said they need SOB approval for contracts that were signed. Mr. Tan asked about approval of simply the general concept. Mr. Dally said there were two stages. Ms. Allbright said it wouldn't be a final commitment. Mr. Dally said there would be a negotiation of a final lease, and then he'd guess the second stage of approval would be when Panda came with a new lease, and negotiating those terms. Ms. Allbright said she just wanted to make sure the Board knew exactly what they were deciding.

Ms. Harrison said that one suggestion would be that they ask Panda to present for the first hour, and then for the second hour, theoretically, they could have a motion and vote on whether to continue to have a discussion with Panda or decide to look at what the other options were regarding that space. But from the standpoint of process, after the Board has heard what they want to hear, they ought to entertain a motion a vote. Mr. Dally said they couldn't defer this too long, because it sounded like after the end of November, they'll enter a dead season where no one would talk to them.

Ms. Martindale said that if there were any other specific items in the next week and a half that they wanted Panda to address, she would ask the Board to please get that to them ahead of time. That wasn't to keep anything hidden or anything, but they just want to give Panda as much lead time as possible. Panda has taken their time and money to consider this proposal.

Mr. Dally called for any other comments or business, and hearing none, said he would entertain a motion to adjourn. It was so moved and seconded by Mr. Nguyen and Mr. Smith and passed unanimously by voice-vote.

This meeting adjourned at 8:10 p.m.

These minutes respectfully submitted by,  
Steven I. Litwak, Recording Secretary

## **DECISIONS OF THE BOARD**

### Procedures

- November '07 Welcomed Marilyn Stager to the Auxiliary, Business Services Officer.
- September '07 Welcomed to the Board Prof. Cluff and Mr. Ortega, GA rep.
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- June '05 Re-elected Mr. Cohen as SOB Chair and elected Ms. Putnam-Smith as Vice Chair.
- February '05 Mr. Miles and Mr. Williamson joined the Board.



August '04 Formed an ad hoc committee to study increasing efficiency in information technology.

Decisions of the Board

- ii -

Procedures (cont'd)

July '04 Elected Elliot Cohen as Acting Chair of the SOB, for 2004-5.

April '04 Considered and amended ASUC Auxiliary Budget Principles.

January '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of a GA representation on the Board.

December '03 Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.

October '03 Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.

August '03 Heard a report on the establishment of the Space Assessment Committee for Eshleman and MLK.

June '03 Elected Ms. Quindel and Mr. Bucklin as Board Chair and Vice Chair, 2003-4.

June '03 Formed a Subcommittee on Committees to determine a committee structure for the Board.

June '03 Agreed to hold a Board member orientation by August 30.

May '03 Agreed on the need for a Board member orientation to be held before the start of the school year.

December '02 Enhanced Board minutes by adding "Decisions of the Board"

Vendors

November '07 Received "Roadmap to Redevelopment at the ASUC: A Conceptual Draft for Physical Improvements to ASUC Commercial Operations.

June '06 Unanimously approved having Mr. Rolle look for someone to manage the Lodge, with the same relationship as with the previous manager, removing restrictions for a leaseholder.

March '06 Approved a five-year lease option exercised by the Jupiter Pub

Feb. '06 Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.

Vendors (cont'd)

- Sept. '05 Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.
- Sept. '05 Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorized pursuing an agreement for the Alumni Association to manage the Lodge.
- May '05 Approved the further exploration with Darryl Ross of placing a green café at the southeast corner of the Student Union.
- March '05 Heard a presentation by Darryl Ross and agreed to investigate the possibility of a "green" restaurant in the southeast corner of the Student Union.
- Nov. '04 Approved the transfer of ownership of The Taqueria to the owner's nephew.
- July '04 To advertise the Store, the ASUC worked to give Cal-SO counselors a \$5 gift certificate and RAs a 15% discount card.
- June '04 Approved a five-year extension for the STA Travel lease.
- June '04 Approved the Resolution In Support of Follett Contract Performance Review.
- June '04 Approved changes to the terms of the Pub's lease.
- April '04 Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations fail, and to issue an RFP.
- March '04 Agreed to a four-week pilot project for the New York Times Readership Pilot Project.
- March '04 Rejected contract proposals submitted by Pub management, called upon Commercial Operations to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.
- March '04 Recommended signing the Follett contract, dated Feb. 26, '04.
- January '04 Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.

January '04 Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.

Decisions of the Board (cont'd)

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Vendors (cont'd)

December '03 Heard from John Martin, operator of the Pub.

November '03 The Daily Cal lease was signed, and printing of the ASUC government page began.

November '03 Heard a presentation on Coca-Cola business practices in Colombia.

August '03 Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus committee at-large.

July '03 Approved a five-year lease with the Daily Cal.

July '03 Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.

Nov. '04 Approved a two-year lease extension, beginning Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.

August '04 Decided to offer the Pub, after consulting with counsel, a reduction in rent, with conditions.

July '04 Heard a counter proposal from the Pub regarding a contract revision. Authorized the Director to seek legal counsel.

June '03 Formed a subcommittee to further consider the Daily Cal lease.

May '03 Heard a presentation by Coca-Cola representatives on the Company's business practices in Colombia.

December '02 Added a fair-trade coffee option into the lease of the Coffee Spot

December '02 Authorized a letter to Coca-Cola expressing the Board's concerns with allegations of human rights abuses in Colombian bottling plants, and requested a company representative speak to the Board.

Student Union / Pauley Ballroom

June '07 Approved up to \$35,000 for Student Union improvements, estimates, and studies, including the Tilden Room, Pauley Ballroom, and the food court.

May '05 Voted to approve the LoSpro lounge proposal for the space in the Student Union occupied by the Bearcade.

Decisions of the Board (cont'd)

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Student Union / Pauley Ballroom (cont'd)

May '05 Voted to explore options for the expansion of the Art Studio.

October '04 Authorized ASUC President Leybovich, with matching funds from H&D, to spend up to \$2,500 for a Student Union/food service survey.

May '03 Approved agreement with the Chancellor's proposal on the multicultural lounge; to enter into negotiations on costs and the Auxiliary's role in managing the facility; and to approve a negotiating committee. Current Officers will negotiate, with new Officers to shadow them until current Officers leave.

May '03 Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June meeting.

April '03 Received a proposal, as part of the 2003-2004 budget, to allocate \$20,000 for the Senate and the GA to use for Pauley Ballroom fee waivers.

February '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

April '06 Approved the 2006-7 Auxiliary budget.

April '05 Approved the 2005-6 Auxiliary budget.

September '04 Approved a motion to state that the Board alone had authority to shift funding; to determine 03-04 residual profit at \$103,208; and to transfer \$50,000 from residual profit to the Auxiliary Contingency Fund, making up for a transfer of that amount to the ASUC to balance its 04-05 budget.

May '04 Approved a motion to urge the future SOB, 04-05, to consider as a high priority, fully funding one position for the OSA and a half position OSA position for the GA.

April '04 Approved the ASUC Auxiliary FY2004-2005 Budget, including a transfer to the ASUC of \$50,000 from the Auxiliary Contingency Reserves.

February '03 Received "ASUC Auxiliary Revenue and Expense Report, July -December 2003."

June '03 A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.

Decisions of the Board (cont'd)

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Budget (cont'd)

May '03 Approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a recommendation by August 30, agreed to staff the security desk in Eshleman starting at 6 p.m., rather than 8 a.m.

SPECIAL MEETING

STORE OPERATIONS BOARD MINUTES

December 4, 2007

Present: (Members and others)

Arthur Chang (Panda Express)  
Ron Coley  
Matt Dally  
Van Nguyen  
Arturo Ortega

Trevor Morris (Naia)  
Christian Osmeña  
Lisa Patel  
Nadesan Permaul  
Oliver Williamson

Nish Rajan  
Dave Rhoads  
Jordan Smith  
Tom Spivey  
Chris Tan (Naia)  
Gabe Weiner

**SUMMARY OF THE MEETING**

This Special Meeting was called to order at 6:10 p.m.

A concern was raised about having no record of closed sessions. Nothing precluded the Board from having a record. Mr. Permaul will check on the rules of closed session and documentation and would notify the Chair of any issues. It was suggested that the minutes be made available on a confidential basis and perhaps returned. It was decided to keep notes of the executive session.

A motion to allow Mr. Spivey to remain during executive session passed unanimously by voice-vote.

By unanimous voice-vote, the Board entered into executive session to hear a presentation by Panda Express.

Back in regular session, by a hand-vote of 4-2-1, the Board approved the concept of Panda Express working with the campus to pursue a lease buyout of the space currently being leased by Gelateria Naia in the ASUC mall.

The meeting adjourned at 8:10 p.m.

**[End summary of the meeting.]**

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This Special Meeting of the Store Operations Board was called to order by Matt Dally at 6:10 p.m. in the ASUC Senate Chamber. Mr. Dally said they'd approve the minutes from their last meeting at their next meeting. Most of the meeting that evening will be in closed session.

Mr. Dally said they should vote to enter into closed session. One change was that Tom Spivey was very knowledgeable about the presentation, and although he wasn't an official member of the Board and wasn't a Senator, Mr. Dally said he thought it would be beneficial if Mr. Spivey was in attendance. There was no mention of this in Charter, but he'd assume that if the Board voted to allow Mr. Spivey to remain in closed session, that would suffice. He would entertain that motion. It was so moved and seconded by Mr. Coley and Mr. Smith.

Mr. Williamson said he would like to ask a question about going into closed session, about the lack of any directive. He understood the Board had to be concerned about confidentiality, but he thought the Board's closed sessions were some of the most important sessions the Board held. Not to have a record, and not to be able to review it or have agreement on it, was not a good practice.

Mr. Dally said he shared those concerns. In looking through the Charter, it stated that matters of property, negotiation, litigation, and final review of RFPs should be conducted in closed session. Mr. Williamson said he didn't mind closed session, but his concern was that the Board had no record of their closed sessions. Mr. Dally said he thought it was standard not to have such a record, as far as he knew, unless somebody knew otherwise.

Mr. Permaul said there was certainly nothing that precluded the Board from having a record. The question was, for what purpose they'd have a record and if it would then become a public document. Mr. Williamson said he thought it should be a document that was shared with every member of the Board that they could read. They could have questions about the accuracy of what transpired in closed session. There could be issues that arise.

Mr. Permaul said he would suggest that they go ahead and keep a record of the closed session for the purposes the Prof. Williamson suggested. Mr. Permaul said he'd check and find out the rules of closed session and documentation. If there were any issues, he'll notify the Chair, for the Chair to notify the Board. Certainly, they could entertain a question to have a record of the closed session.

Mr. Coley said he thought they should keep those records strictly confidential until Mr. Permaul has done his due diligence. He would recommend the minutes not even be distributed to Board members until Mr. Permaul did his due diligence and reported back.

Mr. Williamson said he thought the minutes should be made available on a confidential basis and perhaps returned.

Mr. Dally said that they would, then, keep notes of the executive session.

Mr. Nguyen asked if quorum for the Board was half plus one. Mr. Dally said there were 11 members, and there were seven members present at that time; so they barely had quorum.

Mr. Dally said they were under consideration of the motion to allow Mr. Spivey to remain during executive session. **THE MOTION TO ALLOW MR. SPIVEY TO REMAIN DURING EXECUTIVE SESSION PASSED UNANIMOUSLY BY VOICE-VOTE.**

Mr. Dally said he would entertain a motion to enter into executive session. It was so moved and seconded by Mr. Rajan and Mr. Nguyen. THE MOTION TO MEET IN EXECUTIVE SESSION PASSED UNANIMOUSLY BY VOICE-VOTE. This meeting entered into executive session to hear a presentation by Panda Express.

Back in regular session, Mr. Dally said the motion would be that the Board approves the concept of Panda Express working with the campus to pursue a lease buyout of the space currently being leased by Gelateria Naia in the ASUC mall.

Mr. Dally said that to identify voting members who were present, they included himself, Mr. Coley, Prof. Williamson, Mr. Smith, Mr. Nguyen, Mr. Rajan, and Mr. Ortega. There were seven voting members out of 11 and a simple majority of voting member present would approve the motion.

Mr. Nguyen asked if the vote required a majority of all members who vote. Mr. Dally said it was voting members present. Mr. Nguyen asked about people who abstain. Mr. Coley said it was a majority of members present.

Mr. Dally said he would entertain a motion to vote on the proposal. It was so moved and was seconded by Mr. Smith and passed with no objection.

THE MOTION TO APPROVE THE CONCEPT OF PANDA EXPRESS WORKING WITH THE CAMPUS TO PURSUE A LEASE BUYOUT OF SPACE BEING LEASED BY GELATERIA NAI A PASSED BY HAND-VOTE 4-2-1.

Mr. Dally said that concluded all of their scheduled business. Mr. Permaul said they needed to talk about their next meeting. Mr. Dally said the Board still had normal to conduct regarding regular December meeting, next Tuesday. He asked if everyone would be around and not swamped. Mr. Permaul said he'll present the overall plan for the Board to review. People received copies. Mr. Smith said he would send out a request for additional agenda items.

A motion to adjourn was made and seconded by Mr. Nguyen and Mr. Smith and passed unanimously by voice-vote.

This meeting adjourned at 8:10 p.m.

These minutes respectfully submitted by,

Steven I. Litwak  
Recording Secretary



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Decisions of the Board

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April '04 Considered and amended ASUC Auxiliary Budget Principles.

January '04 Agreed to send another letter to the ASUC Senate and the GA asking to resolve the question of a GA representation on the Board.

December '03 Voted to send a letter to the ASUC Senate asking to resolve the question of GA representation.

October '03 Approved the establishment of ad hoc committees: Commercial Operations, Auxiliary Services, and Finance.

August '03 Heard a report on the establishment of the Space Assessment Committee for Eshleman and MLK.

June '03 Elected Ms. Quindel and Mr. Bucklin as Board Chair and Vice Chair, 2003-4.

June '03 Formed a Subcommittee on Committees to determine a committee structure for the Board.

June '03 Agreed to hold a Board member orientation by August 30.

May '03 Agreed on the need for a Board member orientation to be held before the start of the school year.

December '02 Enhanced Board minutes by adding "Decisions of the Board"

Vendors

**December '07 Heard a presentation by Panda Express and approved Panda working with the campus to pursue a lease buyout of Gelateria Naia space.**

November '07 Received "Roadmap to Redevelopment at the ASUC: A Conceptual Draft for Physical Improvements to ASUC Commercial Operations.

June '06 Unanimously approved having Mr. Rolle look for someone to manage the Lodge, with the same relationship as with the previous manager, removing restrictions for a leaseholder.

March '06      Approved a five-year lease option exercised by the Jupiter Pub

Decisions of the Board (cont'd)

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Vendors (cont'd)

Feb. '06      Authorized pursuit of a judgment against the previous Cal Lodge leaseholder on behalf of the ASUC and the ASUC Auxiliary.

Sept. '05      Authorized the Chair to write a letter to Associate Vice Chancellor LeGrande about the rate and usage of the Cal 1 Card.

Sept. '05      Approved use of an inspector suggested by the Alumni Association to inspect the Cal Lodge, to authorized pursuing an agreement for the Alumni Association to manage the Lodge.

May '05      Approved the further exploration with Darryl Ross of placing a green café at the southeast corner of the Student Union.

March '05      Heard a presentation by Darryl Ross and agreed to investigate the possibility of a "green" restaurant in the southeast corner of the Student Union.

Nov. '04      Approved the transfer of ownership of The Taqueria to the owner's nephew.

July '04      To advertise the Store, the ASUC worked to give Cal-SO counselors a \$5 gift certificate and RAs a 15% discount card.

June '04      Approved a five-year extension for the STA Travel lease.

June '04      Approved the Resolution In Support of Follett Contract Performance Review.

June '04      Approved changes to the terms of the Pub's lease.

April '04      Authorized negotiations for a 12-month contract with the current Bear's Lair tenant, and to terminate the lease if negotiations fail, and to issue an RFP.

March '04      Agreed to a four-week pilot project for the New York Times Readership Pilot Project.

March '04      Rejected contract proposals submitted by Pub management, called upon Commercial Operations to initiate a student survey on use of Pub space, and approved sending out an RFP for the space.

March '04      Recommended signing the Follett contract, dated Feb. 26, '04.

January '04      Agreed to publish a letter in the Daily Cal to the general campus community promoting Auxiliary businesses.

Decisions of the Board (cont'd)

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Vendors (cont'd)

January '04      Voted to send a letter of apology to the Bookstore manager for the content of a flier for the ASUC Bookswap.

December '03    Heard from John Martin, operator of the Pub.

November '03    The Daily Cal lease was signed, and printing of the ASUC government page began.

November '03    Heard a presentation on Coca-Cola business practices in Colombia.

August '03      Amended the Daily Cal lease to have a code of conduct for the paper discussed by the campus committee at-large.

July '03        Approved a five-year lease with the Daily Cal.

July '03        Authorized an engineering study of the Cal Lodge, for use in negotiations with the lessees.

Nov. '04        Approved a two-year lease extension, beginning Jan. 1, '05, to the Taqueria and Healthy Heavenly Foods.

August '04     Decided to offer the Pub, after consulting with counsel, a reduction in rent, with conditions.

July '04        Heard a counter proposal from the Pub regarding a contract revision. Authorized the Director to seek legal counsel.

June '03        Formed a subcommittee to further consider the Daily Cal lease.

May '03        Heard a presentation by Coca-Cola representatives on the Company's business practices in Colombia.

December '02    Added a fair-trade coffee option into the lease of the Coffee Spot

December '02    Authorized a letter to Coca-Cola expressing the Board's concerns with allegations of human rights abuses in Colombian bottling plants, and requested a company representative speak to the Board.

Student Union / Pauley Ballroom

June '07 Approved up to \$35,000 for Student Union improvements, estimates, and studies, including the Tilden Room, Pauley Ballroom, and the food court.

Decisions of the Board (cont'd)

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Student Union / Pauley Ballroom (cont'd)

May '05 Voted to approve the LoSpro lounge proposal for the space in the Student Union occupied by the Bearcade.

May '05 Voted to explore options for the expansion of the Art Studio.

October '04 Authorized ASUC President Leybovich, with matching funds from H&D, to spend up to \$2,500 for a Student Union/food service survey.

May '03 Approved agreement with the Chancellor's proposal on the multicultural lounge; to enter into negotiations on costs and the Auxiliary's role in managing the facility; and to approve a negotiating committee. Current Officers will negotiate, with new Officers to shadow them until current Officers leave.

May '03 Approved having Mr. Cordi and Mr. Rolle submit a proposal to support student use of Pauley Ballroom by the June meeting.

April '03 Received a proposal, as part of the 2003-2004 budget, to allocate \$20,000 for the Senate and the GA to use for Pauley Ballroom fee waivers.

February '03 Approved a subcommittee to look into policies for Pauley Ballroom and for fee waivers.

Budget

April '06 Approved the 2006-7 Auxiliary budget.

April '05 Approved the 2005-6 Auxiliary budget.

September '04 Approved a motion to state that the Board alone had authority to shift funding; to determine 03-04 residual profit at \$103,208; and to transfer \$50,000 from residual profit to the Auxiliary Contingency Fund, making up for a transfer of that amount to the ASUC to balance its 04-05 budget.

May '04 Approved a motion to urge the future SOB, 04-05, to consider as a high priority, fully funding one position for the OSA and a half position OSA position for the GA.

April '04 Approved the ASUC Auxiliary FY2004-2005 Budget, including a transfer to the ASUC of \$50,000 from the Auxiliary Contingency Reserves.

February '03 Received "ASUC Auxiliary Revenue and Expense Report, July -December 2003."

Decisions of the Board (cont'd)

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Budget (cont'd)

June '03 A committee was formed to balance the Auxiliary budget. The Subcommittee on Committees will determine if this should be an ad hoc committee.

May '03 Approved the 2003-4 budget, and charged the Auxiliary Services Committee to determine cuts to balance the budget. Absent a recommendation by August 30, agreed to staff the security desk in Eshleman starting at 6 p.m., rather than 8 a.m.